IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached preliminary Offering Memorandum and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached preliminary Offering Memorandum. In accessing the attached preliminary Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information as a result of such access.

Confirmation of Your Representation: In order to be eligible to view this preliminary Offering Memorandum or make an investment decision with respect to the securities, you must: (i) not be a U.S. person (within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**")) and be outside the United States; or (ii) be a "qualified institutional buyer" (within the meaning of Rule 144A under the U.S. Securities Act); **provided that** investors resident in a Member State of the European Economic Area must be a qualified investor (within the meaning of Article 2(1)(e) of Directive 2003/71/EC as amended, including by Directive 2010/73/EU, and any relevant implementing measure in each Member State of the European Economic Area). You have been sent the attached preliminary Offering Memorandum on the basis that you have confirmed to each of the initial purchasers set forth in the attached preliminary Offering Memorandum (collectively, the "**Initial Purchasers**"), being the sender or senders of the attached, that either: (A)(i) you and any customers you represent are not U.S. persons; and (ii) the electronic mail (or e mail) address to which it has been delivered is not located in the United States of America, its territories and possessions, any state of the United States and the District of Columbia; "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands; or (B) you and any customers you represent are "qualified institutional buyers" and, in either case, that you consent to delivery by electronic transmission.

This preliminary Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, neither the Initial Purchasers nor any person who controls any Initial Purchaser, nor the Group (as defined herein), nor any director, officer, employer, employee or agent of theirs, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the preliminary Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

You are reminded that the attached preliminary Offering Memorandum has been delivered to you on the basis that you are a person into whose possession this preliminary Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver this preliminary Offering Memorandum to any other person. You will not transmit the attached preliminary Offering Memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Initial Purchasers.

Restrictions: Nothing on this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction. Recipients of this preliminary Offering Memorandum who intend to subscribe for or purchase securities are reminded that any subscription or purchase may only be made on the basis of the information contained in this preliminary Offering Memorandum. Any securities to be issued will not be registered under the U.S. Securities Act and may not be offered or sold in the United States or to or for the account or benefit of U.S. persons (as such terms are defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act or pursuant to an exemption from such registration.

This communication is directed solely at persons who (i) are outside the United Kingdom, (ii) are investment professionals, as such term is defined in Article 19(1) of the Financial Promotion Order or (iii) are persons falling within Article 49(2)(a) to (d) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as "**relevant persons**"). This preliminary Offering Memorandum must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this preliminary Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this preliminary Offering Memorandum or any of its contents.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the securities other than in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or TDC (as defined herein). Solely for the purposes of the product approval process of each manufacturer for the purposes of Directive 2014/65/EU ("**MiFID II**"), the target market assessment in respect of the securities has led to the conclusion that: (i) the target market for the securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the securities (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

The Notes described in the preliminary Offering Memorandum are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering, selling or distributing the securities described in the preliminary Offering Memorandum or otherwise making them available to retail investors in the EEA has been prepared and therefore offering, selling or distributing the securities described in the preliminary Offering Memorandum or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

The information in this preliminary Offering Memorandum is not complete and may be changed. This preliminary Offering Memorandum is not an offer to sell the Notes and it is not soliciting an offer to buy the Notes in any jurisdiction in which such offer, solicitation or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 11, 2018

CONFIDENTIAL
PRELIMINARY OFFERING MEMORANDUM

NOT FOR GENERAL CIRCULATION
IN THE UNITED STATES

DKT Finance ApS

(incorporated as a private limited liability company in Denmark)

€1,400,000,000 (equivalent) consisting of:
€ % Senior Notes due 2023
$ % Senior Notes due 2023

DKT Finance ApS, a private limited liability company incorporated and existing under the laws of Denmark (the "**Issuer**"), is offering (the "**Offering**") € million aggregate principal amount of % Senior Notes due 2023 (the "**Euro Notes**") and $ million aggregate principal amount of % Senior Notes due 2023 (the "**Dollar Notes**" and together with the Euro Notes, the "**Notes**"). The proceeds of the Notes will be used to refinance certain outstanding amounts that were incurred under the Bridge Facilities (as defined herein) which financed part of the purchase price for the acquisition (the "**Acquisition**") by DK Telekommunikation ApS ("**Bidco**") of 100% of the shares in TDC A/S ("**TDC**") through a voluntary public tender offer (the "**Takeover Offer**") and subsequent compulsory acquisition, as well as to pay the costs, fees and expenses incurred in connection with the Offering and the Acquisition. The offering of the Notes is conditional on the repayment of other outstanding term loans under the Bridge Facilities as described in "*Summary—The Transactions—Acquisition Financing*".

Interest on the Euro Notes will accrue at the rate of % per annum, and interest on the Dollar Notes will accrue at the rate of % per annum. Interest on the Notes will be payable semi-annually in arrear on and of each year, commencing on , 2018. The maturity date of the Notes is , 2023. Prior to , 2020, the Issuer may redeem, at its option, some or all of the Notes, at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, plus a "make-whole" premium, as described in this Offering Memorandum. Prior to , 2020, the Issuer may, at its option, redeem up to 40% of the aggregate principal amount of the Notes at a redemption price equal to % plus accrued and unpaid interest and additional amounts, if any, provided that at least 50% of the original aggregate principal amount of the Notes remains outstanding after the redemption, with the net proceeds of one or more specified equity offerings. Prior to , 2020, the Issuer may redeem during each 12 month period commencing with the Issue Date (as defined herein) up to 10% of the then outstanding principal amount of the Notes at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest and additional amounts, if any. See "*Description of Notes—Optional Redemption*."

All of the Notes may also be redeemed upon the occurrence of certain changes in applicable tax law. In addition, in connection with certain tender offers for any series of the Notes, if holders of not less than 90% in aggregate principal amount of the applicable series of outstanding Notes tender such Notes, the Issuer will have the right to redeem all the Notes of such series that remain outstanding at a price equivalent to the price offered to each of the holders of such Notes in such tender offer. Upon the occurrence of certain defined events constituting a change of control, the Issuer shall be required to make an offer to purchase the applicable Notes at a price equal to 101% of their principal amount plus accrued and unpaid interest and additional amounts, if any.

The Notes will be senior obligations of the Issuer and will rank *pari passu* in right of payment to all of the Issuer's existing and future senior indebtedness that is not expressly subordinated in right of payment to the Notes, including the Issuer's obligations under the New Revolving Credit Facility and certain hedging obligations, and will rank senior in right of payment to all of the Issuer's existing and future indebtedness that is expressly subordinated to the Notes. The Notes will be structurally subordinated to all indebtedness of subsidiaries of the Issuer which are not guarantors, which as of the Issue Date will include indebtedness of all of its subsidiaries including TDC and its subsidiaries, including the Target Facilities (as defined herein) and the Rollover Bonds (as defined herein). The Notes will be effectively subordinated to all of the existing and future indebtedness of the Issuer, the Parent Guarantor (as defined below) and their subsidiaries that is secured by property and assets that do not also secure the Notes, to the extent of the value of such property and assets securing such indebtedness. The Notes will be guaranteed on a senior basis (the "**Note Guarantee**") by DKT Holdings ApS (the "**Parent Guarantor**"). The Note Guarantee will rank *pari passu* in right of payment to all of the Parent Guarantor's existing and future senior indebtedness that is not expressly subordinated in right of payment to the Note Guarantee, including the Parent Guarantor's obligations under the New Revolving Credit Facility and certain hedging obligations, and will rank senior in right of payment to all of the Parent Guarantor's existing and future indebtedness that is expressly subordinated to the Note Guarantee. The Note Guarantee will be effectively subordinated to all of the existing and future indebtedness of the Parent Guarantor that is secured by property and assets that do not also secure the Note Guarantee, to the extent of the value of such property and assets securing such indebtedness. Upon issuance, the Notes and the Note Guarantee will be secured on a senior basis by the same assets that secure the New Revolving Credit Facility and certain hedging facilities, provided, however, that the proceeds from any recovery from the enforcement of such security interests will be applied to satisfy the obligations under the New Revolving Credit Facility and certain hedging facilities before being applied to satisfy obligations of holders under the Notes and the Note Guarantee.

The Notes will be secured on a senior basis over the capital stock of the Issuer and Bidco, first priority security assignments over the Issuer's rights under the Proceeds Loan Agreement (as defined herein) and certain other intra-group receivables owed to the Parent Guarantor and the Issuer and a first-priority security interest in all bank accounts of the Issuer (the "**Collateral**"). The validity of and enforceability of the Collateral and the Note Guarantee will be subject to limitations described in "*Limitations on Validity and Enforceability of the Collateral and Certain Insolvency Law Considerations.*"

There is currently no public market for the Notes. Application will be made to The International Stock Exchange Authority Limited (the "**Authority**") for the listing of and permission to deal in the Notes on the Official List of The International Stock Exchange (the "**Exchange**"). There can be no assurance that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 37.

The Notes and the Note Guarantee have not been and will not be registered under the U.S. federal securities laws or the securities laws of any other jurisdiction. The Notes are being offered and sold only to qualified institutional buyers in accordance with Rule 144A under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), and to non-U.S. persons outside the United States in accordance with Regulation S under the U.S. Securities Act. See "*Notice to Investors*" for additional information about eligible offerees and transfer restrictions.

Price for Euro Notes: % plus accrued interest, if any, from the Issue Date
Price for Dollar Notes: % plus accrued interest, if any, from the Issue Date

The Euro Notes will be issued in the form of one or more global notes in registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. See "Book-Entry, Delivery and Form." The Euro Notes are expected to be delivered in book-entry form through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream**") on or about , 2018. The Dollar Notes will be issued in the form of one or more global notes in registered form in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof. The Dollar Notes are expected to be delivered in book-entry form through The Depository Trust Company ("**DTC**"), on or about , 2018. See "*Book-Entry, Delivery and Form.*"

Joint Global Coordinators

Deutsche Bank **HSBC**

Joint Bookrunners

Barclays **BNP PARIBAS** **Macquarie Capital** **Nordea** **Citigroup** **J.P. Morgan**

Co-managers

Danske Bank **Nykredit**

The date of this Offering Memorandum is , 2018.

CONTENTS

IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

The Issuer has prepared this Offering Memorandum (the "**Offering Memorandum**") based on information they have or have obtained from sources they believe to be reliable. Summaries of documents contained in this Offering Memorandum may not be complete. Copies of certain documents will be made available to you for inspection and collection upon request at the office of the Principal Paying Agent, Deutsche Bank AG, London Branch. None of Deutsche Bank AG, London Branch, HSBC Bank plc, Barclays Bank PLC, BNP Paribas, London Branch, Macquarie Capital (Europe) Limited, Nordea Bank AB (publ), Citigroup Global Markets Limited, J.P. Morgan Securities plc, Danske Bank A/S nor Nykredit Bank A/S (collectively, the "**Initial Purchasers**"), the Trustee or the agents of the foregoing, represents that the information herein is complete. The information in this Offering Memorandum is current only as of the date on the cover, and the Issuer's and TDC's business or financial condition or other information in this Offering Memorandum may change after that date. You should consult your own legal, tax and business advisors regarding an investment in the Notes. Information in this Offering Memorandum is not legal, tax or business advice.

You should base your decision to invest in the Notes solely on information contained in this Offering Memorandum. Neither the Issuer nor the Initial Purchasers have authorized anyone to provide you with any different information.

The Issuer has not authorized any dealer, salesperson or other person to give any information or represent anything to you other than the information contained in this Offering Memorandum. You must not rely on unauthorized information or representations.

This Offering Memorandum does not offer to sell or ask for offers to buy any Notes in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the Notes.

The Issuer does not, for any time after the cover date of this Offering Memorandum, represent that its affairs are the same as described or that the information in this Offering Memorandum is correct and the Issuer does not imply those things by delivering this Offering Memorandum or selling Notes to you. This Offering Memorandum may only be used for the purposes for which it has been published.

The Issuer is offering the Notes and the Parent Guarantor is issuing the Note Guarantee in reliance on an exemption from registration under the U.S. Securities Act for an offer and sale of securities that does not involve a public offering. If you purchase the Notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed under "*Notice to Investors*." You may be required to bear the financial risk of an investment in the Notes for an indefinite period. None of the Issuer, the Parent Guarantor, nor the Initial Purchasers are making an offer to sell the Notes or the Note Guarantee in any jurisdiction where the offer and sale of the Notes or the Note Guarantee is prohibited. The Issuer does not make any representation to you that the Notes are a legal investment for you. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose.

Each prospective purchaser of the Notes must comply with all applicable laws and rules and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither the Issuer nor the Initial Purchasers shall have any responsibility therefor.

Neither the U.S. Securities and Exchange Commission, any U.S. state securities commission nor any non-U.S. securities authority nor other authority has approved or disapproved of the Notes or the Note Guarantee or determined if this Offering Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

The Issuer accepts responsibility for the information contained in this Offering Memorandum. The Issuer has made all reasonable inquiries and confirms to the best of its knowledge, information and belief that the information contained in this Offering Memorandum with regard to the Issuer, its subsidiaries and affiliates, and the Notes and the Note Guarantee, is true and accurate in all material respects, that the opinions and intentions expressed in this Offering Memorandum are honestly held and that the Issuer is not aware of any other facts, the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect.

The Issuer has prepared this Offering Memorandum solely for use in connection with the offer of the Notes to qualified institutional buyers under Rule 144A under the U.S. Securities Act and to non-U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) outside the United States under Regulation S under the U.S. Securities Act. You agree that you will hold the information contained in this Offering Memorandum and the transactions contemplated hereby in confidence. You may not distribute this Offering Memorandum to any person, other than a person retained to advise you in connection with the purchase of the Notes.

The Issuer and the Initial Purchasers may reject any offer to purchase the Notes in whole or in part, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all of the Notes for which they have subscribed.

The information contained under the caption "*Exchange Rate Information*" includes extracts from information and data publicly released by official and other sources. While the Issuer accepts responsibility for accurately summarizing the information concerning exchange rate information, the Issuer does not accept any further responsibility in respect of such information. The information set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including the section entitled "*Book-Entry, Delivery and Form*," is subject to change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream or DTC currently in effect. The Issuer accepts responsibility for accurately summarizing the information concerning Euroclear, Clearstream and DTC but does not accept further responsibility in respect of such information.

Application will be made to The International Stock Exchange Authority Limited for the listing of and permission to deal in the Notes on the Official List of The International Stock Exchange. There can be no assurance that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. Prospective purchasers should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. See "*Notice to Investors*."

STABILIZATION

IN CONNECTION WITH THE ISSUANCE OF THE NOTES, DEUTSCHE BANK AG, LONDON BRANCH (THE "*STABILIZING MANAGER*") (OR ANY PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

NOTICE TO INVESTORS IN THE RUSSIAN FEDERATION

This Offering Memorandum should not be considered as a public offer or advertisement of the Notes in the Russian Federation and is not an offer, or an invitation to make offers, to sell, purchase, exchange or otherwise transfer any of the Notes to any persons in the Russian Federation. Neither the Notes nor this Offering Memorandum or other documents relating to them have been or are intended to be registered in Russia, with the Central Bank of the Russian Federation (the "**CBR**") or with any other state bodies that may from time to time be responsible for such registration, and the Notes are not intended for "placement" or "circulation" in the Russian Federation (as defined under Russian law), unless otherwise permitted under Russian law. Any information on the Notes in this Offering Memorandum is intended for, and addressed only to, persons outside of the Russian Federation. The Notes are not being offered, sold or delivered in the

Russian Federation or to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation except as may be permitted by Russian law.

NOTICE TO INVESTORS IN CANADA

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* ("**NI 33-105**"), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the Offering.

NOTICE TO CERTAIN EUROPEAN INVESTORS

European Economic Area. Each of the Initial Purchasers has represented and agreed that, in relation to each Member State of the European Economic Area (the "**EEA**"), it has not made and will not make an offer of the Notes to the public in that Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Directive, except that it may make an offer of the Notes to the public in the Member State at any time:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Notes shall require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this restriction, the expression an "**offer of the Notes to the public**" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC as amended by Directive 2010/73/EU.

Each subscriber for or purchaser of the Notes in the Offering located within a member state of the EEA will be deemed to have represented, acknowledged and agreed that it is a "***qualified investor***" within the meaning of Article 2(1)(e) of the Prospectus Directive. The Issuer, the Initial Purchasers and their affiliates, and others will rely upon the trust and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Initial Purchasers of such fact in writing may, with the consent of the Initial Purchasers, be permitted to subscribe for or purchase the Notes in the Offering.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the securities other than in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or TDC (as defined herein). Solely for the purposes of the product approval process of each manufacturer for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**"), the target market assessment in respect of the securities has led to the conclusion that: (i) the target market for the securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the securities (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

The Notes described in the preliminary Offering Memorandum are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering, selling or distributing the securities described in the preliminary Offering Memorandum or otherwise making them available to retail investors in the EEA has been prepared and therefore offering, selling or distributing the securities described in the preliminary Offering Memorandum or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Denmark. This Offering Memorandum has not been filed with or approved by the Danish Financial Supervisory Authority (*Finanstilsynet*) or any other regulatory authority in Denmark. The Notes have not been offered or sold and may not be offered, sold or delivered directly or indirectly in Denmark by way of public offering, unless in compliance with the Danish Capital Markets Act (Consolidated Act No. 12 of January 8, 2018 on capital markets (*Lov om kapitalmarkeder*) and executive orders issued thereunder and in compliance with Executive Order No. 747 of 7 June 2017 issued pursuant to the Danish Financial Business Act to the extent applicable.

United Kingdom. This Offering Memorandum is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, or (ii) investment professionals falling within Article 19(5) of the Financial Services and Market Act 2000 (Financial Promotion) Order 2001 (the "**Order**") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 29(2) of the Order (all such persons together being referred to as "*relevant persons*"). The Notes are available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its contents.

Italy. The offering of the Notes has not been cleared by Commissione Nazionale per le Società e la Borsa ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, directly or indirectly, nor may copies of this Offering Memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except: (i) to qualified investors ("*investitori qualificati*"), as defined under Article 100 of the Legislative Decree No. 58 of February 24, 1998, as amended (the "**Italian Financial Act**"), as implemented by Article 26, paragraph 1(d) of Consob Regulation No. 16190 of October 29, 2007, as amended ("**CONSOB Regulation No. 16190**"), pursuant to Article 34-ter, first paragraph, letter b), of CONSOB Regulation No. 11971 of May 14, 1999, as amended ("**CONSOB Regulation No. 11971**"); or (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Act and its implementing CONSOB Regulations including Regulation No. 11971. In any event, any such offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy must be in compliance with the selling restriction under (i) and (ii) above and: (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Italian Financial Act, Regulation No. 16190, Legislative Decree No. 385 of 1 September 1993 as amended (the "**Banking Act**") and any other applicable laws or regulation; (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy or by Italian persons outside of Italy; and (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or any other Italian authority.

The Netherlands. The Notes (including rights representing an interest in each global note that represents the Notes) may not be offered or sold to individuals or legal entities in The Netherlands unless a prospectus relating to the offer is available to the public which is approved by the Dutch Authority for the Financial Markets ("*Autoriteit Financiële Markten*") or by a supervisory authority of another member state of the European Union (the "**EU**"). Article 5:3 Financial Supervision Act (the "**FSA**") and article 53 paragraph 2 and 3 Exemption Regulation FSA provide for several exceptions to the obligation to make a prospectus available such as an offer to qualified investors within the meaning of article 5:3 FSA.

Norway. This Offering Memorandum has not been and will not be filed with or approved by the Norwegian Financial Supervisory Authority, the Oslo Stock Exchange or any other regulatory authority in Norway. The Notes have not been offered or sold and may not be offered, sold or delivered, directly or indirectly, in Norway, unless in compliance with Chapter 7 of the Norwegian Securities Trading Act 2007 and secondary regulations issued pursuant thereto, as amended from time to time (the "**Securities Trading Act**"). Accordingly, this Offering Memorandum may not be made available nor may the Notes otherwise be marketed and offered for sale in Norway other than in circumstances that are deemed not to be a marketing of an offer to the public in Norway in accordance with the Securities Trading Act.

Grand Duchy of Luxembourg. This Offering Memorandum has not been approved by, and will not be submitted for approval to, the Luxembourg Financial Services Authority (Commission de Surveillance du Secteur Financier) (the "**CSSF**"), for purposes of public offering or sale in the Grand Duchy of Luxembourg ("**Luxembourg**"). Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other offering circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in, from or published in, Luxembourg, and except in circumstances which do not constitute an offer of securities to the public requiring the publication of a prospectus in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities, as amended (the "**Prospectus Act 2005**") implementing the Prospectus Directive. Consequently, this Offering Memorandum and any other offering circular, prospectus, form of application, advertisement or other material may only be distributed to (i) Luxembourg qualified investors as defined in the Prospectus Act 2005 or (ii) fewer than 150 prospective investors, which are not qualified investors.

Each purchaser of the Notes offered hereunder will be deemed to have represented, among other things set forth in "*Notice to Investors*," the following:

1. You acknowledge that the Notes will bear a legend to the effect provided in "*Notice to Investors*";

3. You acknowledge that prior to any proposed transfer of the Notes the holder of such Notes may be required to provide certifications and other documentation relating to the transfer and submit such certifications and other documentation as provided in the Notes and the Indenture; and

4. You acknowledge that the Issuer, the Initial Purchasers, the Trustee and agents of the foregoing and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that if any of the acknowledgments, representations or agreements deemed to have been made by it by virtue of its purchase of Notes is no longer accurate, you shall promptly notify the Issuer, the Initial Purchasers and agents of the foregoing. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

Austria. This Offering Memorandum has not been or will not be approved and/or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz*) as amended. Neither this Offering Memorandum nor any other document connected therewith constitutes a prospectus according to the Austrian Capital Markets Act and neither this Offering Memorandum nor any other document connected therewith may be distributed, passed on or disclosed to any other person in Austria. No steps may be taken that would constitute a public offering of the Notes in Austria and the offering of the Notes may not be advertised in Austria. Any offer of the Notes in Austria will only be made in compliance with the provisions of the Austrian Capital Markets Act and all other laws and regulations in Austria applicable to the offer and sale of the Notes in Austria.

Germany. The Notes may be offered and sold in Germany only in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) as amended, the Commission Regulation (EC) No 809/2004 of April 29, 2004 as amended, or any other laws applicable in Germany governing the issue, offering and sale of securities. The Offering Memorandum has not been approved under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or the Directive 2003/71/EC and accordingly the Notes may not be offered publicly in Germany.

France. This Offering Memorandum has not been prepared in the context of a public offering of financial securities in France within the meaning of Article L. 411-1 of the *Code Monétaire et Financier and Title I of Book II of the Règlement Général of the Autorité des marchés financiers* (the "**AMF**") and therefore has not been submitted for clearance to the AMF. Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France (*offre au public de titres financiers*), and offers and sales of the Notes will only be made in France to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) and/or to a closed circle of investors (*cercle restreint d'investisseurs*) acting for their own accounts, as defined in and in accordance with Articles L. 411-1, L. 411-2, D. 411-1, D744-1, D 754-1 and D 764-1 of the Code of Monétaire et Financier. Neither this Offering Memorandum nor any other offering material may be distributed to the public in France.

Spain. This offering has not been registered with the *Comisión Nacional del Mercado de Valores* and therefore the Notes may not be offered, sold or distributed in Spain by any means, except in circumstances which do not qualify as a public offer of securities in Spain in accordance with article 30 bis of the Securities Market Act ("*Ley 24/1988, de 28 de julio del Mercado de Valores*") as amended and restated, or pursuant to an exemption from registration in accordance with article 41 of the Royal Decree 1310/2005 ("*Real Decreto 1310/2005, de 4 de noviembre por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*").

Switzerland. The Notes offered hereby are being offered in Switzerland on the basis of a private placement only. This Offering Memorandum, as well as any other material relating to the Notes which are the subject of the offering contemplated by this Offering Memorandum, do not constitute an issue prospectus pursuant to article 652a and/or article 1156 of the Swiss Code of Obligations (SR 220) and does not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers' Association. The Notes will not be listed on the SIX Swiss Exchange Ltd or any other Swiss stock exchange or regulated trading facility and, therefore, the documents relating to the Notes, including, but not limited to, this Offering Memorandum, do not claim to comply with the disclosure standards of the Swiss Code of Obligations and the listing rules of SIX Swiss Exchange Ltd and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange Ltd or the listing rules of any other Swiss stock exchange or regulated trading facility. Neither this Offering Memorandum nor any other material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland. The Notes are being offered in Switzerland by way of a private placement (i.e., to a limited number of selected, hand picked investors only), without any public advertisement and only to investors who do not purchase the Notes with the intention to distribute them to the public. The investors will be individually approached directly from time to time. This Offering Memorandum, as well as any other material relating to the Notes, is personal and confidential and does not constitute an offer to any other person. This Offering Memorandum, as well as any other material relating to the Notes, may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

Portugal. Neither this offering, nor the Notes have been approved by the Portuguese Securities Commission (*Comissão do Mercado de Valores Mobiliários*, the "**CMVM**") or by any other competent authority of another member state of the European Union and notified to the CMVM.

Neither the Issuer nor the Initial Purchasers have, directly or indirectly, offered or sold any Notes or distributed or published this Offering Memorandum, any prospectus, form of application, advertisement or other document or information in Portugal relating to the Notes and will not take any such actions in the future, except under circumstances that will not be considered as a public offering under article 109 of the Portuguese Securities Code (*Código dos Valores Mobiliários*, the "**Cód.VM**") approved by Decree Law 486/99 of 13 November 1999, as last amended by Decree Law 89/2017 of 28 July 2017.

As a result, this offering and any material relating to the Notes are addressed solely to, and may only be accepted by, any person or legal entity that is resident in Portugal or that will hold the notes through a permanent establishment in Portugal (each a "**Portuguese Investor**") to the extent that such Portuguese Investor (i) is deemed a qualified investor (*investidor qualificado*) pursuant to paragraph 1 of article 30 of the Cód.VM, (ii) is not treated by the relevant financial intermediary as a non-qualified investor (*investidor não qualificado*) pursuant to article 317 of the Cód.VM and (iii) does not request the relevant financial intermediary to be treated as a non-qualified investor (*investidor não qualificado*) pursuant to article 317-A of the Cód.VM.

Hong Kong. The Notes may not be offered or sold by means of any document other than: (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or do not constitute an offer to the public within the meaning of that Ordinance, and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere) which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are, or are intended to be, disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder.

Japan. The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the "**Financial Instruments and Exchange Law**") and each Initial Purchaser has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, 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 Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore. This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"); (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 275(1A) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA, (2) where no consideration is or will be given for the transfer, (3) where the transfer is by operation of law, or (4) as specified in Section 276(7) of the SFA.

NOTICE TO ISRAELI INVESTORS

The Notes may not be offered or sold to any Israeli investor unless such investor (i) is a "**Qualified Investor**" within the meaning of the first Appendix to the Israeli Securities Law, who is not an individual (a "**Qualified Israeli Investor**"), (ii) has completed and signed a questionnaire regarding its qualifications as a Qualified Israeli Investor and delivered it to Deutsche Bank AG, London Branch and (iii) has certified that it has an exemption from Israeli withholding taxes on interest and delivered a copy of such certification to Deutsche Bank AG, London Branch.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this Offering Memorandum, including, without limitation, those regarding our future financial position and results of operations, its strategy, plans, objectives, goals and targets, future developments in the markets in which it participates or is seeking to participate or anticipated regulatory changes in the markets in which it operates or intends to operate. In some cases, you can identify forward-looking statements by terminology such as "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "potential," "predict," "projected," "should," or "will" or the negative of such terms or other comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and are based on numerous assumptions and that the actual results of operations, including financial condition and liquidity and the development of the industries in which we and the members of our group operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Offering Memorandum. In addition, even if our results of operations, including their financial condition and liquidity and the development of the industry in which they operate, are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to, certain risks also related to the Group:

- the economic environment;
- competition in the telecommunications industry;
- technological change in the telecommunications industry;
- our business activities and strategy;
- protection of subscriber data;
- spectrum auctions and licensing;
- personnel changes;
- risks related to our regulatory environment and litigation;
- financial and taxation risks;
- factors which are material for the purpose of assessing the market risks associated with the Notes; and
- risks related to the market generally.

We urge you to read the sections of this Offering Memorandum entitled "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry Overview*" and "*Business*" for a more complete discussion of the factors that could affect our future performance and the markets in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Offering Memorandum may not occur. These forward-looking statements speak only as of the date on which the statements were made. No obligation is undertaken to update or revise any forward-looking statement or risk factor, whether as a result of new information, future events or developments or otherwise.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

The Issuer was incorporated in connection with the Transactions. As of the date of this Offering Memorandum, the Issuer is a holding company with no revenue-generating activities of its own, and no business other than those incurred in connection with its incorporation and the Transactions. As a result, no financial information of the Issuer is included in this Offering Memorandum, except for certain limited "as adjusted" financial data presented on a consolidated basis as adjusted to reflect certain effects of the Transactions. The historical financial information included in this Offering Memorandum, is the historical consolidated financial information of TDC A/S and its consolidated subsidiaries (the "**TDC Group**"). Accordingly, unless otherwise stated, all references to "we," "us," and "our" in respect of historical financial information in this Offering Memorandum are to TDC A/S and its subsidiaries on a consolidated basis.

TDC Group

This Offering Memorandum includes the following financial statements (together, the "**Financial Statements**"): the audited consolidated financial statements of the TDC Group as of and for the years ended December 31, 2016 and 2017, including the auditors' report (the "**Annual Consolidated Financial Statements**") and the unaudited consolidated interim financial statements as of and for the three months ended March 31, 2018 (the "**Interim Financial Statements**"). The Financial Statements were prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("**IFRS**"). With effect from January 1, 2018, the TDC Group implemented IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments as required by IFRS. As a consequence, the accounting policies applied in the financial statements for the three months ended March 31, 2018 are not identical with the accounting policies applied in the financial statements for the years ended December 31, 2016 and 2017. IFRS 15 impacted EBITDA for the three months ended March 31, 2018 positively by DKK 3 million and IFRS 9 had no impact on the financial statements.

The financial information for the twelve months ended March 31, 2018, is unaudited and has been calculated by taking the results of operations for the three months ended March 31, 2018, and adding it to the difference between the results of operations for the year ended December 31, 2017, and the three months ended March 31, 2017. The financial information for the twelve months ended March 31, 2018, has not been audited or reviewed by our auditors, is not required by or presented in accordance with IFRS or any other generally accepted accounting principles and has been prepared for illustrative purposes only. This information is not necessarily representative of our results of operations for such a period or any future period or any financial position at any past or future date. The unaudited consolidated financial information for the three-month period ended March 31, 2018 has been adjusted to reflect the implementation of IFRS 15 but the consolidated financial information for the year ended December 31, 2017 has not been so adjusted.

The Annual Consolidated Financial Statements contained in the F-Pages to this Offering Memorandum have been prepared in accordance with IFRS for the respective financial years and should be read in conjunction with the relevant notes thereto. Prospective investors are advised to consult their professional advisors for an understanding of: (i) the differences between IFRS and other generally accepted accounting principle frameworks and how those differences might affect the financial information included in this Offering Memorandum, and (ii) the impact that future additions to, or amendments of, IFRS accounting standards may have on TDC Group's results of operations and/or financial condition, as well as on the comparability of the prior periods and the comparability of the financial information of TDC Group.

Historical audited consolidated financial information is not necessarily indicative of future expected results.

In the future, we will report our consolidated financial condition and results of operations at the level of the Parent Guarantor. The fiscal year of the Parent Guarantor ends on December 31 of each calendar year and we expect that the first annual consolidated financial statements for the Parent Guarantor will be available in respect of the fiscal year ended December 31, 2018. The Parent Guarantor will account for the Acquisition using the purchase method of accounting under IFRS. Under IFRS 3 "Business Combinations," the consideration transferred in an acquisition is measured as the fair value of the assets transferred by the acquirer on the date of the acquisition, any liabilities incurred by the acquirer to the former owners of the target and any equity interests issued by the acquirer, including the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred, except for deferred costs related to the acquisition of debt or equity securities.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the aggregate of the consideration transferred and the amount of non-controlling interests in the target over the identifiable net assets on the acquisition date is recorded as goodwill. The application of the acquisition method is likely to result in different carrying values for existing assets and new assets may be added to the Target's balance sheet, which may result in different amortization and depreciation expenses. Due to these and other potential adjustments, our future financial statements could be materially different once the adjustments are made and may not be comparable to the Target's consolidated financial statements included in this Offering Memorandum. We have not identified the fair value of assets acquired and liabilities to be assumed at the date of the Acquisition. In accordance with IFRS, we have a measurement period of up to twelve months from the acquisition date to finalize the allocation of the purchase price. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Results of Operations and Financial Condition*."

Pro Forma and Adjusted Financial Information

This Offering Memorandum includes unaudited consolidated *pro forma* financial data which has been adjusted to reflect certain effects of the Transactions and certain other adjustments on the financial position and net financial expenses of the Group as of and for the twelve months ended March 31, 2018. The unaudited consolidated *pro forma* financial data has been prepared for illustrative purposes only and does not purport to represent what the actual consolidated financial position or net financial expenses of the Group would have been if the Transactions had occurred on (i) March 31, 2018 for purposes of the calculation of net financial indebtedness and (ii) April 1, 2017 for purposes of calculation of net financial expense, nor do they purport to project the Group's consolidated financial position and net financial expenses at any future date. The unaudited *pro forma* adjustments and the unaudited *pro forma* financial data set out in this offering memorandum are not accounting measures within the scope of IFRS and are based on available information and certain assumptions and estimates that we believe are reasonable and may differ materially from the actual adjusted amounts. The primary unaudited *pro forma* and adjusted financial measures that are used in this offering memorandum include *pro forma* cash and cash equivalents, *pro forma* total cash interest payments, *pro forma* total financial indebtedness, *pro forma* net financial indebtedness and *pro forma* Adjusted EBITDA. See "*Summary—Summary Consolidated Financial Information of TDC Group—Summary Unaudited Pro Forma As Adjusted Consolidated Financial Information of the Group*."

Non-IFRS Financial Measures

This Offering Memorandum contains non-IFRS measures and ratios, including EBITDA, *Pro forma* Adjusted EBITDA, EBITDA margin, free cash flow before special items, free cash conversion, operating free cash flow, operating free cash flow margin, cash conversion, organic growth and average revenue per user (ARPU) that are not required by, or presented in accordance with, IFRS or any other generally accepted accounting standards. We define:

- "**EBITDA**" as operating profit before depreciation, amortisation and special items.
- "***Pro forma* Adjusted EBITDA**" as EBITDA with adjustments for anticipated operational expenditure savings, the run rate impact from acquisitions, the impact of a material contract and certain other adjustments as described in "*Summary—Consolidated Financial Information of TDC Group—Summary Unaudited Pro Forma As Adjusted Consolidated Financial Information of the Group*."
- "**EBITDA margin**" as EBITDA divided by total revenue.
- "**Free cash flow before special items**" as EBITDA less capital expenditure less change in net working capital less other cash flow items, excluding the effect from discontinued operations.
- "**Free cash conversion**" as free cash flow before special items divided by EBITDA.
- "**Operating free cash flow**" as EBITDA less capital expenditure.
- "**Operating free cash flow margin**" as Operating free cash flow divided by total revenue.
- "**Cash conversion**" as EBITDA less capital expenditure as a percentage of EBITDA.
- "**Organic growth**" in revenue and EBITDA refers to revenue or EBITDA, as applicable, adjusted for foreign exchange effects, effects from acquisitions and divestments, and changes in regulation.

- “**Average revenue per user (ARPU)**” as total revenue divided by the average revenue generating units (RGUs) in the period. ARPU includes gross traffic revenue unless otherwise stated and is calculated per month.

The non-IFRS financial measures are presented, as TDC Group believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-IFRS measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of TDC Group’s operating results and financial position and of TDC Group’s operating results and financial position, each as reported under IFRS. Non-IFRS financial measures and ratios such as EBITDA, *Pro forma* Adjusted EBITDA, EBITDA margin, free cash flow before special items, free cash conversion, operating free cash flow, operating free cash flow margin, cash conversion, organic growth and average revenue per user (ARPU) are not measurements of performance or liquidity under IFRS and should not be considered as alternatives to operating income or net profit or any other performance or financial measures derived in accordance with IFRS or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of the U.S. Securities and Exchange Commission (the “**SEC**”) and will not be subject to review by the SEC; compliance with its requirements would require us to make changes to the presentation of this information.

Rounding

The consolidated financial statements of TDC Group are presented in millions of Danish kroner.

Certain numerical figures set out in this Offering Memorandum, including financial data presented in millions and percentages describing market shares, have been subject to rounding adjustments and, as a result, the totals of the data in this Offering Memorandum may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, are calculated using the numerical data in the consolidated financial statements of TDC Group or the tabular presentation of other data (subject to rounding) contained in this Offering Memorandum, as applicable, and not using the numerical data in the narrative description thereof.

Currency Translations

For convenience purposes only, this Offering Memorandum contains financial data, including financial data set forth in “*Summary Consolidated Financial Information of TDC Group*”, “*Selected Historical Consolidated Financial Information*”, “*Business*”, that have been translated from DKK to euro. For consistency such translations have been calculated based on a fixed exchange rate of DKK 7.45 per euro for all periods notwithstanding the fact that such rates may have differed either for the period covering or at the date of such financial information. Accordingly, please note that the currency translations have been prepared for illustrative purposes only and are not necessarily representative of our financial performance for any period or our financial condition at any date.

CURRENCY PRESENTATION

In this Offering Memorandum, all references to "**euro**," "**EUR**" or "**€**" are to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time, and all references to "**U.S. dollars**," "**USD**" and "**$**" are to the lawful currency of the United States of America. All references to "**Danish kroner**," "**DKK**" and "**kr.**" are to the lawful currency of Denmark. All references to "**Norwegian kroner**" and "**NOK**" are to the lawful currency of Norway.

DEFINITIONS

As used in this Offering Memorandum:

- "**2022 Notes**" refers to Target's outstanding €500 million 3.75% Notes due 2022.
- "**2023 Notes**" refers to Target's outstanding £425 million 5.625% Notes due 2023.
- "**2027 Notes**" refers to Target's outstanding €800 million 1.75% Notes due 2027.
- "**ATP HoldCo**" refers to ATP Infrastructure III K/S, a limited partnership (*kommanditselskab*) incorporated under the laws of Denmark and registered in the Danish Business Authority's central business register (CVR) under registration number 39287919, acting through its general partner (*komplementar*), ATP Infrastructure III GP ApS, a private limited liability company (*anpartsselskab*) incorporated under the laws of Denmark and registered in the Danish Business Authority's central business register (CVR) under registration number 39282348, each having its registered office at Kongens Vaenge 8, DK-3400 Hilleroed, Denmark.
- "**Beneficial Owners**" refers to any Person owning any beneficial interest in the Notes it being understood that the term "Beneficial Owner" shall not include any agent or financial intermediary holding an interest in the Notes solely to the extent such interest is held for or on behalf of any Beneficial Owner.
- "**Bidco**" refers to DK Telekommunikation ApS, a private limited liability company (*anpartsselskab*) incorporated under the laws of Denmark (registered under company registration no. (CVR) 39 18 72 21), with its registered address at c/o Plesner Advokatpartnerselskab, Amerika Plads 37, 2100 Copenhagen, Denmark.
- "**Collateral**" refers to first-ranking security interests in the issued shares of capital stock of the Issuer held by the Parent Guarantor, the issued shares of capital stock of Bidco held by the Issuer, the Issuer's rights under the Proceeds Loan Agreement, intra-group receivables owed to the Parent Guarantor, intra-group receivables owed to the Issuer and the bank accounts of the Issuer.
- "**Consortium**" refers collectively to MIRA HoldCo, ATP HoldCo, PFA HoldCo and PKA HoldCo.
- "**Dollar Notes**" refers to $ million aggregate principal amount of % Senior Notes due 2023.
- "**Euro Notes**" refers to € million aggregate principal amount of % Senior Notes due 2023.
- "**Existing Notes**" refers collectively to the Hybrid Bonds, the 2027 Notes, the 2022 Notes and the 2023 Notes.
- "**Global Note**" refers to Notes issued in global form in accordance with the Indenture.
- "**Group**" refers to the Parent Guarantor and its direct and indirect subsidiaries.
- "**Holder**" refers to each person in whose name the Notes are registered.
- "**Hybrid Bonds**" refers to Target's outstanding €750 million callable subordinated capital securities due 3015.
- "**Indenture**" refers to the indenture governing the Notes by and among, *inter alios*, the Issuer, the Parent Guarantor, Deutsche Trustee Company Limited, as Trustee, and Deutsche Bank AG, London Branch, as security agent as amended and supplemented from time to time.
- "**Intercreditor Agreement**" refers to the Intercreditor Agreement, dated on or about the Issue Date among, *inter alios*, the Security Agent, the lenders and agent under the New Revolving Credit Facility Agreement as well as certain hedging counterparties and, on or about the Issue Date, the Trustee, as amended and from time to time as described in "*Description of Certain Financing Arrangements.*"
- "**Issue Date**" refers to , 2018, the date of the Issuance of the Notes.
- "**Issuer**" refers to DKT Finance ApS, a private limited liability company (*anpartsselskab*) incorporated under the laws of Denmark (registered under company registration no. (CVR) 39 18 70 43), with its registered address at c/o Plesner Advokatpartnerselskab, Amerika Plads 37, 2100 Copenhagen, Denmark.

- "**MIRA**" refers to the Macquarie Infrastructure and Real Assets division of the Macquarie Group.
- "**MIRA HoldCo**" refers to DKTUK Limited, a private limited company incorporated under the laws of the United Kingdom with its registered office at Ropemaker Place, 28 Ropemaker Street, London, Greater London, EC2Y 9HD, United Kingdom, registered in the commercial register of the Registrar of Companies for England and Wales (Companies House) under registration number 11112602.
- "**MIRAEL**" refers to Macquarie Infrastructure and Real Assets (Europe) Limited.
- "**New Revolving Credit Facility**" refers to the €100 million senior revolving credit facility under the New Revolving Credit Facility Agreement.
- "**New Revolving Credit Facility Agreement**" refers to the agreement governing the New Revolving Credit Facility dated on or about the Issue Date, between the Issuer and the Lenders named therein, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time as described in "*Description of Certain Financing Arrangements.*"
- "**Notes**" refers to the Euro Notes together with the Dollar Notes.
- "**Note Guarantee**" refers to the senior guarantee of the Notes by DKT Holdings ApS.
- "**Notes Trustee**" or "**Trustee**" refers to Deutsche Trustee Company Limited, a company with registered office at Winchester House, 1 Great Winchester Street, London, EC2N 2DB, United Kingdom, in its capacity as trustee under the Indenture.
- "**Offering**" refers to the issuance of the Notes offered hereby.
- "**Parent Guarantor**" refers to DKT Holdings ApS, a private limited liability company (*anpartsselskab*) incorporated under the laws of Denmark (registered under company registration no. (CVR) 39 18 68 29), with its registered address at c/o Plesner Advokatpartnerselskab, Amerika Plads 37, 2100 Copenhagen, Denmark.
- "**PFA HoldCo**" refers to PFA Ophelia InvestCo I 2018 K/S, a limited partnership (*kommanditselskab*) incorporated under the laws of Denmark and registered in the Danish Business Authority's central business register (CVR) under registration number 39279584, acting through its general partner (*komplementar*), PFA Ophelia InvestCo I 2018 GP ApS, a private limited liability company (*anpartsselskab*) incorporated under the laws of Denmark and registered in the Danish Business Authority's central business register (CVR) under registration number 39279290, each having its registered office at c/o PFA Pension, Sundkrogsgade 4, 2100 Copenhagen, Denmark.
- "**PKA HoldCo**" refers to PKA Ophelia Holding K/S, a limited partnership (*kommanditselskab*) incorporated under the laws of Denmark and registered in the Danish Business Authority's central business register (CVR) under registration number 39279487, acting through its general partner (*komplementar*), PKA Ophelia Holding GP ApS, a private limited liability company (*anpartsselskab*) incorporated under the laws of Denmark and registered in the Danish Business Authority's central business register (CVR) under registration number 39279193, each having its registered office at c/o Tuborg Boulevard 3, DK-2900 Hellerup, Denmark.
- "**Proceeds Loan Agreement**" refers to the intercompany proceeds loan agreement to be entered into by the Issuer as lender and Bidco as borrower on or around the Issue Date in replacement and substitution of the intercompany proceeds loan agreement entered into on February 12, 2018 in relation to the Bridge Facility Agreement.
- "**Target**" or "**TDC**" refers to TDC A/S, a public limited liability company incorporated under the laws of Denmark (registered under company registration no. (CVR) 14 77 39 08) and with its registered address at Teglholmsgade 1, 2450 Copenhagen Denmark.
- "**Target Facilities**" refers to a €3,951 million (equivalent) senior term loan facility B and a €500 million revolving credit facility under the Target Facilities Agreement.
- "**Target Facilities Agreement**" means the senior credit facilities agreement, dated May 29, 2018, in respect of the Target Facilities among, *inter alios*, certain members of the TDC Group, the Lenders named therein, Barclays Bank PLC, as agent and security agent, as amended, restated, modified, renewed, refunded, replaces, restructured, refinances, repaid, increased or extended in whole or in part from time to time.

- “**Target Rollover Bonds**” refers to €1,008 million of existing notes of Target consisting of €500 million of the 2022 Notes and €508 million (equivalent) of the 2023 Notes, which have been rolled-over following the successful completion of a change of control consent process.
- “**TDC Group**” refers to TDC and its subsidiaries.
- “**Transactions**” refers to, collectively, the transactions as set out in “*Summary—The Transactions*.”

INDUSTRY, MARKET AND SUBSCRIBER DATA OF TDC GROUP

In this Offering Memorandum, we rely on and refer to information regarding our business and the market in which we operate and compete. The market data and certain economic and industry data and forecasts used in this Offering Memorandum were obtained from internal surveys, market research, governmental and other publicly available information, independent industry publications and reports prepared by industry consultants. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe that these industry publications, surveys and forecasts are reliable but have not independently verified them and cannot guarantee their accuracy or completeness.

In addition, in many cases, we have made statements in this Offering Memorandum regarding the Danish telecommunications industry, its position in the industry, its market share and the market shares of various industry participants based on its internal estimates, provided by its experience, its investigations of market conditions and its review of industry publications, including the reports of Ampere, BMI Research, Factset, NKOM and Ovum, and information made available to the public by its competitors.

We cannot assure you that any of the assumptions underlying these statements are accurate or correctly reflect our position in the industry and none of its internal surveys or information has been verified by any independent sources. Neither we nor the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this information. All of the information set forth in this Offering Memorandum relating to the operations, financial results or subscriber base of Telia, Syd Energi (Stofa), Telenor, MTG, Com Hem, Tele2, Elisa, BT, Orange, Telefonica, Telecom, DT and 3 Denmark and certain other information related to the telecommunications market has been obtained from information made available to the public in such companies' publicly available reports and independent research. Neither we nor the Initial Purchasers have independently verified this information and cannot guarantee its accuracy.

The subscriber data included in this Offering Memorandum, including penetration rates, average revenue per user ("**ARPU**"), revenue generating units ("**RGU**") and our market share are derived from management estimates, are not part of our financial statements or financial accounting records and have not been audited or otherwise reviewed by outside auditors, consultants or experts. The use or computation of the terms ARPU or churn may not be comparable to the use or computation of similarly titled measures reported by other companies in the telecommunications industry. ARPU is a non-IFRS measure and should not be considered in isolation or as an alternative measure of performance under IFRS.

TRADEMARKS

We own or have the right to use the trademarks, service marks and trade names that we use in conjunction with the operation of its business. Some of the more important trademarks that we own, have the right to use or have prospective rights to use that appear in this Offering Memorandum include "TDC," "Get," and "YouSee". Each of these trademarks is registered in Denmark and/or registered and/or pending registration in other jurisdictions, as appropriate to the needs of the relevant business. Each trademark, trade name or service mark of any other company appearing in this Offering Memorandum is the property of their owners.

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods set forth below, the high, low, average and period end Bloomberg Composite Rate expressed as U.S. dollars per €1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Offering Memorandum. Neither the Group nor the Initial Purchasers represent that the U.S. dollar amounts referred to below could be or could have been converted into euro at any particular rate indicated or any other rate. For convenience purposes, certain financial information set forth in this Offering Memorandum are transcribed in euro based on an exchange rate of DKK 7.45 per euro.

The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates (New York) during that month, or shorter period, as the case may be.

DKK/EUR

The following table sets forth, for the periods and dates indicated, the average, high, low and period-end euro buying rates expressed in Danish kroner per one euro, such data having been provided by Bloomberg. On June 8, 2018, the exchange rate published by Bloomberg for transfers between Danish kroner and EUR was DKK 7.4442 per €1.00.

	Danish kroner per €1.00			
Year	**High**	**Low**	**Average**	**Period End**
2015	7.4743	7.4313	7.4588	7.4629
2016	7.4647	7.4329	7.4453	7.4350
2017	7.4607	7.4288	7.4389	7.4474

Month				
January 2018	7.4492	7.4425	7.4456	7.4425
February 2018	7.4511	7.4428	7.4464	7.4462
March 2018	7.4549	7.4474	7.4492	7.4549
April 2018	7.4511	7.4459	7.4484	7.4498
May 2018	7.4507	7.4425	7.4483	7.4432
June 2018 (through June 8, 2018)	7.4487	7.4429	7.4448	7.4442

DKK/USD

The following table sets forth, for the periods and dates indicated, the average, high, low and period-end dollar buying rates expressed in Danish kroner per one dollar, such data having been provided by Bloomberg. On June 8, 2018, the exchange rate published by Bloomberg for transfers between Danish kroner and USD was DKK 6.3294 per $1.00.

	Danish kroner per $1.00			
Year	**High**	**Low**	**Average**	**Period End**
2015	6.1723	5.5233	5.7929	5.6532
2016	5.8356	5.4033	5.6167	5.4101
2017	7.1440	6.1820	6.5946	6.2050

Month				
January 2018	6.2386	5.9897	6.1035	5.9954
February 2018	6.1067	5.9504	6.0327	6.1067
March 2018	6.0846	5.9844	6.0384	6.0606
April 2018	6.1686	6.0161	6.0688	6.1686
May 2018	6.4499	6.2128	6.3060	6.3657
June 2018 (through June 8, 2018)	6.3839	6.3126	6.3440	6.3294

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SUMMARY

This summary highlights selected information about TDC Group and the Offering contained in this Offering Memorandum. This summary is not complete and does not contain all the information you should consider before investing in the Notes. The following summary should be read in conjunction with, and the following summary is qualified in its entirety by, the more detailed information included in this Offering Memorandum, including the consolidated financial statements of TDC Group and the related notes therein. You should read carefully the entire Offering Memorandum to understand the business of TDC Group, the nature and terms of the Notes and the tax and other considerations which are important to your decision to invest in the Notes, including the risks discussed under the caption "Risk Factors." Please see "Appendix A: Glossary of Technical Terms" for a glossary of technical terms used in this Offering Memorandum.

Overview

We are the incumbent operator and a prominent provider of integrated communications and entertainment solutions in Denmark with a leading market position across broadband, pay-TV, mobile and landline voice services based on end-user subscriptions to consumer, business and wholesale customers and the multi-play segment with a focus on premium digital services. We also offer integrated solutions to business customers.

In Norway, we operate as one of the leading fixed line communications providers through the ownership of, Get. Get is one of Norway's leading TV and broadband providers and has one of the country's largest high speed networks for private customers. According to the latest NKOM (National Communications Authority) statistics, Get is the challenger to incumbent Telenor and the second largest provider of both TV and broadband in Norway, excluding partners.

As of March 31, 2018, in retail (which includes three of our business lines, Consumer, Business and Other Operations), we had approximately 1.3 million broadband customers, approximately 1.3 million TV customers, approximately 0.6 million landline voice customers and approximately 2.7 million mobile customers in Denmark predominantly through YouSee, our main brand for consumer services. As the incumbent operator in Denmark, we utilize a fully-owned fixed line network covering nearly 100% of the Danish population via copper phone lines, 48% via coaxial cable and 6% via fiber optic network. Our Danish mobile network provides 3G and 4G coverage to approximately 99.5% of the Danish population making it the most expansive in Denmark by third-party assessment and highly reliable network in terms of coverage and speed. In Norway, we pass a significant portion of Norwegian households with our HFC network. We define homes passed as residential dwellings only.

For the twelve month period ended March 31, 2018, we generated revenue of DKK 20,127 million (€2,702 million) and *Pro forma* Adjusted EBITDA of DKK 8,779 million (€1,178 million) (representing an EBITDA Margin of 43%). See "*Summary Consolidated Financial Information of the TDC Group*."

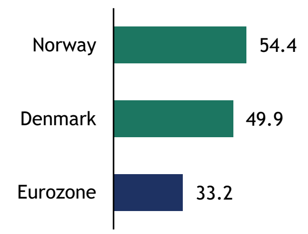
TDC Group's Strengths

Highly developed Nordic markets with high disposable incomes and supportive telecommunications trends

We operate in Denmark and Norway, two highly developed Nordic markets with strong economic fundamentals reflected by AAA/Aaa ratings (S&P and Moody's, respectively) for both nations. Both countries have populations with high disposable incomes, benefiting from 2017 GDP per capita of €49,900 and €54,400 for Denmark and Norway, respectively, materially above the Eurozone average of €33,200 per capita. The Danish krone is pegged to the Euro with an upper and lower band, but the Danish central bank has been able to maintain a stable DKK/EUR rate at approximately 7.40 to 7.45 through its monetary policy. Denmark and Norway are both constitutional monarchies that have demonstrated stable political landscapes over the last decades, with developed legal systems and leading positions in corruption perception indices (indicating low corruption levels) Denmark and Norway rank #2 and #4, respectively, on the Corruption Perception Index 2017 rankings of Transparency International. Denmark's unemployment rate is forecast at 5.5% in 2018, compared to an average of 8.4% in the Euro Area, according to the European Commission.

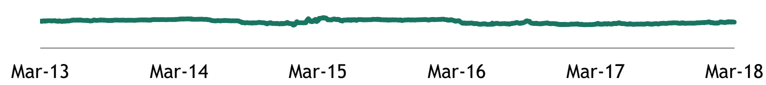
The following charts set out the GDP per capita of Denmark, Norway and the Eurozone and the EUR/DKK and EUR/NOK exchange rates for the periods indicated.

GDP per Capita (€k)-2017

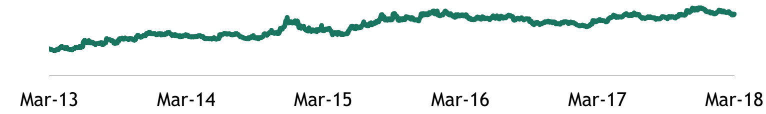


Source: BMI Research

EUR/DKK



EUR/NOK



Source: Factset.

As in the rest of Europe, Denmark and Norway are experiencing demand for higher broadband speeds, multi-screen viewing, time-shifted content consumption and increased data demand. This is supported by strong uptake of electronic devices including smartphones (approximately 75% of the population in both Norway and Denmark), tablets and connected TVs. Both Denmark and Norway are among the countries with the highest broadband download speeds globally with average speeds over 80 Mbps as of April 2018.

Leading telecommunications network in Denmark incorporating high-speed cable and fiber with a state of the art mobile network

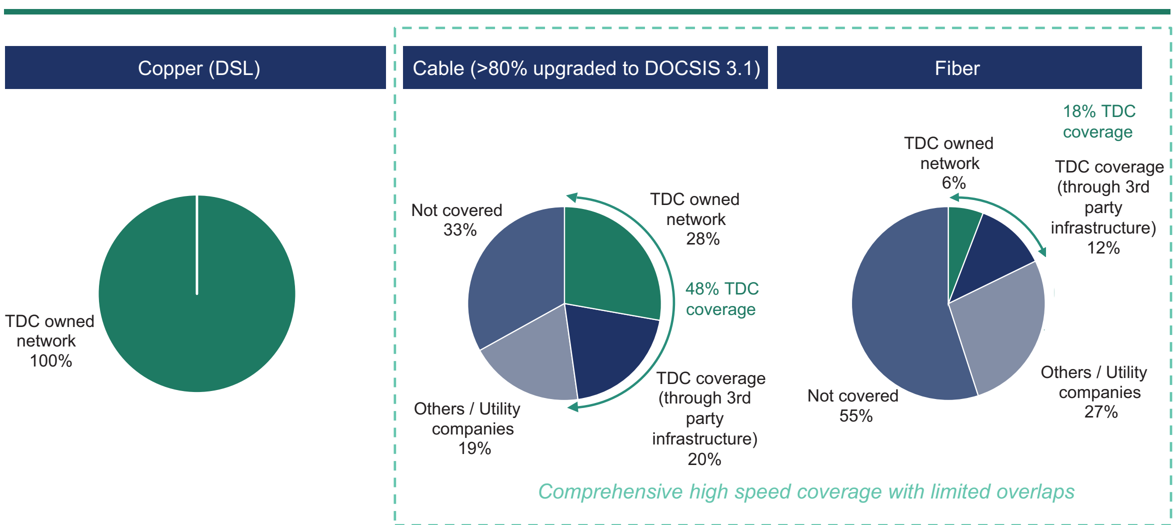
As the incumbent operator in Denmark, we are the owner of the widest and most comprehensive fixed line telecommunications infrastructure in the country and we believe we have a "unique" fixed line infrastructure portfolio in Europe. In addition to our own nationwide copper/DSL network (near 100% population coverage), we own a coaxial cable network in our domestic market. Our coaxial cable network covers approximately 48% of Danish households using both our own network (28%) and third-party infrastructure (20%), such as coaxial cable built by housing associations, antenna associations, and other MDUs, through exclusive contracts.

We also cover 6% of Danish households through our own fiber network and have agreements in place with utility companies (Ewii and Eniig) to utilize their fiber networks thereby increasing our fiber coverage by 12% and reaching approximately 18% of Danish households through fiber.

Given our nationwide multi-technology network, we believe it would be difficult and prohibitively expensive for our competitors to replicate our infrastructure.

The following chart sets forth our network coverage of Danish households by technology as of March 1, 2018.

TDC's network coverage of Danish households by technology (as of March 2018)

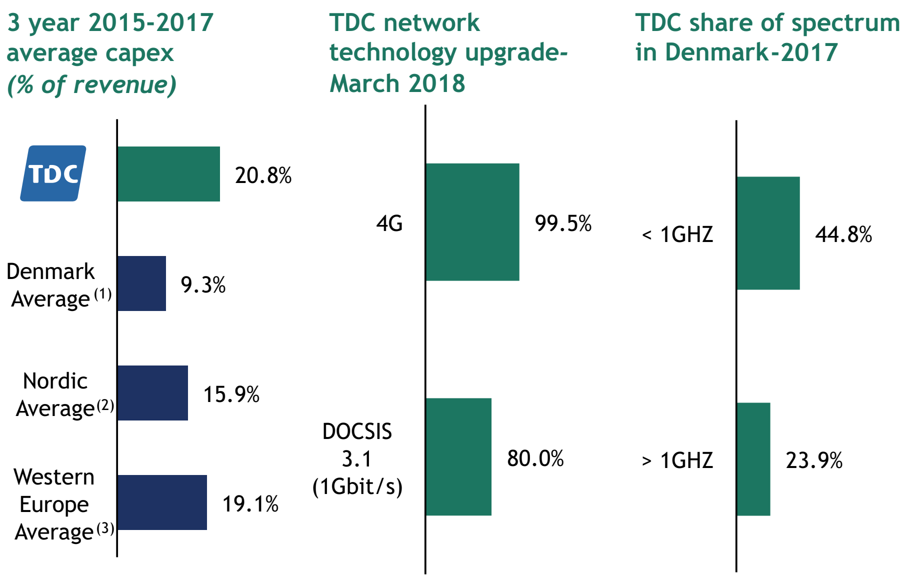


Source: Company data.

We cover approximately 99.5% of the Danish population with our 4G network, making it the most expansive in Denmark (by third-party assessment) and a highly reliable network in terms of coverage and speeds. The maximum theoretical speed provided by 4G+ is greater than 400 Mbps and we are the only operator in Denmark with the ability to achieve this speed on our network. Additionally, we hold a significant share of the Danish mobile spectrum including approximately 45% of bands under 1 GHz and approximately 24% of bands above 1 GHz. We have 2x20 MHz of spectrum in the 800 MHz band and 2x9 MHz of spectrum in the 900 MHz band. Our strong spectrum position in the sub-1 GHz spectrum band is critical for 4G and, potentially in the future, 5G coverage. We also have spectrum in each of the 1,800 MHz, 2,100 MHz and 2,600 MHz bands. Our mobile access network has been consistently rated as the best performing network in Denmark, including by P3 Network Analytics, an international network testing organization, in 2016. In 2017, we were designated as "Denmark's Best Mobile Network" by the Danish Technological Institute for the third consecutive year.

Our fixed line and mobile networks are well-invested compared to our peers in Denmark, the wider Nordic region and Western Europe. Our three-year average capital expenditure as a percentage of revenue was 20.8% compared to an average of 9.3%, 15.9% and 19.1% for a selection of our primary Danish, Nordic and Western European peers, respectively, demonstrating the investment in upgrading and expanding our networks in recent years. Our high recent capital investments have ensured that a high proportion of our fixed line and mobile networks have been upgraded to the latest technologies.

The chart below sets out data relating to three-year average capital expenditures as a percentage of revenue, our network technology upgrade and our share of spectrum in Denmark.



Source: Company data: Competitor websites/press.

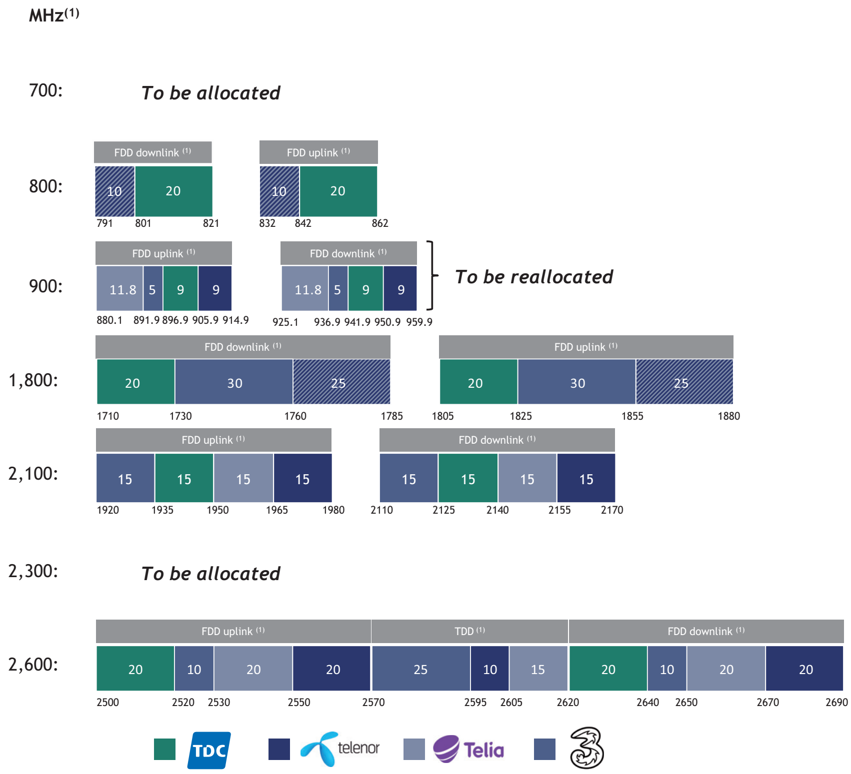
(1) Includes Telenor Denmark (only 2016, 2017), Telia Denmark and Hi3G Denmark, Hi3G DK + SE.

(2) Includes domestic operations of Telenor, Telia and Elisa.

(3) Includes domestic operations of BT, Orange, DT, Telefonica, Telecom Italia.

In 2016, we announced an agreement with Huawei to substantially upgrade our entire coaxial cable network to DOCSIS 3.1, which would enable us to increase our network's data transfer speed from speeds of up to 500 Mbps to speeds of up to at least 1 Gbps. As of March 31, 2018, we have upgraded over 80% of our TDC owned coaxial cable network to DOCSIS 3.1 and plan to reach 100% by the end of 2018.

We have also continued to invest in improving both the coverage and capacity of our mobile network, having installed over 200 new sites over the last two years. We have participated in spectrum auctions in the past and will consider participating in such auctions in the future on a case-by-case basis. In the second half of 2018, the Danish Energy Agency ("**DEA**") plans to hold a combined spectrum auction for the 700 MHz, 900 MHz and 2,300 MHz bands and we plan to participate. The 700 MHz and 900 MHz bands are particularly important for coverage and for competing in the 4G network over the course of the next five to ten years and potentially in the future 5G network. The chart below sets out spectrum allocation in Denmark.



(1) FDD = Frequency Division Duplexing; TDD = Time Division Duplexing; SDL = Supplemental downlink.

Source: Spectrummonitoring.com.

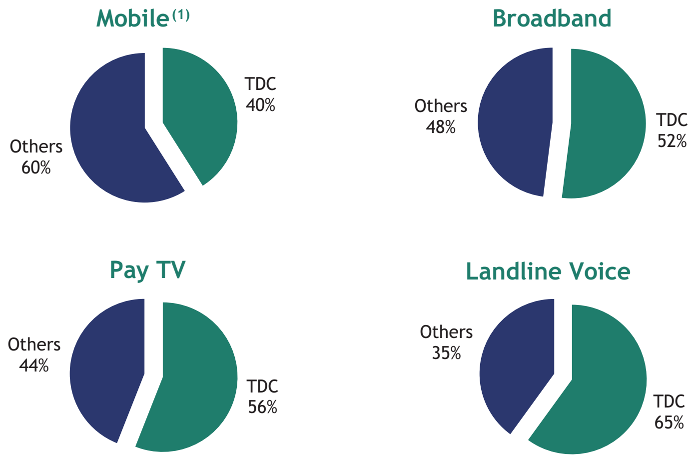
Fully integrated incumbent telecommunications operator in Denmark with a leading position across products

We are a fully integrated incumbent telecommunications operator in Denmark with a highly resilient business model partly due to our ability to offer full service integrated solutions (including broadband, pay-TV, landline voice and mobile) using primarily our own fixed line (including cable, fiber and DSL) and mobile infrastructure. We benefit from a leading position across "Business to Consumer" ("**B2C**") and "Business to Business" ("**B2B**") markets. We have a leading market share in B2C broadband, pay-TV, mobile and landline voice, with 1,111,000, 1,281,000, 1,906,000 and 428,000, consumer RGUs, respectively (including DKTV customers for broadband and landline voice) and in the B2B markets for broadband, mobile voice and landline voice with 182,000, 768,000 and 195,000 business RGUs, respectively, all as of December 31, 2017. Our service offering is best in class with broadband speeds of up to 1 Gbps, fully flexible TV packages including streaming services, and a wide range of data packages available in mobile. Our business model makes us highly resilient, with the ability to sell integrated packages to households and businesses, which helps to reduce customer churn and increases the revenue generated per customer. We believe we are significantly better positioned to offer a full bundle of products in Denmark compared to our competitors, and we continue to promote initiatives aimed at offering multiple services per household under the newly unified brand, YouSee (a product of a merger of our household brands, TDC and YouSee). In late 2017, we launched a converged offering, 'YouSee More', which encourages customers to sign up for two or more primary products, including additional services such as household security. Our other retail brands are "Fullrate" and "Telmore". We also provide telecommunications solutions for small, medium and large businesses and organizations as well as the public sector in Denmark under the brands "TDC Erhverv" and "TDC NetDesign."

In the Danish business and consumer markets, we have a market share of 40% in mobile (includes mobile voice and mobile broadband), 52% in broadband, 56% in pay-TV and 65% in landline voice as of December

31, 2017 based on RGUs, and, in the case of landline voice, lines. The charts below set out our market share in the business and consumer markets by product as of December 31, 2017.

Subscriber Market Share (%) - December 2017



(1) Includes mobile voice and mobile broadband.

Source: Danish Energy Agency (excluding pay-TV); Ampere (pay-TV).

Highly recognized and respected brand in Denmark with leading customer service capabilities

Our retail business (primarily, Consumer and Business) benefits from strong brands across all products. Our key consumer brand, YouSee, is positioned within the top-five of Brand Finance's Top-ten Most Powerful Brands in Denmark. Our leading market positions in Denmark in mobile, landline voice, broadband and pay-TV further underscores the strength of our brands among Danish consumers. The charts below set out the rankings for brand recognition in Denmark.

Brand recognition in Denmark(1)

Rank	Brand	BSI Score
1	LEGO	92.7
2	PANDORA	80.2
3	Danske Bank	77.8
4	youSee	75.3
5	TDC	73.4
6	Danfoss	72.3
7	Tuborg	71.4
8	Rockwool	70.9
9	Lurpak	70.4
10	Nykredit	70.3

Leading brands portfolio

Customer service focus

(1) Based on Brand Finance Denmark's Top 10 Most Powerful Brands.

Source: BSI: Brand Strength Index.

We have invested considerably in recent years to improve our customer service, which has resulted in clear improvements of customer experiences since 2016 based on TDC surveys. In addition, the number of calls to our support and billing functions was reduced by 18%, from the end of 2016 to the end of 2017. These improvements in customer experience reflect our focus on better services and the shift to a more digital customer service model.

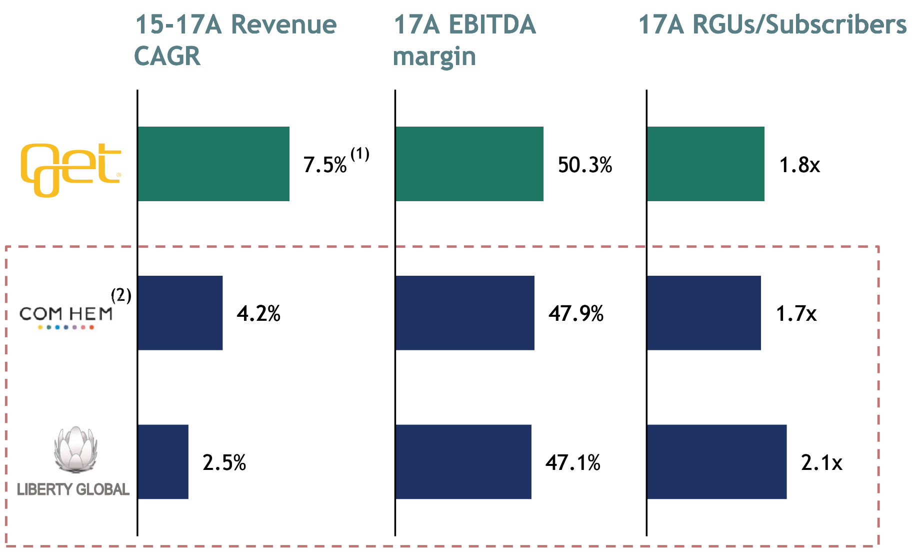
A leading fixed line communications provider in Norway with top brand and service quality

Following the acquisition of Get in 2014, we operate as a leading fixed line communications provider in Norway principally offering broadband, pay-TV, mobile and landline voice products to consumers and businesses. Get currently has 500,000 homes and businesses connected to its cable and fiber based high-speed network. Get owns its own cable and fiber based network in the key regions of Norway, principally in the South including Oslo, with additional coverage via the high-speed networks owned by 24 local partners. Get provides its services across different technologies which enables Get to offer customers a high-quality service. As of December 31, 2017, in Norway, Get had a 19% market share in pay-TV (second largest B2C operator, excluding partners, behind the incumbent Telenor) and 18% market share in broadband (second largest B2C operator, excluding partners, behind the incumbent Telenor).

On April 1, 2017, Get launched an improved TV offering, with the introduction of a new point-based channel selection menu allowing customers to tailor their own TV packages including SVoD services. The new offering contributed to price increases that led to an increase in TV ARPU by NOK 48 in 2017, incorporating in part the increase in content cost and one time gains in the first and second quarters of the year. Get's TV offering incorporates advanced features delivered via set-top boxes and a wide range of applications to streaming devices, smartphones and tablets, both at home and on the go. These features include, among others, (i) flexible TV packages with channel selection and SVoD services; (ii) simultaneous recording of TV content, in a user friendly and streamlined interface; and (iii) transactional and subscription on-demand services.

Get's broadband services offer a wide range of download speeds (up to 500 Mbps) via its cable and fiber networks and include unlimited cloud storage ("**Get Sky**"). In 2017, through a targeted investment program, Get improved network stability and user experience on its network through faster speeds and active deployment of new high-speed routers. Get's market positioning is further strengthened by its progress with bundling, providing customers with TV, broadband, landline voice as well as mobile. Our mobile offering was introduced in 2016 through the launch of an MVNO, based on Telia's 4G network, which is aimed at further cross-selling, bundling and churn reduction. Furthermore, Get has launched a "smart security" services targeting MDU customers with a strong offering focused on fire alarm systems, further cementing Get's relationship with these customers.

Leveraging the proven and highly resilient cable business model, Get has a strong growth profile with a revenue CAGR of 7.5% over the three year period ended December 31, 2017. Get's strong EBITDA margin of 50.3% in the year ended December 31, 2017 place it above certain European cable peers. The table below sets out certain metrics for Get as compared to two of its cable peers.



Source: Company data.

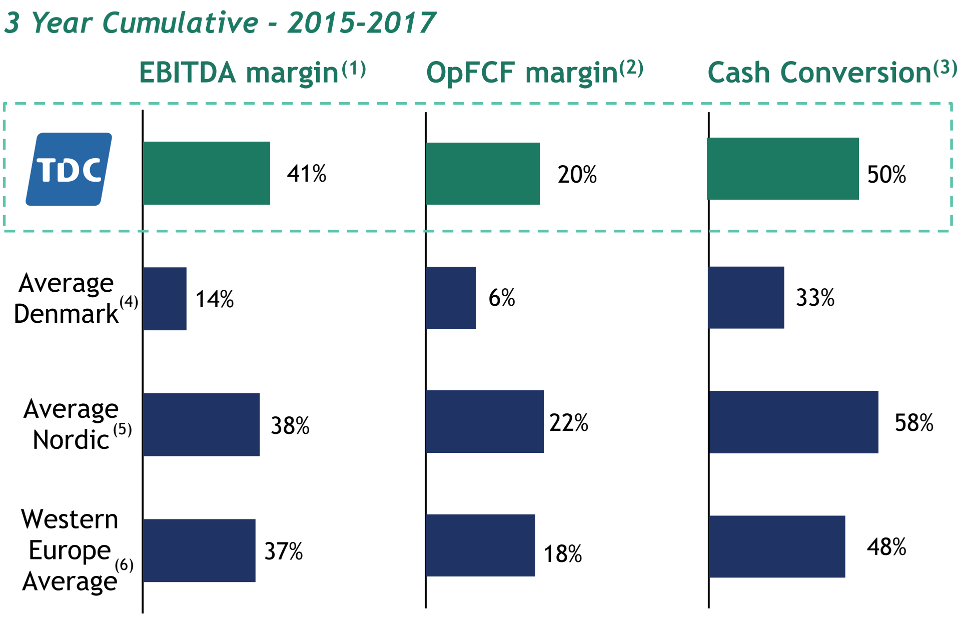
(1) In local currency.

(2) Com Hem segment (cable) only. Pro forma for Boxer acquisition, Group revenue CAGR is 1.9% and EBITDA margin is 41.0%.

Note: Peer numbers may not be calculated on a comparable basis.

Strong profitability and cash flow conversion

We have demonstrated strong profitability and cash flow generation compared to other operators in Denmark, the Nordic region and Western Europe more generally. We had one of the highest EBITDA margins among our Nordic and Western European peer groups (41%, 38% and 37%, respectively, as shown in the charts below) on a cumulative three years basis. In the first quarter of 2018, our organic EBITDA growth rate in Denmark was at its highest level since 2010. In January 2016, we announced a cost efficiency program expected to yield a run-rate of DKK 600-700 million (€81-94 million) operating expenditure savings over the period 2015 to 2018. Since 2016, we have worked on simplifying our processes, focusing on the digital experience, consolidating IT systems, optimizing product development, merging YouSee and TDC brands, simplifying the "Business to Business" ("**B2B**") portfolio and other initiatives. For the year ended December 31, 2017, these initiatives yielded DKK 394 million (€53 million) in organic operating expenditure savings, driven by implementing strategic initiatives such as renegotiation of supplier contracts, efficiency improvements in the field force, streamlining of the Danish B2B business and organic employee reductions. We are targeting additional efficiencies with an estimated organic improvement of at least DKK 300 million (€40 million) to be achieved in 2018, with a similar impact expected in the three months ended March 31, 2019. For a further discussion of our operating expenses, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*." Despite investing significantly in our network infrastructure over the last three years, we have been able to maintain high operating free cash flow margins of 20% and a strong cash conversion of 50% on average over the past three years.



Source: Company data and competitor reports.

(1) EBITDA margin is defined as EBITDA divided by total revenue.

(2) Operating Free Cash Flow margin is defined as Operating Free Cash Flow divided by total revenue.

(3) Cash conversion is defined as EBITDA less capital expenditure as a percentage of EBITDA.

(4) Includes Telia Denmark, Telenor Denmark and 3 Denmark. Includes 10% EBITDA margin for 3 Denmark in 2017 due to their VAT repayment.

(5) Includes Telenor, Telia and Elisa. Excludes Com Hem and Tele 2.

(6) Includes BT, Orange France, DT Germany, Telefonica Spain and Telecom Italia (Domestic).

Note: Financial numbers calculated based on each company's respective reported financial years. Other companies in the industry in which we operate may calculate these measures differently.

Supportive regulatory environment

We believe that the Danish market offers a supportive regulatory environment for continued development of an infrastructure-based telecommunications business, with a focus on promoting investments in infrastructure and leading technologies. In order to achieve this goal, a political agreement has been established setting out frameworks intended to increase the attractiveness of such investments and incentivize market players to roll-out digital infrastructure initiatives such as making it simpler and cheaper to set up mobile telephony masts; standardizing case handling by individual municipalities; improving the framework for the roll-out of broadband infrastructure and others.

Similarly, the Norwegian market offers a supportive regulatory environment in terms of continued development in line with the EU's Gigabit society's objectives and ensuring commitment to maintaining Norway's leading position in digital development among European peers. Norway has generally followed the EU's telecommunications regulation and is expected to provide a stable framework for future digital investments. The latest regulation was the removal of roaming charges for users from June 2017 across the EU. In terms of promoting greater competition, Telenor, the incumbent in Norway, captures a large portion of the market shares in mobile, landline voice and broadband. As a result, Telenor is obliged to provide open access to its fiber network (in addition to the access already provided to its DSL lines). In addition, Norwegian regulators are ensuring that bundled offers of all operators are sufficiently broken down into individual components (so that the user is not bound to accept services that was not requested) and this has required operators to offer all their services individually as well as in packages.

Capable management team with strong track record

A significant part of the current senior TDC management team has been assembled in the last three years with the objective of executing the TDC Group 2016-2018 Strategy which was announced in January 2016. Our highly experienced senior management team has a breadth of telecommunications experience and has extensive industry experience and a proven track record in their respective areas. The current management team has developed a credible track record of execution based on the TDC Group's 2016-2018 Strategy, including a merger of the TDC and YouSee brands, fixed line and mobile network upgrade and implementation of operating efficiencies. The merger of the TDC and YouSee brands was completed on schedule in the second quarter of 2016. In connection with the Transactions, we will continue to review our strategy and management team and are currently in the process of recruiting a new CEO as our current CEO will be departing in the course of 2018.

TDC Group's Strategies

Maintain and grow leading market positions by developing and managing our telecommunications network through initiatives to improve connectivity

Given our position as a market leader in the telecommunications industry in Denmark, we view the Danish government's target of expanding access to broadband with a minimum download speed of 100 Mbps to all Danish households by 2020 as an opportunity to expand our extensive reach even further. We believe that given our scale and broad local expertise we are well-positioned to invest in and continue to pioneer the development of high-speed connectivity across both fixed line and mobile to establish a faster nationwide network. Moreover, in our efforts to contribute to the Danish government target we intend to cooperate actively with relevant stakeholders, including local utility companies and other industry participants, in part via the continuation of opening up our network infrastructure for use by other telecommunications brands and retailers. Given the high level of recent investments, for example, the 4G rollout investment phase which is coming to a conclusion, we expect to achieve this vision without materially changing the current level of capital expenditure. We also expect that this initiative will give rise to increased consumer choice and will support increased utilization of our network.

Furthermore, we believe our scale will facilitate our goal to exceed the Danish government's target, such that all households have access to 1 Gbps broadband by the mid-2020's. This ambition is a continuation of our previous strategy of providing gigabit speed access to 50% of Danish households. As at March 31, 2018, more than 80% of our own cable networks and all of our fiber networks can offer gigabit broadband speeds. Our strategy is to continue to be a leading provider of broadband access in Denmark and Norway, by creating the best infrastructure for our customers. We achieve this in part by utilizing our cable network for both B2B and B2C customers and implementing fiber solutions across our own and third-party infrastructure to enable gigaspeeds in selected areas where cable is unavailable.

The chart below sets out certain of our strategic initiatives and progress to March 31, 2018, including the target to expand gigaspeed coverage in Denmark as well as improve operating efficiencies.

January 2016 investor day strategic initiatives	Target	Update / progress to March 2018
Brand Merger TDC yousee	By 2016	✓ (Completed in 2016)
Giga speed coverage (>1Gbps)	50% of Danish households by 2018	Can deliver 1 Gbps to 23% of Danish households as at March 31, 2018
Operating expenditure efficiencies	DKK600-700m run-rate by end 2018	Savings of at least DKK300m expected in 2018, resulting in cumulative impact of approximately DKK 600 million

We also hope to continue to deliver a variety of new product solutions to our existing customer base. As our 4G rollout investment phase comes to a conclusion, our 4G network currently covers approximately 99.5% of the Danish population making it the most expansive in Denmark by third-party assessment and highly reliable network in terms of coverage and speed. After adding more mobile sites in 2017 and implementing technologies such as voice over LTE (VoLTE), voice over Wi-Fi, narrow-band internet of things (NB-IoT), we continuously expand and enhance our network to strengthen our brand. We aim to further solidify this competitive advantage through the implementation of newer technologies such as 4x4 MIMO-antennas that can provide 1 Gbps mobile downlink speeds, increased bandwidth for 4G through re-farming, additional mobile sites and strategic partnerships with other telecommunications players. Furthermore, we plan to invest in 5G technology when it is ready for large-scale commercial deployment, and to provide shared access to that network. We tested 5G in January 2017 and became the first company in Denmark to test 5G and achieve speeds of more than 70 Gbps.

Continue to deliver digital solutions to improve customer experience

Our strategy remains focused on improving our customer service and product offering to customers and we believe digitalization will be a key driver of this strategy. As society becomes increasingly digitalized, and access to mobile phone and data connections anywhere and anytime has become a fundamental expectation, the demand on digital infrastructure will intensify. Access to mobile telephony and broadband is also promoting productivity by making daily life more convenient and creating new opportunities. Therefore, we are investing in order to further enhance and extend our digital infrastructure, allowing us to provide access to cutting-edge technologies and services. Technological developments may also shorten product life cycles and facilitate convergence of various segments in the telecommunications industry.

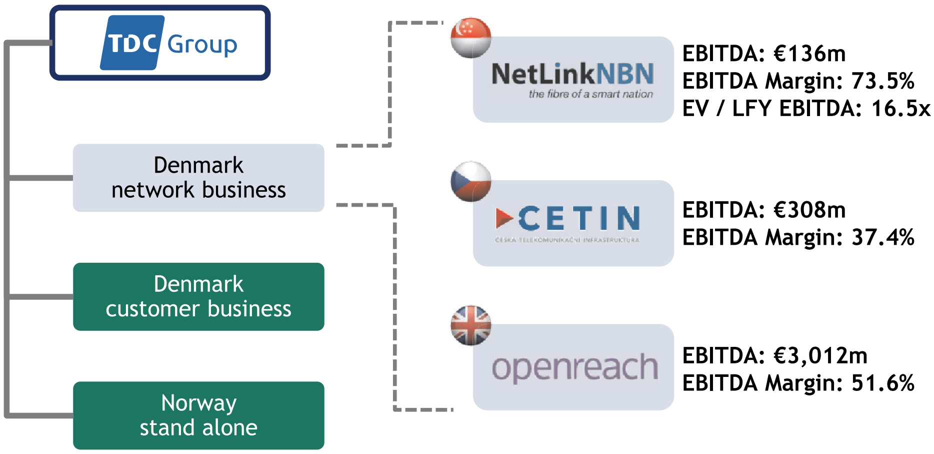
To support our digital strategy, we launched "Digital First", a digital transformation program, in 2017. The program has a cross-functional team to bring innovative new solutions to the market and, since February 2018, sits as a separate business line called Digital under Other Operations. Through Digital First in Business, we launched a new online sales flow for mobile subscriptions, including a customized online sales guide to help customers with the decision process. In Consumer, YouSee launched a personal digital onboarding process for broadband subscription and online booking of technician support, which has reduced call volumes to customer support regarding onboarding and provided customers with more flexibility and transparency. We believe digitalization will be a primary driver for enhancing the customer experience, for instance by improving our online distribution channel and expanding our retail footprint. We will continue to implement digital solutions such as digital self-servicing tools to increase the share of customer utilization online. Through these measures, we aim to reduce churn, increase customer loyalty and cross-sell and up-sell opportunities to deliver improved customer satisfaction scores.

Streamline management structure

In order to better facilitate our development and the enhancement of our nationwide network without compromising customer support, we aim to create a separately managed open-network business in the medium to long-term. The aim of this reorganization is to enhance value by enabling all service providers and retailers in Denmark to access our network on a non-discriminatory basis, targeting greater network utilization, greater volumes and improved customer experience. The open-network strategy has several established precedents globally, including among others: NetLink NBN in Singapore which was separated from SingTel and listed on the Singapore Exchange in July 2017; CETIN in the Czech Republic which was spun off from O2 Czech Republic in June 2015; and Openreach, the network division of BT Group plc, in the UK.

To implement this strategy, we plan to formalize our current functional management structure by creating three separately managed business units focusing on the development, strengthening and management of (i) our Danish telecommunications network; (ii) our Danish customer business; and (iii) our Norwegian business. For each of these planned units, we plan to implement a separate management team and independent governance arrangements. This organizational model will allow us to (i) focus on serving our existing customers through the development of new products and continued delivery of premium content, while (ii) simultaneously sourcing new customers via partnerships with other networks and telecommunications retailers without jeopardizing the operational efficiencies achieved through a range of simplification initiatives implemented in 2016 and 2017. We also believe the separation of the business units will allow management to focus on managing and developing the businesses on their own merits and to their full potential through specialization.

Envisaged business structure *Selected existing open networks-2017*



Source: Company data; Press.

The business unit managing our Danish telecommunications network will support the ongoing strategy to increase third party utilization of our network infrastructure. We believe the further opening up of our nationwide network infrastructure, to be operated on an open-access basis for use by all other telecommunications brands and retailers, will help improve utilization of the network and thus increase capital efficiency, creating more resilient margins and stable cash flows. We also expect that an open network approach will decrease the risk of regulatory intervention. In addition to opening up our own network for use by other telecommunications retailers and brands, we seek to develop partnerships with other network providers across Denmark in order to utilize their networks for our customers and acquire new customer bases. We aim to do this by entering into contracts with utility companies such as our recent contract with Eniig.

We also expect that revising our organizational structure will facilitate investment in customer service as the management structure will allow increased focus on the service element of our business. Our ambition is to have the highest customer satisfaction in the industry by focusing on six initiatives: (i) better customer experience; (ii) better connections; (iii) better solutions; (iv) best digital service and simplest business; (v) best team and relations; and (vi) best financial and commercial management. In line with our continued focus on providing best-in-class customer experience, we will continue to improve our reputation and brand image and increase digital customer interactions and reduce incoming support and billing calls. Furthermore, we will continue to migrate our small and medium business customers to our common sales force and IT platforms in order to properly capitalize on more efficient data management, personalized onboarding and sales flow of self-service and automation. We expect the continued implementation of our Digital First program will continue to enable operational expenditure savings and improve the customer experience.

Certain characteristics of the Danish fixed line market structure lend it more favorably to a network separation strategy compared to its European peers. Unlike most other European markets, the proportion of alternative fixed line local access infrastructure is lower. The lack of alternative fixed line local access networks, high barriers to entry and maturity of the Danish telecommunications market provides the opportunity to create value and improve our operating profile through separating network and retail assets. The evolution of the Danish market with a relatively lower proportion of commercially viable alternative fixed line local access infrastructures could lead EU and domestic regulators to adopt greater elements of a utility type approach to fixed line local access regulation, recognizing a trade off in some markets between incentivizing investment and introducing new infrastructure competition. Such a regulatory shift could benefit telecommunications wholesale network providers, such as TDC, providing long-term visibility in market structure and greater certainty for planning and investing. Combined with providing infrastructure to all telecommunications operators in Denmark, we could see a reduction in operating risks and an improvement in the visibility and stability of network cash flows.

Invest in promoting the consolidated YouSee brand

In 2016, we decided to merge our premium consumer brands "TDC" and "YouSee" under the "YouSee" brand to improve the customer experience and simplify our business processes. The merger was part of our strategic plan under the guiding principle "Always Simpler and Better", describing our approach to the overall customer experience, as well as how we seek to operate as a streamlined business. Prior to the merger, YouSee provided cable services while IPTV services were branded TDC. The infrastructure did not cater to the offering of triple or quad play given each brand had its own infrastructure including a separate IT network. The merger involved combining IT platforms and backhaul; merging channels, go-to-market-strategy and branding; and offering an integrated portfolio of services with a consistent product roadmap. The merger enabled us to consolidate multiple self-service platforms to deliver a better offering. Through this unified household brand, we believe our customers will benefit from a leading suite of integrated services across mobile, broadband, TV and landline voice covering all of Denmark. We believe the merger will also simplify our operating model, optimize investment and marketing spend and reduce complexity and duplication.

Our strategy for promoting the consolidated YouSee brand is focused on moving towards convergence and more advanced services and content as consumers start to demand greater broadband speed and capacity to cope with more demanding services such as video streaming or IoT. Convergence, the bundling by the same operator of more than one product across mobile, broadband, landline voice and pay-TV in a single customer package, is a proven model to drive higher loyalty in the telecommunications industry. Depending on the number of services provided, an operator can be classified as single-, double-, triple- or quad-play. As more providers become fully convergent (quad-play), they achieve greater customer stickiness, thereby reducing customer churn and increasing cross-sell opportunities. The converged offering YouSee More was launched towards the end of 2017 giving customers access to three to five value added services when a customer has two or more primary YouSee products. We will continue to invest in promoting the consolidated YouSee brand through convergence and the aggregation of services.

While our core strategy remains convergence and aggregation, we have recently started building our own differentiating content position to supplement our core strategy. As part of this position, we have moved into direct licensing of movies and series from studios, including Disney, Fox and Paramount, which is an extension of our current channel partnerships with these providers. We have also moved into commissioning of scripted and non-scripted Danish content. We successfully launched YouSee Comedy, a new digital comedy entertainment universe consisting of a number of original Danish program series as well as licensed content.

We also introduced fully flexible TV packaging in the first quarter of 2018, which includes a point-based selection system also enabling users to select streaming services as part of their YouSee subscription. The introduction of the point based system has motivated a change in the preference of the "flexible TV" customer base towards larger packages. As customers become increasingly loyal to brands as opposed to specific channels, we will continue to invest in new content to promote the YouSee brand and to adapt to changing consumer preferences. We seek to improve the selection of our streaming services which we believe will enhance our position as a content provider of choice in Denmark.

Continue to develop a simplified and efficient operating model

Digital First has enabled us to increasingly focus on improving operational efficiencies throughout our organization and we will continue to focus on this in the future. We believe that this will lead to enhanced profitability and that continued digital innovation will enable us to accomplish this strategy. To simplify the operating model, we have decommissioned a number of IT systems and platforms by for example, the migration of more than one million TDC households to a shared YouSee platform, and the migration of 70% of B2B customers in the small and medium business segment to a new IT platform that has been completed. This simplification will enable operating expenditure efficiencies and will also enable a more comprehensive product offering for our B2B customers. As a consequence of the decision to merge our premium consumer household brands and to substantially simplify the product portfolio in Business, we consolidated our products and services, platforms and IT systems. Further simplification efforts will lead to a simplified digital operating model, which will deliver more efficiency. Increasing digitalization will enable us to replace legacy systems, create agility and reduce costs across our organization. We believe the simplification and consolidation of our IT platforms will also enhance our productivity and streamline our business in a meaningful way.

In addition to opening up our own network for use by other telecommunications retailers and brands, we seek to develop partnerships with other network providers across Denmark in order to utilize their networks for our customers and acquire new customer bases. We aim to do this by entering into contracts with utility companies such as our recent contract with Eniig.

Continue to increase our relevance among our B2B customers

We aim to continue increasing our presence and relevance in the B2B market. Our strategy focuses on cloud-based solutions, improved contract profitability and simplification. As part of this strategy, we acquired the cloud companies Cirque and Adactit in 2016. This has enabled us to offer integrated solutions to our customers with TDC Skype for Business being the first initiative, and we expect to launch additional services with a focus on analytics and security. Skype for Business is a cloud and connectivity solution that combines telephony, video calls, chat, calendar integration, document and screen sharing. We are the leading Danish provider of fully integrated telephony in Skype for Business. We offer this product with mobile voice subscriptions, which is an attractive option for our SME customers. As of March 31, 2018, we had approximately 31,000 users enrolled in Skype for Business and we expect this number to increase in the future. We expect the implementation of cloud-based telecommunications solutions to be the main driver for attracting B2B SME customers and key aspects to delivering the benefits of digitalization. Over time, we expect this will create stronger loyalty in the customer base and enable us to grow the average value per customer. We aim to be the preferred digital solutions partner for the business community and we believe our fully integrated telephony Skype offering positions us as a key differentiator in the market in order to become the preferred digital solutions partner for the Danish business community.

Review the TDC Group business and implement any necessary reorganizations, mergers, demergers and/or M&A activities involving parts of the TDC Group

We will commence a strategic options review of the TDC Group to consider the ideal structure and integration of the TDC Group in view of our strategy to separate our business into three distinct units overseeing each of our telecommunications network, the Danish customer business and the Norwegian business. This structural review may result in the corporate reorganization of the business, including potentially by way of mergers, demergers or other M&A activities involving parts of the TDC Group in the medium to long-term, in every case intended to capitalize on existing operational efficiencies and maximize the potential of each part of the TDC Group.

The review will also focus on identifying areas of network investment opportunity, means of delivering improved customer service as well as reducing churn, and driving long-term sustainable financial performance.

Maintain financial discipline to optimize cost of capital

We aim to continually improve cash flows, by, among other things, targeting EBITDA growth through existing cost savings initiatives and capitalizing on national growth initiatives in the telecommunications industry. Also, we intend to maintain discipline in capital expenses and expect improved cash flows to provide a strong liquidity cushion for our ongoing business needs. We note, however, that increased leverage of TDC following the Transactions will increase cash interest costs going forward. Finally, we expect our Norwegian activities to become tax paying from 2019.

We aim to optimize our cost of capital through efficient management of our capital structure; for example, by refinancing existing indebtedness at the appropriate time at potentially lower rates or funding potential capital needs with the most economical sources of funding. We aim to achieve sustainable financial performance through long-term cash flow generation. We believe that our future network investments in the short- and medium-term will extend the lifetime of the infrastructure and create long-term cash flows. We intend to fund network investments through an appropriate combination of generated cash flow and debt.

Furthermore, our domestic defined benefit plan has a pension surplus under the Danish FSA pension regulation amounting to DKK 2.7 billion (€0.4 billion) as of December 31, 2017. This pension asset demonstrates the strong position of our domestic defined benefit plan and reduces the risk of any future funding requirements by us to meet our obligations under the plan, thereby ensuring our cash flows are not impacted significantly. We maintain a net pension asset of DKK 6,819 million (€915 million), which is recognized on our balance sheet as of March 31, 2018.

Overall, we expect that our strategy will encourage and support innovation and investment in the telecommunications sector, improve customer choice and available product offerings, improve retail competition as well as accelerate the expansion, quality and speed of the network.

The Transactions

The Acquisition

On February 12, 2018, DK Telekommunikation ApS ("**Bidco**") announced its decison to make a recommended voluntary takeover offer to acquire up to 100% of the outstanding share capital of TDC A/S, a public limited liability company (*aktieselskab*) incorporated under the laws of Denmark (the "**Target**"), for a price of DKK 50.25 (€6.74) for each share, valuing the entire issued equity capital at approximately €5.4 billion; the offer was formally announced on February 28, 2018 with the publication of an offer document (the "**Takeover Offer**"). The board of directors of the Target issued a statement on March 2, 2018 unanimously recommending the Takeover Offer to the existing shareholders of the Target. Bidco, a private limited liability company (*anpartsselskab*) incorporated under the laws of Denmark, was formed for the purpose of making and implementing the Takeover Offer and indirectly owned by a consortium including MIRA HoldCo, PFA HoldCo, PKA HoldCo and ATP HoldCo (together, the "**Consortium**"). On April 9, 2018, the final result of the Takeover Offer was announced. The Consortium had received approximately 88% of the shares in TDC (excluding treasury shares) at expiry of the Takeover Offer. Subsequently, additional shareholders accepted to sell their shares on the same terms as under the Takeover Offer increasing the total number of shares acquired at settlement on May 4, 2018 ("**Completion**") to over 90% (excluding treasury shares). The Target's shares were delisted from trading and official listing on Nasdaq Copenhagen A/S with effect from June 5, 2018. Thereafter, Bidco initiated and completed a squeeze-out of the remaining minority shareholders of the Target in accordance with the Danish Companies Act (the "**Compulsory Acquisition**" and, together with the Completion, the "**Acquisition**") on June 8, 2018, resulting in Bidco owning 100% of the outstanding shares in the Target.

The Acquisition Financing

Members of the Consortium provided to Bidco indirectly via contribution to the Parent Guarantor (for further contribution to the Issuer and Bidco) part of the capital required, in the form of equity and shareholder loans in the amount of €2,763 million, to enable Bidco to fulfil (in part) its payment obligations under the Acquisition (the "**Equity Contribution**").

In addition, the Issuer entered into external debt financing arrangements for purposes of financing the consideration for the shares to be acquired by Bidco pursuant to the Takeover Offer (the "**Acquisition Financing**"). The aggregate amount of the Acquisition Financing together with the Equity Contribution represented the total amount needed to acquire 100% of the shares in the Target (excluding treasury shares). The Acquisition Financing originally consisted of bridge term loan facilities in the aggregate amount of €2,800 million and a revolving credit facility in the aggregate amount of €200 million (the "**Bridge Facilities**") which were made available to the Issuer under a bridge facility agreement dated as of February 12, 2018 as amended and/or restated from time to time, among, *inter alios*, the Issuer, the Security Agent and the financial institutions named therein (the "**Bridge Facility Agreement**"). On May 29, 2018, the Bridge Facility Agreement was amended and restated, which included a reduction to the revolving credit facility to €100 million.

The Issuer on-lent amounts borrowed under the Bridge Facility Agreement to Bidco under an intercompany proceeds loan agreement in order to finance Bidco's payment of the consideration for the shares to be acquired pursuant to the Acquisition. Prior to the Issue Date, subject to (amongst other things) approval by the board of directors of the Target and compliance with the requirements of the Danish Companies Act, Target is expected to pay a dividend to Bidco in an amount of up to €1,400 million (equivalent) plus an additional amount for accrued interests (the "**Target Dividend**"), the proceeds of which will be used by Bidco to repay intercompany loans in the same amount owing to the Issuer which will use such amounts to repay a corresponding amount of the term loans outstanding under the Bridge Facility Agreement prior to the Issue Date. The offering of the Notes is conditional on the completion of such repayment with the Target Dividend. The remaining term loans under the Bridge Facility Agreement and the related intercompany proceeds loan agreement between the Issuer and Bidco are expected to be replaced by the issuance of the Notes and the entering into of the Proceeds Loan Agreement, as described in "*Use of Proceeds*."

Target Facilities

On May 29, 2018, the Target entered into a term and revolving facilities agreement between, among others, Barclays Bank PLC, BNP Paribas Fortis SA/NV, Deutsche Bank AG, London Branch, HSBC Bank plc, Nordea Danmark, filial af Nordea Bank AB (publ), Citigroup Global Markets Limited, J.P. Morgan Securities plc, Danske Bank A/S and Nykredit Bank A/S as arrangers and Barclays Bank PLC as agent (the "**Target Facilities Agreement**"). The Target Facilities Agreement provides a term loan facility B in the aggregate amount of €3,951 million (equivalent) (the "**TLB**") and a €500 million senior secured revolving credit facility (originally contemplated as a €300 million revolving credit facility and a €200 million capital expenditure facility) (the "**Target Revolving Credit Facility**" and, together with the TLB, the "**Target Facilities**"). Borrowings under the Target Facilities were used to repay certain outstanding indebtedness of the Target and further borrowings will be used to repay other outstanding Target indebtedness (the "**Target Refinancing**"). The drawings under the TLB shall be the equivalent of €3,900 million, in compliance with a debt cap for the Issuer and its subsidiaries. A portion of the TLB will be used to finance the Target Dividend in an amount of €1,400 million (equivalent). The Target Dividend and the use of proceeds thereof (the "**Distribution**") are intended to be completed prior to the Issue Date, provided that the Distribution is subject to and the completion of the Distribution is a condition to the Offering.

Existing Notes

On May 4, 2018, Target's credit ratings were downgraded due, in whole or in part, to the change of control of Target that occurred at Completion thereby triggering a change of control event under the provisions of its outstanding €750 million callable subordinated capital securities due 3015 (the "**Hybrid Bonds**"), €800 million 1.75% Notes due 2027 (the "**2027 Notes**"), €500 million 3.75% Notes due 2022 (the "**2022 Notes**") and €508 million (equivalent) 5.625% Notes due 2023 (the "**2023 Notes**").

On May 9, 2018, Target elected to exercise a change of control call option and redeem the Hybrid Bonds. Accordingly, the Hybrid Bonds will be redeemed in whole on June 29, 2018 at a redemption price of 100% of their respective aggregate principal amount (together with interest accrued to (but excluding) June 29, 2018 and any outstanding payments).

On May 9, 2018, Target notified holders of its 2022 Notes, 2023 Notes and 2027 Notes that a put event had occurred and that each noteholder had the option to require Target to redeem or, at Target's option, purchase (or procure the purchase of) outstanding 2022 Notes, 2023 Notes or 2027 Notes, as applicable, on June 30, 2018 at their principal amount together with interest accrued to but excluding the date of redemption or purchase. Holders of the 2022 Notes and the 2023 Notes were invited to participate in a consent solicitation process to waive the change of control put right that was completed on June 6, 2018. Holders of the 2027 Notes were notified that they would not be the subject of the consent solicitation process. The 2022 Notes and the 2023 Notes will remain outstanding and the 2027 Notes are expected to be repurchased in whole. Settlement of the redemption of the 2027 Notes in respect of which a put option has been exercised will take place on July 2, 2018 and will be funded from the proceeds of the TLB.

As of March 31, 2018, €500 million in aggregate nominal amount of the 2022 Notes and €508 million (equivalent) in aggregate nominal amount of the 2023 Notes remained outstanding. The coupon for each of the 2022 Notes and the 2023 Notes will be subject to a 1.25% coupon step-up due to the downgrade of Target's credit ratings as a result of the change of control at Target, which will (subject to any further adjustment to the 2022 Notes and/or the 2023 Notes that may be necessary pursuant to their respective terms and conditions) become effective from March 2019 and February 2019, respectively.

The Acquisition, the Equity Contribution, the Acquisition Financing, the Target Refinancing, the Distribution and the Bridge Refinancing are herein collectively referred to as the "**Transactions**."

Pro Forma Sources and Uses – The Acquisition

The following table sets out the overall financing and related expenses in connection with the Transactions, including the Acquisition.

Sources of Funds		Uses of Funds	
	(€ in million)		
Equity Contribution[(a)]	2,763	Equity Purchase Price[(f)]	5,441
Issuer Bridge Facility[(b)]	1,400	Target Refinancing[(g)]	2,550
Target Facilities[(c)]	3,900	Target Rollover Bonds[(h)]	1,008
Target Rollover Bonds[(d)]	1,008	Transaction costs[(i)]	189
Cash on hand[(e)]	120	Issuer cash buffer[(j)]	3
Total sources	**9,190**	**Total uses**	**9,190**

Note: All EUR/DKK conversions shown using exchange rate of €1 to DKK 7.45.

(a) Represents the cash contribution from the Consortium. The cash contribution to equity was contributed, directly or indirectly, by way of equity, shareholder loans and/or other combinations of such instruments to Bidco. See "*—The Acquisition Financing*."

(b) Represents the outstanding drawings under the Bridge Facility initially used in connection with the Acquisition of Target Shares on the Completion Date and in connection with the Compulsory Acquisition. The Bridge Facility includes €2,800 million of bridge term loan facilities which will be refinanced in part by a €1,400 million equivalent TLB issuance as part of the Distribution (included in €3,900 million Target Facilities being drawn in connection with the Transactions) and which is a condition to the Offering. The outstanding amount of the Bridge Facility is expected to be refinanced with the €1,400 million (equivalent) of Senior Notes offered hereby on the Issue Date. See "*Use of Proceeds*" and "*Summary—The Transactions—The Acquisition Financing*."

(c) Represents the gross proceeds from the TLB, subject to the assumptions stated below. The TLB includes a euro-denominated tranche and a US dollar-denominated tranche. In addition, the Target Facilities Agreement also provides for the Target Revolving Credit Facility in an amount of €500 million. Borrowings under the Target Facilities were used to refinance certain of the Target's debt prior to the date hereof and certain available amounts thereunder may be used to refinance additional outstanding Target indebtedness that cannot yet be repaid and are expected to be used to finance the Distribution. For ease, the amounts presented herein are presented on a *pro forma* basis assuming such prepayment and the Distribution has occurred.

(d) As part of the Transactions, Target's existing debt will be refinanced with the exception of €1,008 million equivalent of existing notes consisting of €500 million notes due in March 2022 and €508 million equivalent GBP notes due in March 2023, which have been rolled-over following the successful completion of a change of control consent process. See "*—The Transactions—Existing Notes.*"

(e) Represents part of Target's cash and cash equivalents available on the balance sheet as of March 31, 2018, assumed to be available to refinance Target's existing debt, pay transaction costs and finance the Issuer cash buffer. See "*Capitalization*" for an explanation of the Group's cash position.

(f) Represents the aggregate purchase price for Target's 812,000,000 issued and outstanding common shares (giving effect to the 5,986,796 treasury shares as of May 2018) and the purchase price, including common shares purchased pursuant to the squeeze-out conducted by the Consortium in accordance with the Danish Companies Act.

(g) Represents the repayment of outstanding amounts of loans and notes at the Target, including a €250 million KFW loan, €750 million EIB loans, €750 million Hybrid Notes and €800 million notes due 2027.

(h) Represents the Existing Notes of Target expected to remain outstanding following the consent solicitation process.

(i) Represents estimated fees and expenses associated with the Transactions, including, but not limited to, financing fees including any OID on the Target Facilities, advisory fees and legal costs. These fees and expenses have been estimated as of the date of this Offering Memorandum and are subject to change. These costs exclude accrued but unpaid interest on the Bridge Facility to, but excluding, the Issue Date that will be paid on the Issue Date. For a description of the cash position of the Group, see "*Capitalization*"

(j) Following the completion of the Transactions, an amount equal to €2.5 million in aggregate is to be retained by the Issuer and parent entities above as cash overfunding in connection with the Acquisition.

Sources and Uses – The Bridge Refinancing

On the Issue Date, we intend to use the proceeds from the issuance of the Notes and cash on hand to repay the outstanding indebtedness drawn under the Bridge Facility Agreement in connection with the Acquisition (the "**Bridge Refinancing**"), together with accrued and unpaid interest thereon, and to pay transaction fees and expenses in connection therewith. The following table shows the indicative sources and uses of funds related to the Bridge Refinancing, assuming they had been completed on March 31, 2018. Actual amounts will vary from estimated amounts depending on several factors, including accrued interest on debt being repaid, the actual date of completion of the Bridge Refinancing, the actual date of repayment of certain indebtedness of Target, and differences from our estimates of fees and expenses associated with the

Transactions and fees and expenses actually incurred. Any changes in these amounts may affect the amount of the cash on hand.

Sources of Funds		Uses of Funds	
	(€ in million)		
Notes offered hereby(1)	1,400	Repayment of Bridge Facility(2)	1,400
Euro Notes offered hereby			
Dollar Notes offered hereby (equivalent)			
Total sources(3)	**1,400**	**Total uses(3)**	**1,400**

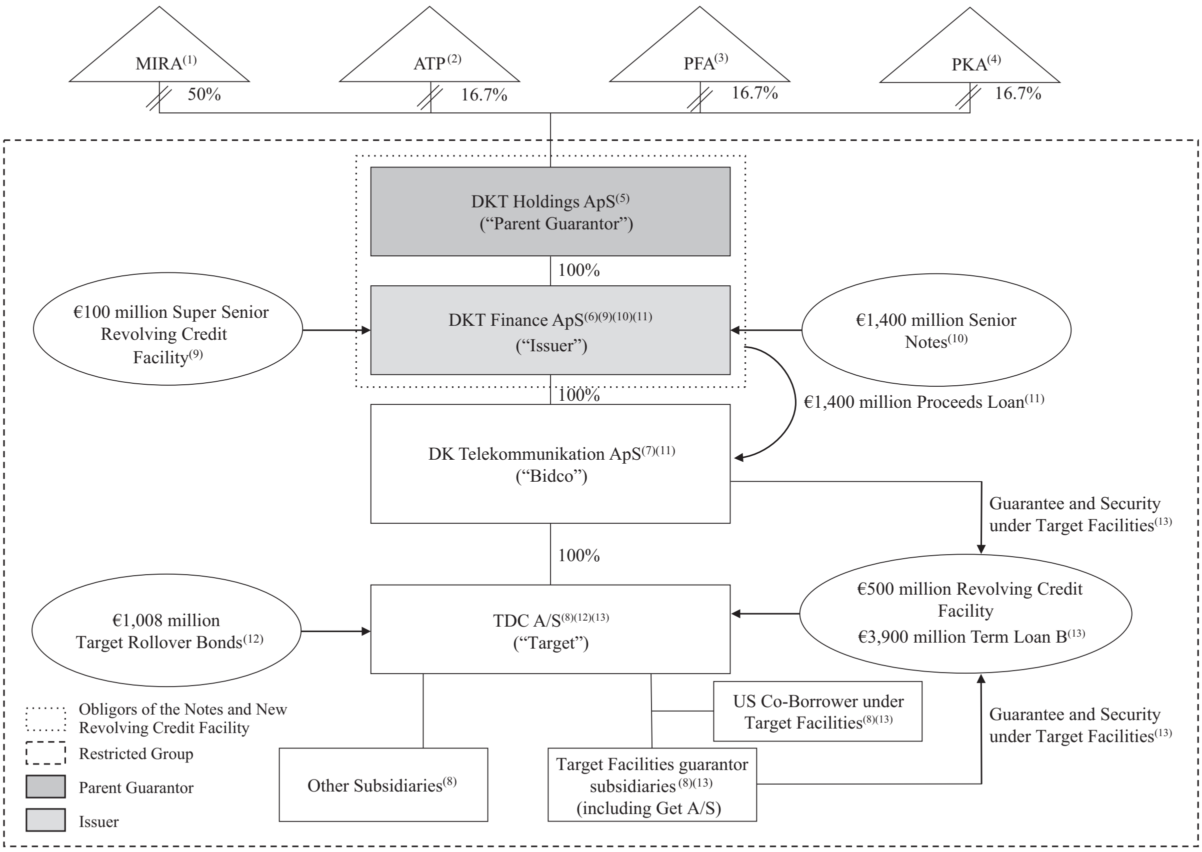
(1) Represents the aggregate principal amount of Notes offered hereby consisting of € million aggregate principal amount of the Issuer's % Senior Notes due 2023 and $ million aggregate principal amount of the Issuer's % Senior Notes due 2023.

(2) An aggregate principal amount of €2,800 million of indebtedness was drawn under the Bridge Facility Agreement in connection with the Acquisition, but €1,400 million of such amount is intended to be repaid prior to the Issue Date using the proceeds of the Distribution and which is a condition to the Offering. The outstanding amount of the Bridge Facility will be refinanced with the €1,400 million of Notes offered hereby on the Issuer Date. No amounts were drawn under the revolving portion of the Bridge Facilities Agreement. See "*—The Transactions—Pro Forma Sources and Uses—The Acquisition*."

(3) Represents indicative sources and uses of funds related to the Bridge Refinancing, but excludes fees and expenses associated with the offering and refinancing of the loans under Bridge Facility Agreement. For example accrued and unpaid expenses, underwriting fees, legal costs and other transactional expenses. For details of the full fees and expenses associated with the Transaction, see "*Pro Forma Sources and Uses—The Acquisition*".

TDC Group Corporate Structure and Certain Financing Arrangements

The following chart shows a simplified summary of the corporate and financing structure and nominal amounts of the principal indebtedness of the TDC Group as of March 31, 2018 on a *pro forma* basis, to give effect to the Transactions. The chart does not include all entities in the TDC Group, nor all of the debt obligations thereof. All entities shown below are, unless otherwise indicated, directly or indirectly owned by their respective parent company. For a summary of the debt obligations identified in this diagram, please refer to the sections entitled "*Description of Notes*," "*Description of Certain Financing Arrangements"* and *"Capitalization*."



(1) MIRA HoldCo directly holds 50% of DKT Holdings ApS. See "*Principal Shareholders—The Consortium*."

(2) ATP HoldCo holds 16.7% of DKT Holdings ApS. See "*Principal Shareholders—The Consortium*."

(3) PFA HoldCo holds 16.7% of DKT Holdings ApS. See "*Principal Shareholders—The Consortium*."

(4) PKA HoldCo holds 16.7% of DKT Holdings ApS. See "*Principal Shareholders—The Consortium*."

(5) As of the date of this Offering Memorandum, the Parent Guarantor is a holding company with no revenue-generating activities of its own, and no business operations, material assets or liabilities other than those incurred in connection with its incorporation and the Transactions. The Note Guarantee will upon issuance: be secured as set forth under "*Description of Notes—Security*" along with the obligations under the New Revolving Credit Facility Agreement and certain priority Hedging Obligations (provided that the proceeds from any recovery from the enforcement of any security interest will be applied to satisfy the obligations under the New Revolving Credit Facility Agreement and certain priority Hedging Obligations); be senior in right of payment to any Subordinated Indebtedness of the Parent Guarantor; be effectively senior in right of payment to any existing or future unsecured obligations of the Parent Guarantor to the extent of the value of the property or assets securing the Notes and the Note Guarantee; be senior in right of payment to any existing or future obligations of the Parent Guarantor secured on a basis junior to the Notes; be effectively subordinated to any existing and future indebtedness of the Parent Guarantor that is secured by property or assets that do not secure the Notes or the Note Guarantee, to the extent of the value of the property or assets securing such indebtedness; and be structurally subordinated to any existing and future indebtedness of subsidiaries of the Parent Guarantor (excluding Issuer) that do not guarantee the Notes (including the indebtedness under the Target Facilities Agreement, the Rollover Bonds, certain hedging obligations and obligations owed to trade creditors). The Notes will not be guaranteed by any of the Issuer's subsidiaries, including TDC and its subsidiaries. The Notes Guarantee will be subject to contractual and legal limitations and may be released under certain circumstances. See "*Risk Factors—Risks Relating to our Indebtedness, Structure and the Notes—There are circumstances other than repayment or discharge of the Notes under which the Collateral and the Notes Guarantee will be released automatically and under which the Notes Guarantee will be released automatically, without your consent or the consent of the Trustee*," "*—The Parent Guarantor and the Issuer are holding companies that have no revenue-generating operations of their own and will depend on cash from the operating companies of the TDC Group to be able to make payments on the Notes or the Notes Guarantee*," "*—The Notes are obligations solely of the Issuer and the Parent Guarantor, are not guaranteed by any subsidiary and are structurally subordinated to all of the debt and liabilities of the Issuer's subsidiaries*" and "*Description of Notes—The Note Guarantee*."

(6) The Issuer of the Notes will be DKT Finance ApS, a private limited liability company incorporated and existing under the laws of Denmark. As at the date of this Offering Memorandum, the Issuer is a holding company with no revenue generating activities of its own, and no business operations, material assets or liabilities other than those incurred in connection with its incorporation and the Transactions. The Notes will upon issuance: be secured as set forth under "*Description of Notes—Security*" along with the obligations under the New Revolving Credit Facility Agreement and certain priority Hedging Obligations (provided that the proceeds from any recovery from the enforcement of any security interest will be applied to satisfy the obligations under the New Revolving Credit Facility Agreement and certain priority Hedging Obligations); be senior in right of payment to any Subordinated Indebtedness of the Issuer; be effectively senior in right of payment to any existing or future unsecured obligations of the Issuer to the extent of the value of the property or assets securing the Notes and the Note Guarantee; be senior in right of payment to any existing or future obligations of the Issuer secured on a basis junior to the Notes; be effectively subordinated to any existing and future indebtedness of the Issuer that is secured by property or assets that do not secure the Notes or the Note Guarantee, to the extent of the value of the property or assets securing such indebtedness; and be structurally subordinated to any existing and future indebtedness of subsidiaries of the Issuer that do not guarantee the Notes (including the indebtedness under the Target Facilities Agreement, the Rollover Bonds, certain hedging obligations and obligations owed to trade creditors). The Notes will not be guaranteed by any of the Issuer's subsidiaries, including TDC and its subsidiaries. See "*Risk Factors—Risks Relating to our Indebtedness, Structure and the Notes—The Parent Guarantor and the Issuer are holding companies that have no revenue-generating operations of their own and will depend on cash from the operating companies of the TDC Group to be able to make payments on the Notes or the Notes Guarantee*" and "*—The Notes are obligations solely of the Issuer and the Parent Guarantor, are not guaranteed by any subsidiary and are structurally subordinated to all of the debt and liabilities of the Issuer's subsidiaries*."

(7) Bidco was formed for the purpose of making and implementing a recommended voluntary takeover offer to acquire up to 100% of the outstanding share capital of Target. On May 4, 2018, Bidco had acquired more than 90% of the entire share capital of Target. Upon completion of the Acquisition, the remaining shares were acquired on June 8, 2018. See "*—The Transactions—The Acquisition*."

(8) The Notes will not be guaranteed by Target or any of its subsidiaries. As of March 31, 2018, after adjusting for the effect of the Transactions, we would have total consolidated financial liabilities of DKK 46,995 million (€6,308 million), of which DKK 36,565 million (€4,908 million) would be indebtedness of the Target or its subsidiaries. See "*Description of Notes—Guarantee*" and "*—Security*."

(9) We will enter into the New Revolving Credit Facility Agreement on or prior to the Issue Date. The New Revolving Credit Facility will have a total commitment of €100 million and will mature six months prior to the maturity date of the Notes. Borrowings under the New Revolving Credit Facility will be available to fund, among other things, our general corporate and working capital purposes (including capital expenditures) but will not be able to be drawn for the purpose of redeeming, defeasing or repurchasing any of the Notes and may be drawn in euros and any of pounds sterling, U.S. Dollars, Danish kroner and Norwegian kroner and such other currency meeting specified conditions. The New Revolving Credit Facility will initially be made available to the Issuer as the original borrower. The New Revolving Credit Facility will be (subject to certain Agreed Security Principles set forth in the New Revolving Credit Facility Agreement) guaranteed by the Parent Guarantor and secured on a pari passu basis by the same collateral that secures the Notes (the "**Collateral**"). Under the terms of the Intercreditor Agreement, the holders of the Notes will receive proceeds from the enforcement of the Collateral and certain distressed disposals only after the lenders under the New Revolving Credit Facility and counterparties to certain priority hedging obligations have been paid in full. See "*Description of Certain Financing Arrangements—New Revolving Credit Facility*."

(10) Represents the Issuer's €1,400 million (equivalent) aggregate principal amount of Senior Notes due 2023.

(11) The Issuer as lender and Bidco as borrower will enter into an intercompany proceeds loan agreement on or around the Issue Date in replacement and substitution of the intercompany proceeds loan agreement entered into on February 12, 2018 in relation to the Bridge Facility Agreement. See "*Description of Certain Financing Arrangements—Notes Proceeds Loan*."

(12) As part of the Transactions, Target's existing debt will be refinanced with the exception of €1,008 million equivalent of Target Rollover Bonds will remain outstanding following the successful completion of a change of control consent process. See "*—The Transactions—Existing Notes*" and "*Description of Certain Financing Arrangements—Notes*."

(13) On May 29, 2018, the Target entered into a term and revolving facilities agreement between, among others, Barclays Bank PLC, BNP Paribas Fortis SA/NV, Deutsche Bank AG, London Branch, HSBC Bank plc, Nordea Danmark, filial af Nordea Bank AB

(publ), Citigroup Global markets Limited, J.P. Morgan Securities plc, Danske Bank A/S and Nykredit Bank A/S as arrangers and Barclays Bank PLC as agent (the "**Target Facilities Agreement**"). The Target Facilities Agreement provides for a term loan facility B in the aggregate amount of €3,951 million (equivalent) (the "**TLB**") and a €500 million senior secured revolving credit facility (the "**Target Revolving Credit Facility**" and, together with the TLB, the "**Target Facilities**"). Borrowings under the Target Facilities were used to repay certain outstanding indebtedness of the Target and further borrowings may be used to repay other outstanding Target indebtedness that is not yet able to be repaid (the "**Target Refinancing**") and to fund the Distribution (as defined below). The drawings under the TLB shall be the equivalent of €3,900 million, in compliance with a debt cap for the Issuer and its subsidiaries. A portion of the TLB will be used to finance a dividend from the Target to Bidco in an amount of €1,400 million (equivalent), the proceeds of which will be used by Bidco to repay intercompany loans in the same amount owing to the Issuer which will use such amounts to repay a corresponding amount of the term loans outstanding under the Bridge Facility Agreement. The above steps (the "**Distribution**") are intended to be completed prior to the Issue Date, provided that the Distribution is subject to (amongst other things) approval by the board of directors of the Target and compliance with the requirements of the Danish Companies Act. The completion of the Distribution is a condition to the Offering. See "*Summary—The Transactions—The Acquisition Financing*."

THE OFFERING

The following is a brief summary of certain terms of this Offering. It may not contain all the information that is important to you. For additional information regarding the Notes and the Note Guarantee, see "*Description of Notes*" and "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

Issuer . . . . DKT Finance ApS, a private limited company incorporated under the laws of Denmark, having its registered office at c/o Plesner Advokatpartnerselskab, Amerika Plads 37, 2100 Copenhagen, Denmark.

Parent Guarantor . . . . DKT Holdings ApS, a private limited liability company incorporated under the laws of Denmark, having its registered office at c/o Plesner Advokatpartnerselskab, Amerika Plads 37, 2100 Copenhagen, Denmark.

Notes Offered:

Euro Notes . . . . € million aggregate principal amount of % Senior Notes due 2023 (the "**Euro Notes**").

Dollar Notes . . . . $ million aggregate principal amount of % Senior Notes due 2023 (the "**Dollar Notes**" and collectively with the Euro Notes, the "**Notes**").

The aggregate principal amount of the Notes will be the euro-equivalent of €1,400 million.

Issue Date of the Notes . . . . On or about , 2018.

Interest:

Euro Notes . . . . Interest on the Notes will accrue at the rate of % per annum. Interest on the Notes will be payable semi annually in arrear on and of each year, commencing on , 2018.

Dollar Notes . . . . Interest on the Notes will accrue at the rate of % per annum. Interest on the Notes will be payable semi annually in arrear on and of each year, commencing on , 2018.

Issue Price:

Euro Notes . . . . % plus accrued interest, if any, from the Issue Date.

Dollar Notes . . . . % plus accrued interest, if any, from the Issue Date.

Form and Denomination:

Euro Notes . . . . The Euro Notes will be issued in fully registered form and in denominations of €100,000 and any integral multiple of €1,000 in excess thereof. Euro Notes in denominations of less than €100,000 will not be available.

Dollar Notes . . . . The Dollar Notes will be issued in fully registered form and in denominations of $200,000 and any integral multiple of $1,000 in excess thereof. Dollar Notes in denominations of less than $200,000 will not be available.

Maturity Date:

Euro Notes . . . . , 2023.

Dollar Notes . . . . , 2023.

Note Guarantee	The Issuer's obligations under the Notes and the Indenture will be guaranteed (the "**Note Guarantee**") by DKT Holdings ApS (the "**Parent Guarantor**") on a senior basis. The Notes will not be guaranteed by any of the Issuer's subsidiaries, including TDC and its subsidiaries. The Note Guarantee will be subject to contractual and legal limitations, and, upon issuance by DKT Holdings ApS, the Note Guarantee may be released under certain circumstances. See "*Risk Factors—Risks Relating to our Indebtedness, Structure and the Notes*" and "*Description of Notes—The Note Guarantees.*"
Ranking of the Notes	The Notes: • will be general senior obligations of the Issuer; • will be secured as set forth under "*Description of Notes—Security*" along with the obligations under the New Revolving Credit Facility Agreement and certain priority Hedging Obligations (*provided* that the proceeds from any recovery from the enforcement of any security interest will be applied to satisfy the obligations under the New Revolving Credit Facility Agreement and certain priority Hedging Obligations before being applied to satisfy obligations to holders under the Notes and the Indenture); • will be senior in right of payment to any indebtedness of the Issuer which is expressly subordinated in right of payment to the Notes or its Note Guarantees pursuant to a written agreement ("**Subordinated Indebtedness**"); • will be effectively senior in right of payment to any existing or future unsecured obligations of the Issuer to the extent of the value of the property or assets securing the Notes; • will be effectively subordinated to any existing and future indebtedness of the Issuer that is secured by property or assets that do not secure the Notes, to the extent of the value of the property or assets securing such indebtedness; and • will be structurally subordinated to any existing and future indebtedness of subsidiaries of the Issuer that do not guarantee the Notes (including indebtedness under the Target Facilities Agreement, the Target Rollover Bonds, certain hedging obligations and obligations owed to trade creditors).
Ranking of the Note Guarantee	The Note Guarantee will upon issuance: • be the general senior obligation of the Parent Guarantor; • be secured as set forth under "*Description of Notes—Security*" along with the obligations under the New Revolving Credit Facility Agreement and certain priority Hedging Obligations (*provided* that the proceeds from any recovery from the enforcement of any security interest will be applied to satisfy the obligations under the New Revolving Credit Facility Agreement and certain priority Hedging Obligations); • will be senior in right of payment to any Subordinated Indebtedness of the Parent Guarantor;

	• will be effectively senior in right of payment to any existing or future unsecured obligations of the Parent Guarantor to the extent of the value of the property or assets securing the Notes and the Note Guarantee; • will be senior in right of payment to any existing or future obligations of the Parent Guarantor secured on a basis junior to the Notes; • will be effectively subordinated to any existing and future indebtedness of the Parent Guarantor that is secured by property or assets that do not secure the Notes or the Note Guarantee, to the extent of the value of the property or assets securing such indebtedness; • will be structurally subordinated to any existing and future indebtedness of subsidiaries of the Parent Guarantor (excluding Issuer) that do not guarantee the Notes (including the indebtedness under the Target Facilities Agreement, the Target Rollover Bonds, certain hedging obligations and obligations owed to trade creditors); and • will be subject to the guarantee limitations described herein.
Security	Subject to the terms of the security documents, the Notes will be secured on a first-ranking basis by: • a pledge of all of the issued shares of capital stock of the Issuer, held by the Parent Guarantor; • a pledge of all of the issued shares of capital stock of Bidco, held by the Issuer; • an assignment of the Issuer's rights under the Proceeds Loan Agreement; • an assignment of all intra-group receivables owed to the Parent Guarantor; • an assignment of all intra-group receivables owed to the Issuer; and • a security interest in all bank accounts of the Issuer, collectively, the "**Collateral**." Pursuant to the Intercreditor Agreement, the Security Agent will act with respect to the Collateral at the direction of (x) a majority (greater than 50%) of the Issuer's first priority senior secured creditors (including any debt under the Notes and any other senior secured indebtedness that is permitted to be issued under, and that the Trustee or creditor representative in respect thereof acceded to, the Intercreditor Agreement in the future) and (y) a majority (66⅔%) of the Issuer's super senior creditors (including the lenders in respect of the New Revolving Credit Facility Agreement and counterparties to certain hedging obligations) subject to consultation mechanics set out in the Intercreditor Agreement in case of conflicting instructions; **provided** that, subject to compliance with the covenant described under "*Description of Notes—Certain Covenants—Liens*", the lenders in respect of the New Revolving Credit Facility Agreement and counterparties to certain priority hedging obligations will receive proceeds from the enforcement of the Collateral in priority to holders of the Notes pursuant to the

	Intercreditor Agreement. Any proceeds received upon any enforcement over any Collateral, after any applicable liabilities in respect of such super senior indebtedness pursuant to the Intercreditor Agreement have been discharged from such recoveries, will be applied *pro rata* in payment of all liabilities in respect of obligations under the Indenture and the Notes and any other indebtedness of the Issuer or its restricted subsidiaries permitted to be incurred and secured by the Collateral on a *pari passu* basis. For a description of security enforcement and other Intercreditor Agreement provisions, please see "*Description of Certain Financing Arrangements—Intercreditor Agreement*." The pledges and assignments securing the Notes and the New Revolving Credit Facility may be released under certain circumstances. See "*Risk Factors—Risks Relating to our Indebtedness, Structure and the Notes—There are circumstances other than repayment or discharge of the Notes under which the collateral securing the Notes and the Note Guarantee will be released automatically without your consent or the consent of the Trustee*," "*Description of Certain Financing Arrangements—Intercreditor Agreement,*" and "*Description of Notes—Security*."
Use of Proceeds	The gross proceeds from the Offering will be approximately €1,400 million. The Issuer intends to use the proceeds from the issue of the Notes and cash on hand to (i) repay amounts outstanding under the Bridge Facility and (ii) pay transaction fees and expenses, including accrued and unpaid interest on the Bridge Facility. See "*Use of Proceeds*."
Additional Amounts	All payments under or with respect to the Notes or Note Guarantee will be made free and clear of, and without withholding or deduction for or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) except to the extent required by law. If withholding or deduction is required by law in any jurisdiction in which the Issuer, a Successor Issuer or the Parent Guarantor (a "**Payor**") is then organized, engaged in business or resident for tax purposes or any political subdivision thereof or therein or any jurisdiction from or through which payment on the relevant Notes is made by or on behalf of the Issuer (including, without limitation, the jurisdiction of any Paying Agent), subject to certain exceptions, the Payor will pay such additional amounts as may be necessary so that the net amount received by any holder of Notes (including additional amounts) after such withholding or deduction will not be less than the amount such holder would have received if such withholding or deduction had not been required.
Optional Redemption:	
Euro Notes	The Issuer may redeem some or all of the Euro Notes on or after , 2020 at the redemption prices set out in this Offering Memorandum under "*Description of Notes—Optional Redemption*." Prior to , 2020, the Issuer may redeem, at its option, some or all of the Euro Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, plus the Applicable Premium, as described in this Offering Memorandum.

	In addition, prior to , 2020, the Issuer may, at its option, redeem up to 40% of the aggregate principal amount of Euro Notes (including any Additional Notes) with the net proceeds from certain equity offerings subject to the terms and conditions set forth in "*Description of Notes—Optional Redemption*." Further, at any time prior to , 2020, the Issuer may on one or more occasions redeem during each 12-month period commencing with the Issue Date up to 10% of the then outstanding aggregate principal amount of the Euro Notes at a redemption price equal to 103% of the principal amount of the Euro Notes redeemed, plus accrued and unpaid interest and additional amounts, if any.
Dollar Notes	The Issuer may redeem some or all of the Dollar Notes on or after , 2020 at the redemption prices set out in this Offering Memorandum under "*Description of Notes—Optional Redemption*." Prior to , 2020, the Issuer may redeem, at its option, some or all of the Dollar Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, plus the Applicable Premium, as described in this Offering Memorandum. In addition, prior to , 2020, the Issuer may, at its option, redeem up to 40% of the aggregate principal amount of Dollar Notes (including any Additional Notes) with the net proceeds from certain equity offerings subject to the terms and conditions set forth in "*Description of Notes—Optional Redemption*." Further, at any time prior to , 2020, the Issuer may on one or more occasions redeem during each 12-month period commencing with the Issue Date up to 10% of the then outstanding aggregate principal amount of the Dollar Notes at a redemption price equal to 103% of the principal amount of the Dollar Notes redeemed, plus accrued and unpaid interest and additional amounts, if any.
Optional Redemption for Tax Reasons	In the event of certain developments affecting taxation of the Notes, the Issuer may redeem all, but not less than all, of the Notes at 100% of the principal amount thereof, plus accrued and unpaid interest to the date of redemption. See "*Description of Notes—Redemption for Taxation Reasons*."
Change of Control	Upon the occurrence of certain events constituting a "change of control," the Issuer is required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase. See "*Description of Notes—Change of Control*."
Optional Redemption Upon Completion of Certain Tender Offers	In connection with any tender offer for any series of the Notes, if holders of not less than 90% of the aggregate principal amount of the applicable series of outstanding Notes validly tender and do not validly withdraw such Notes in such tender offer, the Issuer will have the right to redeem all Notes of such series that remain outstanding at a price equivalent to the price offered to each of the holders of the applicable series of Notes in such tender offer (excluding any early tender or incentive fee), plus, to the extent not included in the tender offer payment, accrued and unpaid interest and additional

	amounts, if any, thereon, to, but not including, the redemption date.
Certain Covenants	The Indenture, among other things, restricts, or will restrict, the ability of the Issuer and its restricted subsidiaries to: • incur or guarantee additional indebtedness and issue certain preferred stock; • create or incur certain liens; • make certain payments, including dividends or other distributions, with respect to the shares of the Issuer or its restricted subsidiaries; • prepay or redeem subordinated debt or equity; • make certain investments; • create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Issuer; • sell, lease or transfer certain assets including stock of restricted subsidiaries; • engage in certain transactions with affiliates; • consolidate or merge with other entities; • impair the security interests for the benefit of the holders of the Notes; and • engage in certain activities by the Parent Guarantor, Issuer and Bidco. Each of these covenants is or will be subject to significant exceptions and qualifications. See "*Description of Notes—Certain Covenants*."
Transfer Restrictions	The Notes and the Note Guarantee have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction and are subject to restrictions on transferability and resale. See "*Notice to Investors*." The Issuer has not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer).
Listing	Application will be made to The International Stock Exchange Authority Limited (the "**Authority**") for the listing of and permission to deal in the Notes on the Official List of The International Stock Exchange (the "**Exchange**"). There can be no assurance that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.
Governing Law for the Notes, the Note Guarantee and the Indenture	New York law.
Governing Law for the Intercreditor Agreement	English law.
Governing Law for the Security Documents	Danish law.
Trustee	Deutsche Trustee Company Limited.

Security Agent and Principal Paying Agent	Deutsche Bank, AG, London Branch.
U.S. Paying Agent	Deutsche Bank Trust Company Americas.
Transfer Agent and Registrar	Deutsche Bank Luxembourg S.A.
Listing Sponsor	Carey Olsen Corporate Finance Limited.

RISK FACTORS

Investing in the Notes involves substantial risks. Please see the "*Risk Factors*" section for a description of certain of the risks you should carefully consider before investing in the Notes.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF TDC GROUP

As of the date of this Offering Memorandum, the Issuer is a holding company with no revenue-generating activities of its own, and no business operations, material assets or liabilities other than those incurred in connection with its incorporation and the Transactions. Accordingly, the historical financial information presented herein is the historical audited consolidated financial information of TDC Group and no separate financial statements of the Issuer on a stand-alone basis are included in this Offering Memorandum.

The selected consolidated statement of financial position, income statement and cash flow statement for TDC Group set forth below as of and for the years ended December 31, 2015, 2016 and 2017 were derived from the audited annual consolidated financial statements of TDC Group, prepared in accordance with IFRS and included elsewhere in this Offering Memorandum. The selected consolidated statement of financial position, income statement and cash flow statement for TDC Group set forth below as of and for the three months ended March 31, 2018 were derived from the unaudited interim consolidated financial statements of TDC Group, prepared in accordance with IFRS and included elsewhere in this Offering Memorandum. With effect from January 1, 2018, the TDC Group implemented IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments as required by IFRS. As a consequence, the accounting policies applied in the financial statements for the three months ended March 31, 2018 are not identical with the accounting policies applied in the financial statements for the years ended December 31, 2015, 2016 and 2017. See "*Presentation of Financial and Other Information—TDC Group*".

The summary unaudited financial data for TDC Group for the twelve-month period ended March 31, 2018, has been derived by adding the unaudited interim consolidated financial information of TDC Group for the three-month period ended March 31, 2018 to the consolidated financial information of TDC Group for the year ended December 31, 2017 and then subtracting the unaudited interim consolidated financial information of TDC Group for the three-month period ended March 31, 2017. The summary unaudited financial data for TDC Group for the twelve-month period ended March 31, 2018 has been prepared for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date. The unaudited consolidated financial information for the three-month period ended March 31, 2018 has been adjusted to reflect the implementation of IFRS 15 but the consolidated financial information for the year ended December 31, 2017 has not been so adjusted.

The following summary unaudited *pro forma* as adjusted financial information of the Issuer have been prepared to give *pro forma* effect to the Transactions and to reflect certain other adjustments as set forth below as if they had occurred on either April 1, 2017 (for purposes of unaudited *pro forma* financial data derived from TDC Group's consolidated results of operations) or March 31, 2017 (for purposes of unaudited *pro forma* financial data derived from TDC Group's consolidated statement of financial position). The unaudited consolidated *pro forma* financial data has been prepared for illustrative purposes only and does not purport to represent what actual results would have been achieved had the Transactions been consummated on the dates indicated and does not purport to project TDC Group's consolidated financial position and net financial expenses at any future date.

In addition, while certain of the financial data set forth below has been derived on the basis of historical financial information prepared in accordance with IFRS, such financial data contains financial measures other than those in accordance with IFRS and should not be considered in isolation from or as substitutes for our historical financial information. Non-IFRS financial data should not be considered to be alternative to any measure of liquidity or performance derived in accordance with IFRS for the applicable periods. See "*Presentation of Financial and Other Information—Non-IFRS Financial Measures*". Financial data presented in euro herein is for convenience purposes only and calculated on an exchange rate of 7.45 DKK per euro.

You should read the summary data presented below in conjunction with "*Presentation of Financial and Other Information*", "*Selected Historical Consolidated Financial Information*", "*Use of Proceeds*", "*Capitalization*", "*The Transactions*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", and the consolidated IFRS financial statements and notes thereto included elsewhere in this Offering Memorandum.

Consolidated Income Statement Information of TDC Group:

	For the year ended December 31,		For the year ended December 31,		For the three months ended March 31,		For the twelve months ended March 31,	
	2015	2016	2017		2017	2018	2018	
					(Unaudited)		(Unaudited)	
	(DKK in millions)		(DKK in millions)	(EUR in millions)(1)	(DKK in millions)		(DKK in millions)	(EUR in millions)(1)
Revenue	21,935	21,031	20,270	2,721	5,239	5,096	20,127	2,702
Cost of sales	(5,477)	(5,404)	(5,301)	(712)	(1,430)	(1,443)	(5,314)	(713)
Gross profit	**16,458**	**15,627**	**14,969**	**2,009**	**3,809**	**3,653**	**14,813**	**1,989**
External expenses	(3,473)	(3,434)	(3,163)	(424)	(766)	(702)	(3,099)	(416)
Personnel expenses	(3,642)	(3,805)	(3,664)	(492)	(935)	(898)	(3,627)	(487)
Other income	145	100	102	14	25	23	100	13
Operating profit before depreciation, amortization and special items (EBITDA)	**9,488**	**8,488**	**8,244**	**1,107**	**2,133**	**2,076**	**8,187**	**1,099**
Depreciation, amortization and impairment losses	(5,074)	(4,940)	(5,160)	(693)	(1,263)	(1,223)	(5,120)	(687)
Special items	(5,102)	(281)	(231)	(31)	65	17	(279)	(38)
Operating profit (EBIT)	**(688)**	**3,267**	**2,853**	**383**	**935**	**870**	**2,788**	**374**
Financial income and expenses	(1,104)	(776)	(838)	(112)	(166)	(31)	(703)	(94)
Profit before income taxes	**(1,792)**	**2,491**	**2,015**	**271**	**769**	**839**	**2,085**	**280**
Income taxes	(660)	(529)	(488)	(66)	(154)	(196)	(530)	(71)
Profit for the period coming from continuing operations	**(2,452)**	**1,962**	**1,527**	**205**	**615**	**643**	**1,555**	**209**
Profit from discontinued operations(2)	68	1,075	26	3	—	—	26	3
Profit for the period	**(2,384)**	**3,037**	**1,553**	**208**	**615**	**643**	**1,581**	**212**

(1) Convenience translation in euro based on an exchange rate of 7.45 DKK per euro.

(2) TDC Sweden (divested in Q2 2016) is presented in discontinued operations. Other divestments are included in the respective accounting items during the ownership.

Consolidated Statement of Financial Position Information of TDC Group:

	As of December 31,		As of December 31,		As of March 31,	
	2015	2016		2017		2018
						(Unaudited)
	(DKK in millions)		(DKK in millions)	(EUR in millions)[1]	(DKK in millions)	(EUR in millions)[1]
Non-current assets:						
Intangible assets	34,455	34,208	32,606	4,377	32,677	4,386
Property plant and equipment	17,963	18,041	17,840	2,395	17,832	2,394
Joint ventures, associates and other investments	82	87	80	11	77	10
Pension assets	5,947	5,595	6,752	906	6,819	915
Receivables	275	256	197	26	196	26
Derivative financial instruments	484	88	50	7	47	6
Prepaid expenses	355	314	301	40	8	1
Total non-current assets	**59,561**	**58,589**	**57,826**	**7,762**	**57,656**	**7,739**
Current assets:						
Inventories	311	243	246	33	266	36
Receivables	3,131	2,495	2,312	310	2,424	325
Income tax receivables	5	25	9	1	—	—
Derivative financial instruments	484	612	455	61	289	39
Prepaid expenses	741	681	553	74	529	71
Cash	363	1,687	1,767	237	1,365	183
Total current assets	**5,035**	**5,743**	**5,342**	**717**	**4,873**	**654**
Total assets	**64,596**	**64,332**	**63,168**	**8,479**	**62,529**	**8,393**
Total equity	**20,354**	**24,207**	**25,177**	**3,380**	**26,155**	**3,511**
Non-current liabilities:						
Deferred tax liabilities	4,218	4,133	4,231	568	4,310	579
Provisions	985	935	983	132	992	133
Pension liabilities	36	39	29	4	30	4
Loans	27,398	23,966	17,282	2,320	21,078	2,829
Derivative financial instruments	—	290	406	54	376	50
Deferred income	426	372	375	50	—	—
Total non-current liabilities . . .	**33,063**	**29,735**	**23,306**	**3,128**	**26,786**	**3,595**
Current liabilities:						
Loans	200	220	4,651	624	170	23
Trade and other payables	7,035	6,186	6,160	827	8,556	1,148
Income Tax Payable	—	—	—	—	230	31
Derivative financial instruments	537	659	485	65	404	54
Deferred income	3,177	3,132	3,262	438	111	15
Provisions	230	193	127	17	117	16
Total current liabilities	**11,179**	**10,390**	**14,685**	**1,971**	**9,588**	**1,287**
Total liabilities	**44,242**	**40,125**	**37,991**	**5,099**	**36,374**	**4,882**
Total liabilities and equity	**64,596**	**64,332**	**63,168**	**8,479**	**62,529**	**8,393**

(1) Convenience translation in euro based on an exchange rate of DKK 7.45 per euro.

Consolidated Cash Flow Statement of TDC Group:

	For the year ended December 31,		For the year ended December 31,		For the three months ended March 31,		For the twelve months ended March 31,	
	2015	2016	2017		2017	2018	2018	
					(Unaudited)		(Unaudited)	
	(DKK in millions)		(DKK in millions)	(EUR in millions)[1]	(DKK in millions)		(DKK in millions)	(EUR in millions)[1]
Total cash flow from operating activities	7,547	6,828	7,213	968	1,675	1,593	7,131	957
Total cash flow from investing activities	(4,382)	(4,571)	(4,156)	(558)	(531)	(1,055)	(4,680)	(628)
Total cash flow from financing activities	(7,591)	(3,181)	(2,944)	(395)	(818)	(950)	(3,076)	(413)
Total cash flow from continuing operations	**(4,426)**	**(924)**	**113**	**15**	**326**	**(412)**	**(625)**	**(84)**
Total cash flow in discontinued operations[2]	37	2,243	6	1	—	—	6	1
Total cash flow	**(4,389)**	**1,319**	**119**	**16**	**326**	**(412)**	**(619)**	**(83)**

(1) Convenience translation in euro based on an exchange rate of DKK 7.45 per EUR.

(2) TDC Sweden (divested in Q2 2016) is presented in discontinued operations. Other divestments are included in the respective accounting items during the ownership.

Other Consolidated Financial Information of TDC Group

	For the year ended December 31,		For the year ended December 31,		For the three months ended March 31,		For the twelve months ended March 31,	
	2015	2016	2017		2017	2018	2018	
					(Unaudited)		(Unaudited)	
	(DKK in millions)		(DKK in millions)	(EUR in millions)[1]	(DKK in millions)		(DKK in millions)	(EUR in millions)[1]
EBITDA[2]	9,488	8,488	8,244	1,107	2,133	2,076	8,187	1,099
EBITDA margin (%)[3]	43.3	40.4	40.7	40.7	40.7	40.7	40.7	40.7
Free cash flow before special items[4]	5,453	4,341	4,331	581	1,630	1,116	3,817	512
Free cash conversion (%)[5]	57.5	51.1	52.5	52.5	76.4	53.8	46.7	46.7

(1) Convenience translation in euro based on an exchange rate of DKK 7.45 per euro.

(2) We define EBITDA as operating profit before depreciation, amortisation and special items. For further information relating to special items, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations—Special Items.*" In evaluating EBITDA, you should be aware that, as an analytical tool, EBITDA is subject to certain limitations. See "*Presentation of Financial and Other Information—Non-IFRS Measures.*" EBITDA is not a measure of performance under IFRS and you should not consider this measure as an alternative to (a) operating profit or profit/(loss) for the period as a measure of our operating performance, (b) cash flow from operating, investing and financing activities as a measure of our ability to meet our cash needs, or (c) any other measure of performance under IFRS. EBITDA for the twelve months ended March 31, 2018 has been adjusted for IFRS15 and therefore may differ from the annual figures from which it is derived.

(3) EBITDA margin is EBITDA divided by revenue.

(4) Free cash flow before special items is EBITDA less cash flow capital expenditure less change in net working capital less other cash flow items, excluding the effect from discontinued operations. Free cash flow before special items is not a term defined under IFRS and may not be comparable to other similarly titled measures reported by other companies. A reconciliation of EBITDA to free cash flow before special items and free cash flow is set forth below.

	For the year ended December 31,		For the year ended December 31,		For the three months ended March 31,		For the twelve months ended March 31,	
	2015	2016	2017		2017	2018	2017	2018
	(DKK in millions)		(DKK in millions)	(EUR in millions)[a]	(DKK in millions)	(DKK in millions)	DKK in millions	(EUR in millions)
EBITDA	9,488	8,488	8,244	1,107	2,133	2,076	8,187	1,099
less cash flow capital expenditure[b]	(4,281)	(4,454)	(4,491)	(603)	(1,007)	(1,024)	(4,508)	(605)
less change in net working capital	180	151	455	61	460	14	9	1
less other cash flow items[c]	66	156	123	17	44	50	129	17
Free cash flow before special items	5,453	4,341	4,331	581	1,630	1,116	3,817	512
Special items[d]	(524)	(446)	(394)	(53)	(117)	24	(253)	(34)
Free cash flow	4,929	3,895	3,937	528	1,513	1,140	3,564	478

(a) Convenience translation in euro based on an exchange rate of DKK 7.45 per euro.

(b) Cash flow capital expenditure (in the cash flow statement shown as "investment in property, plant and equipment and intangible assets") differs from capital expenditure as shown in our balance sheet due to timing differences regarding mobile license payments, the regulatory obligation to re-establish mobile sites that are no longer in use, financial lease additions and non-paid investments arising under agreements with third parties.

(c) Other cash flow items include adjustment for non-cash items (including pension costs related to the defined benefit plan, share-based remuneration, gain/loss on disposal of enterprises and property, plant and equipment and other adjustments), pension contributions and payments related to provisions.

(d) Special items includes significant amounts that cannot be attributed to normal operations such as restructuring costs and special write-downs for impairment of intangible assets and property, plant and equipment. Special items also includes gains and losses related to divestment of enterprises, as well as transaction costs and adjustments of purchase prices relating to the acquisition of enterprises. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations—Special Items*" for further information.

(5) Free cash conversion is free cash flow before special items, as defined in "*Presentation of Financial and Other Information—Non-IFRS Measures*" divided by EBITDA.

Summary Unaudited *Pro Forma* As Adjusted Consolidated Financial Information of the Group

	As of and for the twelve months ended March 31, 2018	
	(DKK in millions)	(EUR in millions)[1]
Pro forma Adjusted EBITDA[2]	8,779	1,178
Pro forma total cash interest expense[3]		
Ratio of *Pro forma* Adjusted EBITDA to *Pro forma* total cash interest expense		
Pro forma cash and cash equivalents[2][4]	491	66
Target net senior secured debt[5]	28,564	3,834
Target net senior secured leverage ratio[6]	3.3x	3.3x
Target net total financial indebtedness[7]	36,073	4,842
Target net total leverage ratio[8]	4.1x	4.1x
Pro forma total financial indebtedness[9]	46,995	6,308
Pro forma net financial indebtedness[9]	46,503	6,242
Ratio of *Pro forma* net financial indebtedness to *Pro forma* Adjusted EBITDA	5.3x	5.3x

(1) Convenience translation in euro based on an exchange rate of DKK 7.45 per euro.

(2) *Pro forma* Adjusted EBITDA represents our EBITDA adjusted for certain one-off adjustments and presented for the twelve months ended March 31, 2018 as if such adjustments had occurred on April 1, 2017 as set forth below. The following is a reconciliation of EBITDA to *Pro forma* Adjusted EBITDA.

In evaluating EBITDA and *Pro forma* Adjusted EBITDA you should be aware that, as an analytical tool, these measures are subject to certain limitations. These financial metrics are not measures of performance under IFRS and you should not consider EBITDA and *Pro forma* Adjusted EBITDA as an alternative to (i) operating profit or profit/(loss) for the period as a measure of our operating performance, (ii) cash flow from operating, investing, acquisitions and financing activities as a measure of our ability to meet our cash needs, or (iii) any other measures of performance under IFRS. We encourage you to evaluate each adjustment and the reasons we consider it appropriate as a method of supplemental analysis. Please see "*Presentation of Financial and Other Information—Non-IFRS Measures.*" Our presentation of EBITDA and *Pro forma* Adjusted EBITDA should not be construed as an inference that our historical results were unaffected by unusual or non-recurring items or that such items will not affect our future results of operations. See "*Risk Factors—Risks Relating to Our Industry and Our Business—Adjustments to Pro Forma Adjusted EBITDA should be treated with caution.*" and "*—Risks Relating to the Acquisition—The Parent Guarantor and the Issuer may not be able to provide the anticipated operational efficiencies and cost savings.*"

	For the twelve months ended March 31, 2018	
	(DKK in millions)	(EUR in millions)[a]
EBITDA	8,187	1,099
Adjustments:		
Anticipated operating expenditure savings[b]	300	40
Decrease in pension costs[c]	17	2
Acquisitions[d]	82	11
One-off cost adjustments[e]	25	3
New major public contract[f]	75	10
Norway incentive program[g]	66	9
LRAIC price increases[h]	23	3
Effect of IFRS 15[i]	27	4
FX-rate effect (year-on-year constant rate)[j]	(22)	(3)
Pro forma Adjusted EBITDA	8,779	1,178

(a) Convenience translation in euro based on an exchange rate of DKK 7.45 per euro.

(b) Represents our publicly announced operating expenditure efficiency savings target expected to be achieved within 12 months. Projected operational savings include reduced costs related to areas that include space, rent rationalization, G&A, procurement optimization and targeted quality control reduction. This figure also includes annualization of cost savings already realised in 2017 following a reduction in staff numbers as of March 31, 2018. Operating expenditure efficiency savings are mainly driven by staff rationalization (reduction in field force FTEs, driven by reduced time spent on fault handling at customer premises), improvement in YouSee call centres (fewer FTEs from lower average handling time, fewer calls and increased productivity), renegotiation of supplier contracts and lower marketing spend in the Danish B2C brands given the streamlining of our brand portfolio.

(c) Represents costs related to our Danish defined benefit plan that are expected to decrease by DKK 5.5 million per quarter in 2018, with the reduction of DKK 5.5 million from the quarter ended March 31, 2018 already reflected in the EBITDA for the twelve months ended March 31, 2018.

(d) Represents the run-rate annual impact from acquisitions previously completed and includes among others the acquisition of Plenti, which had a negative impact in the fourth quarter of 2017 but is expected to generate a positive run-rate impact in 2018.

(e) Represents the reversal of net one-off costs incurred over the last twelve months, including non-recurring positive impact related to TV in Norway, offset by the projected year-on-year savings over the twelve months from April 1, 2018 from the insourcing of customer support functions in TDC and YouSee which occurred in the fourth quarter of 2017.

(f) Represents management's estimates of the run-rate impact from a recently won major public contract. In November 2017, we were awarded a supplier contract with the procurement agency for the Danish State and municipalities ("**SKI**"). This contract covers mobile voice and data services, landline voice services, mobile handset and modems including accessories to the Danish State, pre-registered municipalities and other public organizations. Terms of the new contract are valid as of January 1, 2018 for a period of two years with an option for SKI to extend the contract twice with one year per extension. All users are expected to migrate to the TDC network by the first half of 2018 with the full impact of the contract to be reflected thereafter. The exact impact of the contract will vary depending on a number of factors including services and devices chosen by the users migrating to TDC. The estimated impact is within our expected range of outcomes. For a summary of the SKI contract, see "*Business—Certain Contracts Relating to the Operations of Our Business—Retail Contracts—SKI contract*."

(g) Represents the reversal of cash outflows associated with the Norway Management Incentive Plan which closed at the end of 2017 but also negatively affected first quarter 2018 financial results.

(h) Represents the positive EBITDA impact due to higher broadband prices following LRAIC price increases in 2018 based on the Long-Run Average Incremental Cost ("**LRAIC**") model. The LRAIC model is determined by the Danish Business Authority based on EU regulations and sets a ceiling wholesale price for operators to access telecommunications infrastructure by taking into account the costs that a new and fully efficient network operator incurs in building and maintaining its infrastructure. In 2018, the LRAIC prices for broadband have increased by approximately 15%.

(i) Represents the adjustment related to the impact from IFRS 15, primarily driven by the capitalization of certain subscriber acquisition costs versus immediate recognition of such costs under the prior accounting standards. TDC Group implemented IFRS 15 regarding revenue from contracts with customers with effect from January 1, 2018 as required by IFRS. See also "*Presentation of financial and other information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations—Impact of IFRS 15*."

(j) Represents the negative FX impact in Norway as a result of management's estimates of an NOK/DKK exchange rate of 0.77.

(3) *Pro forma* total cash interest expense represents the annual cash interest expense of the Group in connection with the *pro forma* total financial indebtedness as defined in footnote 9 below. See "*Capitalization*" and "*Use of Proceeds*." *Pro forma* total cash interest expense has been presented for illustrative purposes only and does not purport to reflect what our interest expense would actually have been had the Transactions occurred on the date assumed, nor does it purport to project our interest expense for any future period.

(4) *Pro forma* total cash and cash equivalents represent total cash and cash equivalents of the Group for the period, adjusted for the Transactions as if the Transactions had occurred on April 1, 2017 and based on total cash of DKK 1,365 million as of March 31, 2018. Note that this figure does not reflect certain payments made after March 31, 2018, as discussed in "*Use of Proceeds*" and "*Capitalization*."

(5) Target net senior secured debt represents Target drawings of €3,900 million equivalents aggregate principal amount under the Target Facilities Agreement, minus *pro forma* cash and cash equivalents. See "*Capitalization*".

(6) Target net senior secured debt leverage ratio is Target net senior secured debt divided by *Pro forma* Adjusted EBITDA.

(7) Target net total financial indebtedness represents Target drawings of €3,900 million equivalent aggregate principal amount under the Target Facilities Agreement and €1,008 million equivalent of Target Rollover Bonds, minus *pro forma* cash and cash equivalents. See "*Capitalization*."

(8) Target net total leverage ratio is Target net total financial indebtedness divided by *Pro forma* Adjusted EBITDA.

(9) *Pro forma* total financial indebtedness represents total financial indebtedness of the Group, as adjusted for the Transactions and *pro forma* net financial indebtedness represents *pro forma* total financial indebtedness, minus *pro forma* cash and cash equivalents.

Key Performance Indicators of TDC Group

The tables below present certain key performance indicators as at and for the years ended December 31, 2015, 2016 and 2017 and as at and for the three months ended March 31, 2018 and for the three months ended March 31, 2017. We believe that these metrics provide useful information with respect to the performance of our operations. These key performance indicators are derived from the TDC Group's internal financial and operating reporting systems and are unaudited. Such measures are not meant to be considered in isolation or as a substitute for metrics of financial performance reported in accordance with IFRS. Moreover, these metrics may be defined or calculated differently by other companies, and as a result, may not be comparable to similar metrics calculated by our peers.

The standard IFRS 15 Revenue from contracts with customers, effective from January 1, 2018, impacts the financial statements of TDC Group, including the following key performance indicators. The annual key performance indicators below have not been adjusted for IFRS 15. However, the key performance indicators as of and for the three months ended March 31, 2018 have been presented in line with the new accounting policy under IFRS 15, and the comparative figures as of and for the three months ended March 31, 2017 have been restated accordingly. For a discussion of the impact of IFRS 15 on the financial statements of TDC Group, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations—Impact of IFRS 15.*"

Denmark

	As of and for the year ended December 31,								
	2015			2016			2017		
	Consumer	Business	Wholesale	Consumer	Business	Wholesale	Consumer	Business	Wholesale
RGUs ('000):									
Mobile voice[1]	1,837	739	192	1,851	741	187	1,897	746	203
Landline voice	581	247	149	497	225	138	430	201	124
Broadband[2]	1,060	198	166	1,049	184	184	1,034	161	205
TV	1,377	9	14	1,379	9	15	1,299	8	15
ARPU (DKK/month):									
Mobile voice	115	134	70	116	119	68	120	109	69
Landline voice	141	331	70	131	310	73	127	297	69
Broadband[3]	191	262	99	190	259	104	191	271	103
TV[4]	255	—	—	256	—	—	258	—	—

	As of and for the three months ended March 31,					
	2017			2018		
	Consumer	Business	Wholesale	Consumer	Business	Wholesale
RGUs ('000):						
Mobile voice[1]	1,835	741	190	1,906	768	197
Landline voice	476	216	135	412	195	121
Broadband[2]	1,046	175	341	1,032	182	209
TV	1,357	9	15	1,281	8	15
ARPU (DKK/month):						
Mobile voice	115	114	69	121	108	70
Landline voice	127	310	69	124	289	65
Broadband[3]	189	269	112	195	285	118
TV[4]	257	—	—	263	—	—

(1) Consumer mobile voice RGUs includes 81,000 mobile voice RGUs following the acquisition of Plenti in September 2017; Business mobile voice RGUs includes 12,000 mobile voice RGUs following the acquisition of Cirque in April 2016; Wholesale mobile RGUs excludes 4,000 mobile voice RGUs following the acquisition of Cirque in April 2016.

(2) Wholesale broadband RGUs includes broadband, (xDSL, BSA, VULA and coaxial cable) ULL and other connections.

(3) Business broadband ARPU does not include "Other networks and Data connections".

(4) Includes TVoD.

Norway

	As of and for December 31,			As of and for March 31,	
	2015	2016	2017[3]	2017	2018
RGUs ('000)[1]:					
TV[2]	431	431	428	428	428
Residential Broadband	345	362	371	362	372
IP-VPN (Business)	14	15	15	15	15
ARPU (NOK/month):					
Residential Broadband	248	255	257	259	257
TV[4]	279	282	330	321	319

(1) Excluding partner RGUs such as Get branded TV services provided to smaller and regional operators.

(2) Includes B2B TV RGUs.

(3) Certain products that were previously included have been excluded since the first quarter of 2017.

(4) TV ARPU was affected by one time revenue gains of approximately NOK 30 million in the first quarter of 2017 and approximately NOK 35 million in the second quarter of 2017.

Quarterly KPI Data

Consumer

	As of and for the three months ended							
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
RGUs:								
Total for period ('000s):								
Mobile voice[1]	1,839	1,848	1,853	1,851	1,835	1,830	1,895	1,897
Landline voice	555	535	516	497	476	460	445	430
Broadband	1,063	1,061	1,058	1,049	1,046	1,039	1,036	1,034
TV[2]	1,396	1,390	1,386	1,379	1,357	1,334	1,316	1,299
Year-on-year net adds ('000s):								
Mobile voice[1]	37	28	21	14	(4)	(18)	42	46
Landline voice	(107)	(98)	(90)	(84)	(79)	(75)	(71)	(67)
Broadband	(9)	(3)	(6)	(11)	(17)	(22)	(22)	(15)
TV[2]	4	5	4	2	(39)	(56)	(70)	(80)
ARPU:								
Average for period (DKK/month):								
Mobile voice	114	114	118	117	116	117	123	124
Landline voice	133	132	129	129	128	126	126	126
Broadband	190	191	190	190	190	190	191	192
TV[2]	257	254	255	256	258	257	257	258
Year-on-year growth (%):								
Mobile voice	(1.7)	—	0.9	4.5	1.8	2.6	4.2	6.0
Landline voice	(7.0)	(7.0)	(8.5)	(6.5)	(3.8)	(4.5)	(2.3)	(2.3)
Broadband	(1.0)	—	(1.0)	0.5	—	(0.5)	0.5	1.1
TV[2]	—	(0.8)	0.4	0.8	0.4	1.2	0.8	0.8

(1) Consumer mobile voice RGUs includes 81,000 mobile voice RGUs following the acquisition of Plenti in September 2017.

(2) Includes TVoD.

Business

	As of and for the three months ended							
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
RGUs:								
Total for period ('000s):								
Mobile voice[1]	739	755	756	741	746	739	744	746
Landline voice	236	237	232	225	216	211	206	201
Broadband	197	197	191	184	175	170	166	161
Year-on-year net adds ('000s):								
Mobile voice[1]	(5)	18	18	2	7	(16)	(12)	5
Landline voice	(40)	(28)	(25)	(22)	(20)	(26)	(26)	(24)
Broadband	(17)	(11)	(12)	(14)	(22)	(27)	(25)	(23)
ARPU:								
Average for period (DKK/month):								
Mobile voice	123	116	117	120	114	109	106	106
Landline voice	309	318	306	306	310	296	288	293
Broadband[2]	258	261	257	258	264	276	266	278
Year-on-year growth (%):								
Mobile voice	(12.1)	(12.8)	(14.0)	(4.0)	(7.3)	(6.0)	(9.4)	(11.7)
Landline voice	(7.5)	(5.6)	(5.6)	(6.7)	0.3	(6.9)	(5.9)	(4.2)
Broadband[2]	(2.6)	1.6	(2.3)	(2.3)	2.3	5.7	3.5	7.8

(1) Business mobile voice RGUs includes 12,000 mobile voice RGUs following the acquisition of Cirque in April 2016; Wholesale mobile RGUs excludes 4,000 mobile voice RGUs following the acquisition of Cirque in April 2016.

(2) Business broadband ARPU does not include "Other networks and Data connections".

Norway

	As of and for the three months ended							
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017[3]	June 30, 2017	September 30, 2017	December 31, 2017
RGUs:								
Total for period ('000s)[1]:								
TV[2]	430	432	432	431	428	425	427	428
Residential Broadband	351	354	359	362	362	365	368	371
IP-VPN	15	15	15	15	15	15	15	15
Year-on-year net adds ('000s):								
TV	5	3	–	–	(2)	(7)	(5)	(3)
Residential Broadband	27	22	22	17	11	11	9	9
IP-VPN	–	1	1	1	–	–	–	–
ARPU:								
Average for period (NOK/month):								
TV[4]	283	282	282	283	321	352	325	323
Residential Broadband	255	259	253	253	259	261	256	253
Year-on-year growth (%):								
TV	1.4	0.7	1.4	1.4	13.4	24.8	15.2	14.1
Residential Broadband	2.8	4.4	2.4	1.2	1.6	0.8	1.2	0.0

(1) Excluding partner RGUs such as Get branded TV services provided to smaller and regional operators.

(2) Includes B2B TV RGUs

(3) Certain products that were previously included have been excluded since the first quarter of 2017.

(4) TV ARPU was affected by one time revenue gains of approximately NOK 30 million in the first quarter of 2017 and approximately NOK 35 million in the second quarter of 2017.

RISK FACTORS

An investment in the Notes involves risks. Before purchasing the Notes, you should consider carefully the specific risk factors set forth below, as well as the other information contained in this Offering Memorandum. Any of the risks described below could have a material adverse impact on our business, prospects, results of operations, cash flows and financial condition and could therefore have a negative effect on the trading price of the Notes and our ability to pay all or part of the interest or principal on the Notes. Although described below and elsewhere in this document are the risks considered to be the most material, there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our results of operations, financial condition, business or operations in the future. In addition, our past financial performance may not be a reliable indicator of our future performance and historical trends should not be used to anticipate results or trends in future periods. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Memorandum.

Risks Relating to Our Industry and Our Business

We operate in highly competitive markets, and there is a risk that we will not be able to effectively compete with other service providers.

The markets for pay-TV, broadband internet, landline voice and mobile services in which we operate are highly competitive and, in certain markets, we compete with established companies that hold positions of market power in these and/or closely related markets. We face competition from these companies, other established companies and potential new entrants. Technological advances may increase competition or alter the competitive dynamics of markets in which we operate. As the availability and speed of broadband internet increases, we also face competition from over-the-top ("**OTT**") video content providers utilizing our or our competitors' high-speed internet connections. New market entrants do not have to contend with the legacy systems and infrastructure that we have and hence are able to operate more efficiently with a leaner structure. In addition, increasing competition from non-traditional voice, messaging and content offerings may cause our subscription base, ARPU and profitability across all products and services to decline.

We face significant competition from well-established, pan-Nordic and national telecommunications companies, as well as utility companies and TV distributors. There are limits to the extent to which we can continue to grow our mobile subscription base through increased penetration. Because of the high mobile subscription penetration in the Danish and Norwegian telecommunications markets, any future growth in our business and revenues will depend, increasingly, on our ability to extract greater revenue from our existing mobile subscriptions, in particular through the expansion of data services and adequate pricing models for such services, as well as on the success of our fixed line broadband and TV and video services. In addition, some of our competitors are subject to fewer regulatory requirements in Denmark and Norway than us and base their price strategy on marginal cost considerations. In the Danish mobile market, certain smaller new market entrants have entered the market with the sole aim of reaching a high number of subscribers in order to become an attractive acquisition target using aggressive marketing and competitive pricing, increasing pressure on prices and competition. The competition may intensify further in the future and lead to increased churn and decreasing ARPU across products and services in the consumer, business and wholesale markets in Denmark and Norway, which may have a material adverse effect on our business. In particular, our ARPU for Business mobility services in the Danish domestic market has declined steadily from DKK 114 per month in the first quarter of 2017 to DKK 108 per month in the first quarter of 2018.

A change of platform and technology has increased the competition from utilities that have rolled out fiber networks to offer broadband services, pay-TV and landline voice services. We are also challenged by providers that offer pay-TV services on other platforms, such as DTH satellite distributors, DTT providers and operators offering TVoIP. Furthermore, foreign distributors in the OTT market can be expected to gain additional parts of the video-on-demand ("**VoD**") market. The pay-TV market in Denmark is experiencing a similar trend as the landline voice market as newer technologies become available. TV consumer behavior in our markets is rapidly changing with traditional flow TV viewing in steady decline in Denmark and Norway due to a trend toward customer preference for more flexible viewing packages which is leading customers to deselect flow TV and migrate to cheaper price plans, thereby reducing ARPU and placing further pressure on profits. Furthermore, content owners are changing their business models by selling directly to end customers and increasingly taking over the role of aggregating content, leaving us to serve solely as a point of distribution. Consumers, especially the younger generation, are switching to on-demand and internet-TV services and combined with higher prices due to higher content costs, this has resulted in both cord cutting, whereby consumers are choosing not to have a cable product, and cord shaving, whereby consumers are choosing to have less cable products. Additionally, higher consumption of digital services such as on-demand and internet TV, increases amounts payable to the administrative organizations unique to Denmark, such as Copy-Dan and KODA, which pay out consideration to copyright holders. Such increases put pressure on end user prices and may exacerbate cord cutting and cord shaving. TDC's Consumer business line lost 76,000 TV RGUs from the first quarter of 2017 to the first quarter of 2018. Although ARPU increased by DKK 6 in the same period as a result of increased TV pricing and TVoD, accelerating pressure from OTT suppliers and customers terminating TV subscriptions could exert pressure on ARPU levels in the future.

Furthermore, price competition within mobile has intensified, reflecting a trend in the B2B and wholesale markets to set prices closer and closer to the marginal costs of mobile operations. Some competitors may even set irrationally low prices in order to gain market share. New competitors with convergent products have increased their penetration in the B2B segment. Aggressive bidding behavior from these competitors in mobile spectrum auctions could raise our license costs, thereby negatively affecting our cash flow and pressuring ARPU downwards.

To compete effectively, we may be required to reduce the prices we charge for our services or increase the value of our services without being able to recoup associated costs. In addition, some of our competitors may offer services that we are unable or unwilling to offer. The level and intensity of competition from both existing competitors and new market entrants could increase as a result of changes in the regulatory framework of the industries in which we operate, advances in technology, the influx of new market entrants and strategic alliances and cooperative relationships among industry participants (including industry consolidation). Increased competition may lead to a decrease in our revenue, increased costs, increased customer churn or a reduction in the rate of customer acquisition, which could have an adverse effect on our business, financial condition, and results of operations.

The success of our operations depends on our ability to attract and retain subscribers.

Our ability to attract and retain mobile, broadband and landline voice subscribers or to increase our profitability from existing subscribers will depend in large part on our ability to stimulate and increase subscriber usage, convince subscribers to switch from competing operators to our services and to minimize subscriber deactivation rates, referred to in the industry as customer "churn." Churn is a measure of subscribers who stop purchasing or using our services, leading to reduced revenue. Churn arises mainly as a result of competitive influences, introduction of new products and technologies, deterioration of personal financial circumstances, price increases and regulatory developments, such as changes in regulation in 2016 which allowed households previously bound by association agreements to terminate their TV packages. Any increase in customer churn may lead to a need to reduce our costs rapidly to preserve our margins or, alternatively, take measures that will increase our subscriber acquisition and retention costs. There can be no assurance that the various measures we have taken and plan to take to manage churn and increase customer loyalty will reduce our churn rate. Furthermore, several of our customers are housing associations with whom our agreements are constantly renegotiated. There can be no guarantee that these housing associations will renew their agreements with us on favorable terms or otherwise.

In addition, the mobile telecommunications industry is characterized by frequent developments in product offerings, as well as by advances in network and handset technology. If we fail to maintain and upgrade our network and provide our subscribers with an attractive portfolio of products and services, we may not be able to retain subscribers. Likewise, if we fail to effectively communicate the benefits of our network through our marketing and advertising efforts, we may not be able to attract new customers. Our future efforts to attract and retain customers may prove unsuccessful. Additionally, our competitors may improve their ability to attract new subscribers, for example by offering bundled products and triple/quadruple-play offerings that we currently cannot or do not offer, or offer their products or services at lower prices, which would make it more difficult for us to retain our current subscribers, and the cost of retaining and acquiring new subscribers could increase, any of which could have a material adverse effect on our business, financial condition, and results of operations.

Technologies in the cable access and TV industries are also changing rapidly, which puts significant pressure on our business and requires us to frequently upgrade existing products and services and to introduce new industry standards and practices. Our customers' needs are rapidly evolving due to new technology, which changes the way media is consumed and our customers growingly seek constant connectivity to the internet.

For example, the increase of VoD offerings has caused a change in consumer habits and resulted in increased demand for video on demand whereas traditional TV is now consumed less. If we fail to respond adequately to changes in consumer behavior, we could lose customers and experience a decrease in revenue which could result in a material adverse effect and our business, results of operations and financial condition.

Our business is capital intensive and our capital expenditures may not generate a positive return or we may be unable or unwilling to make additional capital expenditures.

Our business is capital intensive and requires significant amounts of investment. We have an extensive ongoing capital expenditure program that will continue to require significant capital outlays in the foreseeable future, including the continued renewal/swap of equipment at all our access network sites, expansion of our network coverage and our IT transformation via the Digital First initiative. We may also need to invest in new spectrums, networks and technologies in the future, including regarding fiber, LTE or 5G, and make investments to provide business continuity and to meet requirements for information security and disaster recovery, all of which could require significant capital expenditures. If network usage develops faster than we anticipate, we may require greater capital investments in shorter timeframes than we anticipate, and we may not have the resources to make such investments. An increased need to invest in infrastructure might lead to lower returns than otherwise expected. In addition, costs associated with the licenses and spectrums that we need to operate our existing networks and technologies and those that we may acquire and/or develop in the future, as well as costs and rental expenses related to their deployment, could be significant. These could include costs related to coverage requirements stipulated in the licenses such as geographic and population coverage of a certain minimum "perceived download and upload speed."

The amount and timing of our future capital requirements may differ materially from our current estimates due to various factors, many of which are beyond our control. We may therefore be required to raise additional debt or equity financing in amounts that could be substantial. The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. We may not be able to accomplish any of these measures on a timely basis or on commercially reasonable terms, if at all. We may not generate sufficient cash flows in the future to meet our capital expenditure needs, sustain our operations or meet our other capital requirements, which may have a material adverse effect on our business, financial condition, and results of operations.

The markets in which we compete are subject to rapid and significant changes in technology, and the effect of technological changes on our businesses cannot be predicted.

Technology in the cable access, TV, telecommunications and data services industries is changing rapidly, through both advances in current technologies and the emergence of new technologies. For example, advances in current technologies, such as voice-over Internet protocol ("**VoIP**") (over fixed line and mobile technologies), 3D TV, Ultra HD/4K TV, mobile instant messaging, Wi-Fi, Wi-Max, LTE, IPTV, or the emergence of new technologies, such as white space technologies (which use portions of the old analog television spectrum), or the availability to our competitors of 5G, 4G spectrum and technology, and next generation networks ("**NGNs**") (which allow business customers to receive voice, data and video over the same network) may result in our core offerings becoming less competitive or render our existing products and services obsolete. We may not be able to develop new products and services, or keep up with trends in the market, at the same rate as our competitors (or at all). The pace of change may be such that we fail to seize opportunities to become market disrupters or to adequately respond to market disrupters. If we fail to introduce or are significantly delayed in introducing new products and services in the future, if our new products and services are not accepted by customers or if our competitors introduce more sophisticated or more popular products and services, it could have a material adverse effect on our business, financial condition, and results of operations.

Technological developments may also shorten product life cycles and facilitate convergence of various segments in the telecommunications industry. TDC Group's legacy IT systems may not match the functionality or speed of newer IT software held by competitors. We may be required to deploy new technologies rapidly if, for example, subscribers begin demanding features of a new technology, such as increased bandwidth, shorter latency, an extreme number of connected devices, or if one of our competitors decides to emphasize a newer technology in its marketing. 5G, the future of LTE, enhancement of voice-over long-term evolution ("**VoLTE**") and expansion of current technology for internet of things ("**IoT**") are examples of such technologies. At the time we select and advance one technology over another, or decide on whether to emphasize a specific technology, it may not be possible to accurately predict which technology may prove to be the most economical, efficient or capable of attracting subscribers or stimulating usage, or how rapidly any competitor focuses on a particular new technology, and we may develop or implement a technology that does not achieve widespread commercial success or that is not compatible with other newly developed technologies.

In addition, we may not receive the necessary licenses to provide services based on these new technologies in the markets we operate in or may be negatively impacted by unfavorable regulation regarding the usage of these technologies. If we are unable to effectively anticipate, react to or access technological changes in the telecommunications market or to otherwise compete effectively, we could lose subscribers, fail to attract new subscribers or incur substantial costs and investments in order to maintain our subscriber base, all of which could have a material adverse effect on our business, financial condition, and results of operations.

We are subject to significant government regulation and supervision, and further regulatory changes could require us to make additional expenditures or limit our revenues and otherwise adversely affect our business.

Our activities are subject to regulation and supervision by various regulatory bodies in the jurisdictions in which we operate. Such regulation and supervision, as well as future changes in laws or regulations or in their interpretation or enforcement that affect us, our competitors or our industry, strongly influence how we operate our business and impact our ability to increase or maintain competitive prices for our products and services.

Complying with existing and future law and regulations may increase our operational and administrative expenses, restrict our ability or make it more difficult to implement price increases, affect our ability to introduce new services, force us to change our marketing and other business practices, and/or otherwise limit our revenues. In particular, our business could be materially and adversely affected by any changes in relevant laws or regulations (or in their interpretation) regarding, for example, licensing requirements, access and price regulation, interconnection arrangements, the imposition of universal service obligations, any change in policy allowing more favorable conditions for other operators or increasing competition or rules impacting the funded status of the TDC Pension Fund. Such changes in regulation may also lead to reduced incentives to invest in the sector. There can be no assurance that the provision of our services will not be subject to greater regulation in the future and a change in regulation could affect the implementation of our existing strategy. Furthermore, a failure to comply with the applicable rules and regulations could result in penalties, restrictions on our business or loss of required licenses or other adverse consequences.

The regulations applicable to our operations within the EU often derive from the EU Directives comprising the Telecoms Regulatory Framework, as supplemented by additional legislative instruments (the "**EU Directives**"). The various EU Directives require EU Member States to harmonize their laws on communications and cover such issues as access, user rights, privacy and competition. These EU Directives are reviewed by the EU from time to time and any changes to them could lead to substantial changes in the way in which our businesses in the relevant jurisdictions are regulated and to which we would have to adapt.

Our strategy, including any future reorganization, the digitalization of our business, acquisition, or divestment, presents many risks, and we may not realize the financial and strategic goals that were contemplated at the time of any transaction.

The reorganization of our business into separately managed units overseeing our telecommunications network and Danish customer business may require us to re-engineer systems. For further information, see "*Summary—TDC Group's Strategies—Streamline Management Structure.*" The reorganization may take several years and involve significant establishment costs or increased ongoing costs. Furthermore, operational separation could result in a decline in operational effectiveness due to increased administrative processes, duplication of roles and activities across the separated parts of the business, loss of the ability to access the benefits of a vertically integrated organization, and reduced speed-to-market. The implementation of operational separation of the network and customer businesses also requires significant attention from management, diverting their focus from transformational and other business improvement initiatives. In addition, the opening up of our Danish network company to other telecommunication brands and retailers as part of our strategy to become an open-network, utility-like business may result in an increase in competition from these brands and retailers as well as increased churn if other service providers are able to use our network to expand their population coverage. In the longer term, we may fail to deliver required milestones, leading to reputational damage and potentially additional industry regulation.

We may not be able to digitalize our business quickly enough to keep up with shifting customer preferences or our competitors. Although we were able to achieve efficiency improvements and organic cost savings in the past two years, there can be no guarantee that we will continue to deliver planned productivity and efficiency improvements as decreased utilization of technicians, lack of productivity on field force tasks and unsuccessful automatization of tasks could all challenge our efficiency ambitions.

In the past we have undertaken acquisitions and divestments as part of our strategy and we may undertake similar ventures in the future. Future acquisitions and divestments may involve a number of risks and financial, accounting, tax, regulatory, managerial and operational challenges, which could adversely affect our results of operations and financial condition. For example, the businesses that we acquire may underperform relative to the price paid or the resources committed by us. We may not be able to achieve anticipated cost savings, or we may otherwise be adversely affected by acquisition-related charges. The integration of the businesses into our existing operations may not proceed as efficiently as we expect for a variety of reasons. Similarly, any future divestments of strategic assets could adversely impact the operations of the group or the proceeds from such divestments may be reinvested into businesses or capital expenditures that do not yield the expected results. While we seek to mitigate these risks in most of our transactions through, among other things, due diligence processes and indemnification provisions, we cannot be certain that the due diligence processes we conduct are adequate or that the indemnification provisions and other risk mitigation measures we put in place will be sufficient.

Some acquisitions or divestments we announce may not be completed if we do not receive the required regulatory approvals or if other closing conditions are not satisfied, which might deprive us of attractive opportunities, cause damage to our reputation, or otherwise have an adverse impact on us due to our inability to offset the diversion of management time, internal costs and advisory fees related to an aborted acquisition.

In addition, the integration of any potential future reorganization, acquisition, or divestment may expose us to certain risks and give rise to significant challenges, any of which could have a material adverse effect on our business, financial condition, and results of operations, including:

- difficulties in integrating the acquired business in a cost-effective manner, including network infrastructure, management information and financial control systems, personnel, marketing, customer service and product offerings;
- unforeseen legal, regulatory, contractual, labor or other issues arising from the reorganization, acquisition, or divestment;
- the inability to retain customers following any reorganization, acquisition, or divestment;
- potential disruptions to our on-going business caused by senior management's focus on the reorganization, acquisition, or divestment;
- the inability to maintain uniform quality standards, controls, procedures and policies; and
- the impairment of relationships with employees as a result of changes in management and ownership.

We may be unable to secure spectrum in the future, which would prevent or impair our plans or limit the need for our services and products.

Our ability to provide services to customers is highly dependent on our access to sufficient spectrum. However, the amount of available spectrum suitable for our operations is limited and the process for obtaining it is complex. We can therefore not guarantee that we, or our customers, will have sufficient access to spectrum to maintain and develop our services in the future. Our 900 MHz spectrum license is set to expire at the end of 2019 and our 2,100 MHz spectrum license will expire in 2021. In Denmark, the 700 MHz, 900 MHz, and 2,300 MHz spectrum bands will all be auctioning in the autumn of 2018. The 700 MHz and 900 MHz bands are particularly important for competing in the 4G and 5G network over the course of the next five to ten years. There can be no guarantee that we will be successful in our efforts to outbid competitors for blocks of frequency in these bands in upcoming auctions. In addition, should the EU or the governments of Denmark or Norway decide to reallocate spectrum to 5G, then we may be required to obtain additional spectrum to maintain our existing product offering. Success in coming spectrum auctions is pivotal to meet the growing capacity demand in the mobile market and to accommodate new 5G services.

In September 2016, the Danish Energy Agency's auction for LTE-suitable (1,800 MHZ) spectrum ended, with TDC, Hi3G Denmark, and TT Network each winning frequencies in the band. TDC and Hi3G Demark will pay just over DKK 300 million for two 20 MHz blocks. while TT Network is paying about DKK 425 million for two 25 MHz blocks. This license is due to expire in 2032. Coverage requirements are attached to the new 1,800 MHz licenses, particularly with respect to areas where there is currently little or no broadband coverage. We are expected to meet our part of the coverage requirements by December 2019, with targets including mobile broadband with a "perceived download speed" of at least 30 Mbps and a "perceived upload speed" of at least 3 Mbps.

In addition, a new mobile network operator ("**MNO**") could successfully enter the Danish mobile telecommunications market. Although the long-term nature of the licenses granted in the 2016 spectrum auction could constitute significant barriers to entry for potential new competitors, a new MNO could develop and operate a network infrastructure in a specific geographical region and obtain coverage over the rest of Denmark by entering into roaming agreements. Furthermore, the Danish Energy Agency has commenced a second hearing period regarding a proposal to change the frequency cap to increase the competition in the auction, which could facilitate the entry of new MNOs on the mobile market. A new MNO could also successfully enter the mobile market if new spectrum becomes available as part of the so-called digital dividend (for example, 700 MHz) or if existing spectrum becomes available for a new allocation in case frequency sharing is allowed, existing operators consolidate, or a license expires prematurely.

Even if a new entrant could not roll out nationwide infrastructure at launch due to the licensing of all currently available spectrum, such an entrant could develop and operate a network infrastructure targeted at one or more geographical regions and subsequently obtain coverage over the rest of Denmark by entering into roaming agreements or litigating similar access based on existing interconnection obligations. If any new MNO were to successfully enter the Danish mobile telecommunications market as a competitor or existing operators were to combine or share their resources or infrastructure, it could materially reduce our market share and could overall have a material adverse effect on our business, financial condition and results of operations.

We can only operate our business for as long as we have licenses from the relevant authorities in the jurisdictions in which we operate.

We are required to hold spectrum licenses to operate our mobile networks. These licenses generally require us to comply with applicable laws and regulations, make periodic license fee payments, and maintain minimum levels of coverage. See "*—Regulation—Spectrum licenses (mobile)*". Should we fail to comply with these license conditions, we may be subject to financial penalties from the relevant authorities and there is a risk that licenses could be partially or totally withdrawn by the Danish Energy Agency. The imposition of fines and/or the withdrawal of licenses could have a material adverse effect on our results of operations and financial condition and prevent us from conducting our business. In addition, such licenses are generally granted for fixed terms and must be periodically renewed via auction. See "*—We may be unable to secure spectrum in the future, which would prevent or impair our plans or limit the need for our services and products.*" These licenses may not be won or otherwise renewable in a timely manner or at all.

In addition, new licenses may be necessary in connection with the emergence of new technologies or advancements in current technologies. See "*—The markets in which we compete are subject to rapid and significant changes in technology, and the effect of technological changes on our businesses cannot be predicted.*" Should we not be able to obtain or renew spectrum licenses or any other licenses needed to operate or develop our business in a timely fashion, our ability to realize our strategic objectives may be compromised. Any failure to obtain or renew the licenses we require could have a material adverse effect on our business, financial condition, and results of operations.

Our business depends on continuously upgrading our existing networks.

We must continue to upgrade our existing mobile and landline voice networks in a timely manner in order to comply with changes to regulation, retain and expand our customer base in each of our markets and to successfully implement our strategy. Among other things, the needs of our business could require us to:

- upgrade the functionality of our networks to allow for the increased customization of services;
- increase our coverage in some of our markets;
- rollout our LTE network based on customers' demand and on coverage requirements;
- expand and maintain customer service, network management and administrative systems; and
- upgrade older systems and networks to adapt them to new technologies.

Many of these tasks, which could create additional financial strain on our business and financial condition, are not entirely under our control and may be affected by applicable regulation.

As of March 31, 2018, we had upgraded over 80% of our TDC owned network to DOCSIS 3.1, enabling speeds of 1 Gbps. However, significant competition, the introduction of new technologies, the expansion of existing technologies, such as fiber-to-the-home/-cabinet/-building/-node and advanced DSL technologies, or adverse regulatory developments could cause us to decide to undertake further previously unplanned upgrades of our networks and customer premises equipment ("**CPE**"). In addition, no assurance can be given that any future upgrades or extensions of our network will generate a positive return or that we will have adequate capital available to finance such future upgrades or extensions. If we are unable to, or elect not to, pay for costs associated with adding new customers, expanding or upgrading our networks or making our other planned or unplanned additions to our property and equipment, our business, financial condition, and results of operations could be materially adversely affected.

Adjustments to Pro forma Adjusted EBITDA should be treated with caution.

In this Offering Memorandum, we present *Pro forma* Adjusted EBITDA, which is derived using various assumptions, including assumptions related to the operating expenditure savings expected in the next twelve months, impact of a new major public contact with the Danish state and municipalities ("**SKI**") and impact of LRAIC price increases. See "*Summary—Summary Consolidated Financial Information of TDC Group—Summary Unaudited Pro forma as Adjusted Consolidated Financial Information of the Group*" for additional details regarding these adjustments to Pro forma Adjusted EBITDA and their underlying assumptions.

The assumptions we have made with respect to the *Pro forma* Adjusted EBITDA that are presented in this Offering Memorandum are based on our current estimates and they involve risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by such adjusted financial information. We cannot guarantee that we will achieve the estimated *Pro forma* Adjusted EBITDA in the future.

Specifically, while our *Pro forma* Adjusted EBITDA reflects our estimate of certain operating cost efficiency savings we expect to generate in the next twelve months, we cannot guarantee that these cost savings will materialize in the future or that unforeseen incremental costs will not impact the Group's EBITDA. In addition, the impact of the SKI contract is based on estimates which include number of customers migrated, various services these customers choose to receive from TDC and other factors such as devices chosen, in addition to various other assumptions. We expect the impact estimated to be within the range of potential outcomes, but we cannot guarantee that the impact could be potentially lower or higher. The adjustment made with respect to the impact of IFRS, which was implemented by us with effect from January 1, 2018, as required by IFRS, will have no impact with respect to our cash flows.

Pro forma Adjusted EBITDA should not be considered as an alternative to turnover or operating profit as indicators of our performance, or as alternatives to net cash flows from operating activities as a measure of our liquidity. While we use *Pro forma* Adjusted EBITDA to assess our operating performance, we cannot guarantee that Pro forma Adjusted EBITDA, as presented in this Offering Memorandum, is comparable to similarly titled measures reported by other companies, including due to differences in the way these measures are calculated. See "*Presentation of Financial and Other Information.*" The unaudited financial information presented herein has been prepared by management. Our independent auditors have not audited, reviewed, compiled or performed any procedures with respect to such unaudited financial information for the purpose of its inclusion herein and accordingly, they have not expressed an opinion or provided any form of assurance with respect thereto for the purpose of this Offering Memorandum. Furthermore, the unaudited financial information does not take into account any circumstances or events occurring after the period to which it refers. You should therefore not place undue reliance on the information presented above.

A failure in our network and information systems, whether caused by a natural failure or a security breach, could significantly disrupt our operations.

Certain network and information systems are critical to our business activities. Network and information systems may be affected by cyber security incidents that can result from deliberate attacks or system failures. Our network and information systems may also be the subject of power outages, fire, natural disasters, terrorist attacks, war or other similar events. Such events could result in a degradation of, or disruption to, our cable and non-cable services, and could prevent us from billing and collecting revenue due to us or could damage our equipment and data or could result in damage to our reputation. In 2017, we experienced a few network breakdowns during live events that negatively impacted customer experience. For example, YouSee's reputation was negatively impacted due to a widespread outage that occurred in Denmark during the Queen's 2016 New Year's Eve speech. The outage, which was the result of an act of vandalism to our systems, caused approximately one million customers to lose service. In March 2018, approximately two million TDC mobile customers were affected by service disruptions due to temporary lack of capacity. While Management believes our reputation and brand perception has recouped from these events, further instability and breakdowns in our network could have a similarly negative impact in the future. Disruption to services could result in excessive call volumes to call centers that may not be able to cope with such volume, which could in turn have a material adverse effect on our reputation and brand. Our plans for recovery from, and resilience to, such challenges may not be sufficient. The amount and scope of insurance we maintain against losses resulting from these events may not be sufficient to cover our losses or otherwise adequately compensate us for any disruptions to our business that may result.

Sustained or repeated failures of our own or third-party systems that interrupt our ability to provide services to our customers, prevent us from billing and collecting revenue, or that otherwise prevent us from meeting our obligations in a timely manner, could materially adversely affect our reputation and result in a loss of customers and revenue. These network and information systems-related events could also require significant expenditures to repair or replace damaged networks or information systems or to protect them from similar events in the future. Further, any security breaches, such as misappropriation, misuse, penetration by viruses, worms or other destructive or disruptive software, leakage, falsification or accidental release or loss of information maintained in our information technology systems and networks or those of our business partners (including customer, personnel and vendor data) could damage our reputation, result in legal and/or regulatory action against us, and require us to expend significant capital and other resources to remedy any such security breach. As a result of the increasing awareness concerning the importance of safeguarding personal information, the potential misuse of such information and legislation that has been adopted or is being considered regarding the protection, privacy and security of personal information, the liability associated with information-related risks is increasing, particularly for businesses like ours that handle a large amount of personal customer data. The occurrence of any such network or information system-related events or security breaches could have a material adverse effect on our business, financial condition, and results of operations.

The leakage of subscriber data as well as increasing data security requirements by governmental entities, financial institutions, and certain other corporate customers may adversely affect our business and profitability.

We collect, store and use data in the ordinary course of our operations that is protected by data protection laws. Although we take precautions to protect subscriber data in accordance with the privacy requirements provided for under applicable laws, we may fail to do so, and certain subscriber data may be leaked as a result of human error, technological failure, database piracy or security breaches or other circumstances. We work with independent and third-party sales agents, service providers and call center agents, and we cannot exclude the possibility that such third parties could also experience system failures involving the storing or the transmission of proprietary information. Violation of data protection laws may result in fines, loss of reputation and subscriber churn and could have a material adverse effect on our business, financial condition and results of operations.

We may be exposed to database piracy or other database security breaches which could result in the leakage and unauthorized dissemination of information about our subscribers, including their names, addresses, home phone numbers, passport details and individual tax numbers. In addition, the breach of security of our database and illegal sale or other unauthorized release of our subscribers' personal information could materially adversely impact our reputation, prompt lawsuits against us by individual and corporate subscribers, lead to violations of data protection laws and adverse actions by the telecommunications regulators and other authorities, lead to a loss in subscribers and hinder our ability to attract new subscribers. If severe customer data security breaches are detected, the regulatory authority can sanction us, and such sanction can include suspension of operations for some time period. In addition, we may be exposed to cyber-attacks, which could result in equipment failures or disruptions in our operations. Our inability to operate our network as a result of such events may result in significant expense or loss of market shares. These factors, individually or in the aggregate, could have a material adverse effect on our business, financial condition, and results of operations.

We are subject to European data protection laws and regulations. These laws and regulations regulate numerous important aspects of our business and place material constraints on our interactions with consumers. The General Data Protection Regulation (Regulation EU/2016/679, "**GDPR**"), that entered into force on May 25, 2018 and covers legal areas relating to the protection as well as the free movement of personal data, provides for potential penalties of up to €20 million or 4% of total worldwide annual turnover for cases of non-compliance. We and many other companies extensively dealing with customer data are currently assessing our future obligations under GDPR and reviewing all data processing activities to ensure compliance. As data protection authorities continue to release new guidance on the implementation of GDPR obligations, the new legal framework will evolve and best-practice examples will continue to emerge even after the GDPR has entered into force. Once it applies, the GDPR will strengthen individuals' rights and impose stricter requirements on companies processing personal data. For example, the GDPR might lead to an increase in requests from data subjects based on their enhanced rights such as the right to be forgotten, rights of deletion, and restriction of processing rights. We will also be required to ensure that data minimization is embedded across the Group so that only the appropriate amount of data required for any particular purpose is processed, that we delete any unnecessary datasets, and that we anonymize data wherever possible. During the implementation of these new and/or expanded obligations, there is an increased compliance risk that may lead to regulatory intervention.

Furthermore, we provide mobile, broadband and landline voice services to a number of public and private financial institutions, government entities and corporate customers with data security requirements. These customers may continue to increase their data security requirements, and we may be required to undertake additional investments in order to adhere to these enhanced data security requirements, as well as evolving statutory and regulatory requirements, including obtaining and maintaining certain ISO certifications, improving access rights management systems and developing a corporate data encryption infrastructure. As a result, we may incur additional capital expenditures to satisfy data security requirements. If we are unable to satisfy such data security requirements, customers could decide to terminate their contracts with us, and such terminations may have a material adverse effect on our business, financial condition, and results of operations.

We may be affected by general economic and geopolitical conditions in the markets in which we operate.

Adverse economic developments could reduce customer spending for cable television, broadband, landline voice and mobile services and increase churn. Most of our revenue is derived from customers who could be impacted by adverse economic developments globally. Ongoing struggles in Europe related to sovereign debt issues, among other things, have contributed to a challenging economic environment. Accordingly, unfavorable economic conditions may impact a significant number of our customers and, as a result, it may be (i) more difficult for us to attract new customers, (ii) more likely that customers will downgrade or disconnect their services and (iii) more difficult for us to maintain ARPU at existing levels. The countries in which we operate may also seek new or increased revenue sources due to fiscal deficits. Such actions may further adversely affect our company. Accordingly, our ability to increase, or, in certain cases, maintain, our revenue, ARPU, RGUs, operating cash flow, operating cash flow margins and liquidity could be materially adversely affected if the economic environment in Europe remains uncertain or declines.

Each of our operating segments is affected by general economic and geopolitical conditions of the countries in which we operate, in particular Denmark and Norway. This can cause our results of operations and financial position to fluctuate from year to year as well as on a long-term basis.

Since 2014, Denmark has experienced annual GDP growth close to 1.8%, and a sustained increase in employment. Growth has continued on a strong note in 2017, although export levels were lower than expected in 2017 considering the solid global growth and healthy competitiveness of Danish businesses. Norway was negatively affected by the decline in oil prices in 2014 but did not experience an actual recession and is now recovering from a period of low growth, as oil-related investment is no longer declining.

As Nordic countries are small, open economies, they are sensitive to disruptions in the global economy or the free flow of goods and services. Adverse economic developments have affected and will continue to affect our business in a number of ways, including, among others, the income, wealth, liquidity, business and/or financial condition of our customers, which, in turn, could further reduce the demand for our services. Any or all of the conditions described above could continue to have a material adverse effect on our business, financial condition, and results of operations.

We depend on third-party telecommunications providers over which we have no direct control for the provision of certain of our services.

Our ability to provide high-quality telecommunications services depends on our ability to interconnect with the telecommunications networks and services of other telecommunications operators. We have no control over the quality and timing of the investment and maintenance activities that are necessary for these entities to provide us with interconnection to their respective telecommunications networks. As such, the prices which they charge alternative operators, including us, for wholesale services they provide have a direct impact on our profitability. Further, the potential failure of any of the third-party telecommunications providers we (directly or indirectly) rely on for our access to infrastructure to comply with the current agreements relevant for our access or technical defaults, may create interruptions or quality problems with our telecommunications services.

We also rely on third-party operators for the provision of international roaming services for our mobile subscribers. While we have interconnection and roaming agreements in place with other operators, we do not have direct control over the quality of their networks and the interconnection and roaming services they provide. Furthermore, the recent abolition of retail roaming charges in the EU and uncertainty regarding the level of wholesale roaming charges has had and may continue to have an adverse effect on our business. Pursuant to "Roam Like at Home" rules implemented throughout the EU on June 15, 2017, no surcharge can be levied in addition to the domestic retail price for any regulated roaming service, except for data roaming where a fair use limit may be applied. In 2017, we were negatively affected by such regulation on roaming, as, despite rules on neutral billing, we had to pay foreign operators for markedly increasing data usage. Such payments could reduce our revenue and materially adversely affect our business, financial condition, and results of operations.

If we fail to maintain or further develop our direct and indirect distribution and customer care channels, our ability to sustain and further grow our subscriber base could be materially and adversely affected.

We depend on third parties and our internal channels to market, sell and provide a significant portion of our products and services. We intend to continue to develop our direct distribution channel, for example by opening additional B2C and B2B brand points of sale, which will require significant capital expenditures. The costs associated with opening additional shops may be significant and we may not be able to recoup such costs or increase our revenue by expanding our distribution presence. In particular, if we are not able to renew or replace our current shop leases or enter into new leases for shops on favorable terms, or any of our current leases are terminated prior to their stated expiry date and we cannot find suitable alternate locations, our growth and profitability could be harmed.

Additionally, if we fail to maintain our key distribution relationships, or if our distribution partners fail to procure sufficient subscribers for any reason, or if we fail to expand our direct and indirect distribution presence, our ability to retain or further grow our market share in the markets we operate could be adversely affected. In addition, the subscriber acquisition and retention costs associated with maintaining or further growing our subscriber base through both direct channels and indirect channels could materially increase in the future. These factors in turn could have a material adverse effect on our business, financial condition, and results of operations.

Customer satisfaction levels that are lower than our competitors' customer satisfaction levels could adversely affect our ability to acquire new and maintain existing customers.

The Danish mobile telecommunications market is driven by, among other factors, customer satisfaction. Customer satisfaction may be impacted by a variety of factors, including customers' perception of the overall package, price-value ratio of services, range of offerings, network quality, coverage, functionality and speed, products and services, invoice accuracy, and operators' ability to solve customer problems in a fast and efficient way.

The volume of contacts handled by our customer service functions can vary considerably over time. The introduction of new product offerings can initially place significant pressure on our customer service personnel. Increased pressure on such functions is generally associated with decreased satisfaction of customers.

In the B2B and wholesale markets, customers require service to be extremely reliable and to be re-established within short timeframes if there is any disruption. In addition, product installation can be complex, requiring specialized knowledge and expensive equipment. Delays and service problems may result in the potential loss of customers. In these segments, we rely on our experienced customer relations personnel to handle any customer issues or requests, and the loss of such personnel can result in the loss of customers.

The implementation of Net Promoter Score reflects customers' willingness to recommend TDC Group's B2C and B2B services in order to respond to customer concerns. However, we may not be able to maintain and improve customer satisfaction sufficiently which may affect our ability to acquire new customers and increase our customer churn, which could have a material adverse effect on our business, financial condition, and results of operations.

Unauthorized access to our network and services resulting in piracy could result in a loss of revenue.

We rely on the integrity of our technology to ensure that our services are provided only to identifiable paying customers. Increasingly sophisticated means of pirating television, broadband and telephony services are continually being developed in response to evolving technologies. Furthermore, billing and revenue generation for our pay television services rely on the proper functioning of our encryption systems. We operate conditional access systems to transmit encrypted digital programs, including our digital pay-TV packages and for billing our customers, which rely on the proper functioning of our conditional access systems. Even though we require our conditional access system providers to provide state of the art security for the conditional access systems, the security of our conditional access systems may be compromised by illegal piracy and other means. While we continue to invest in measures to manage unauthorized access to our networks, any encryption failures or other causes of unauthorized access to our cable television service could result in a loss of revenue, and any failure to respond to security breaches could raise concerns under our agreements with content providers, all of which could have a material adverse effect on our business, financial condition, and results of operations.

Our business may be adversely affected if we fail to perform on major contracts.

While our customer base is generally dispersed, we have a few complex and high-value national and multinational contracts with certain customers. For example, our SKI contract with the Danish government comprises a considerable source of revenue. The revenue arising from, and the profitability, of our high value contracts are subject to a number of factors including: variation in cost; achievement of cost reductions anticipated in the contract pricing, both in terms of scale and time; delays in the delivery or achievement of agreed milestones owing to factors either within or outside of our control; changes in customers' requirements, budgets, strategies or businesses; and the performance of our suppliers. Any of these factors could make a contract less profitable or even loss making. The degree of risk generally varies in proportion to the scope and life of the contract and is typically higher in the early stages of the contract. Some customer contracts require investment in the early stages, which is expected to be recovered over the life of the contract. Major contracts often involve the implementation of new systems and communications networks, transformation of legacy networks and the development of new technologies. The recoverability of these upfront costs may be impacted by delays or failure to meet milestones. Substantial performance risk exists in these contracts.

Failure to manage and meet our commitments under these contracts, as well as changes in customers' requirements, budgets, strategies or businesses, may lead to a reduction in our expected future revenue, profitability and cash generation. Furthermore, unexpectedly high costs associated with the delivery of contracts could also negatively impact profitability. We may lose revenue due to the merger or acquisition of customers, business failure or contract termination and contracts may become loss-making. Failure to replace the revenue and earnings lost from such customers could have a material adverse effect on our business, financial condition, and results of operations.

Our business may suffer if we cannot continue to license or enforce the intellectual property rights on which our business depends or if we are subject to claims of intellectual property infringement.

We rely on patent, copyright, trademark and trade secret laws and licenses and other agreements with our employees, customers, suppliers and other parties to establish and maintain our intellectual property rights in content, technology and products and services used to conduct our businesses. However, our intellectual property rights or those of our licensors could be challenged or invalidated, we could have difficulty protecting or obtaining such rights or the rights may not be sufficient to permit us to take advantage of business opportunities, which could result in costly redesign efforts, discontinuance of certain product and service offerings or other competitive harm.

We have received and may receive in the future claims of infringement or misappropriation of other parties' proprietary rights, particularly creative rights with respect to broadcasted programs. These claims may require us to initiate or defend protracted and costly litigation, regardless of the merits of these claims. Successful challenges to our rights to intellectual property or claims of infringement of a third party's intellectual property could require us to enter into royalty or licensing agreements on unfavorable terms, incur substantial monetary liability or be temporarily or permanently prohibited from further use of the intellectual property in question. This could require us to change our business practices and limit our ability to provide our customers with the content that they expect. Even if we believe that the claims of intellectual property infringement are without merit, defending against the claims can be time consuming and costly and may divert management's attention and resources away from our business. All of the above could materially and adversely affect our business, financial condition, and results of operations.

Our brands are subject to reputational risks and we may not be successful in establishing a new brand identity for the products and services marketed by our operating companies.

We sell our products and services under several brands, including YouSee, DKTV, Fullrate, Telmore, Blockbuster, TDC Erhverv, TDC Net Design, Get and TDC Norway. We have developed the brands we use through extensive marketing campaigns, website promotions, customer referrals, and the use of a dedicated sales force and dealer networks. Our brands represent a material and valuable asset to us. Although we try to manage our brands, we cannot guarantee that our brands will not be damaged by circumstances that are outside our control or by third parties such as hackers, state-sponsorees, or interfaces with its clients, such as subcontractors' employees or sales forces, with a resulting negative impact on our activities. A failure on our part to protect our image, reputation and the brands under which we market our products and services may have a material adverse effect on our business, financial condition, and results of operations.

We face legal and regulatory dispute risks.

We are or may become subject to risks relating to legal and civil, tax, regulatory and competition proceedings to which we are a party or in which we are otherwise involved or which could develop in the future, and certain of these proceedings (or proceedings in which we may become involved), if adversely resolved, could have a material adverse effect on our business, financial condition and results of operations. Furthermore, our involvement in legal, regulatory and competition proceedings may harm our reputation. We cannot assure you what the ultimate outcome of any particular legal proceeding will be, and a negative outcome could materially adversely affect our business, financial condition, and results of operations.

The loss of certain key personnel, or the inability to recruit high quality personnel, could harm our business.

Our success and our growth strategy depend in large part on our ability to attract and retain key management, marketing, finance, digital, and operating personnel. There can be no assurance that we will continue to attract or retain the qualified personnel needed for our business. Competition for qualified senior managers in our industry is intense and there is limited availability of persons with the requisite knowledge of the telecommunications industry and relevant experience in Denmark. To the extent that the demand for qualified personnel exceeds supply, we could experience a delay or higher labor costs in order to attract and retain qualified managers and personnel from time to time.

The Consortium has replaced members of the board with new personnel. In addition, Pernille Erenbjerg has announced her intention to step down from her role as TDC Group's CEO at the end of 2018 at the latest. The Consortium may make further changes to management personnel following the Transactions. As new personnel join our management, particularly at the senior management level, we may face a number of challenges typically associated with the integration and assimilation of new managers and key personnel, such as changes in organizational and reporting structures, the need to recruit additional new personnel or the departure of key existing personnel. We have experienced employees at both the corporate and operational levels who possess substantial knowledge of our business and operations. There can be no assurance that we will be successful in retaining the services of these employees or that we would be successful in hiring and training suitable replacements without undue costs or delays. Finally, we may face key personnel retention challenges typically associated with a change of ownership. An inability to address these challenges can result in the diversion of management's attention from our daily operations and adversely affect our ability to successfully implement our strategy. Our failure to recruit and retain key personnel or qualified employees, including a capable CEO to replace Pernille Erenbjerg, or effectively integrate new managers and other key personnel, could have a material adverse effect on our business, financial condition, and results of operations.

Our business may be adversely affected by actual or perceived health risks and other environmental requirements relating to mobile telecommunications transmission equipment and devices, including the location of antennas.

Various reports have alleged that there may be health risks associated with the effects of electromagnetic signals from antenna sites, mobile handsets and other mobile and wireless telecommunications devices. We cannot assure you that further medical research and studies will not establish a link between electromagnetic signals or radio frequency emissions and these health concerns. The actual or perceived risk of mobile and wireless telecommunications devices, press reports about risks or consumer litigation relating to such risks could adversely affect the size or growth rate of our subscriber base and result in decreased mobile usage or increased litigation costs. Public concern over actual or perceived health effects related to electromagnetic radiation may result in increased costs related to our networks, which may hinder the completion or increase the cost of network deployment, reduce the coverage of our network and hinder the commercial availability of new services. In addition, these health concerns may cause the Danish authorities to impose stricter regulations on the construction of base stations or other telecommunications network infrastructure. If actual or perceived health risks were to result in decreased mobile usage, increased consumer litigation or stricter regulation, our business, financial condition and results of operations could be materially and adversely affected.

We depend on third-party suppliers and licensors to supply necessary equipment, software and certain services required for our businesses.

We rely on third-party vendors for the equipment, software and services that we require in order to provide services to our customers. Our ability to grow our subscriber base depends in part on our ability to source adequate supplies of network equipment, mobile handsets, software and content in a timely manner. Our suppliers often conduct business worldwide and their ability to meet our needs is subject to various risks, including political and economic instability, natural calamities, interruptions in transportation systems, terrorism and labor issues. As a result, we may not be able to obtain the equipment, software and services required for our businesses on a timely basis or on satisfactory terms. Any shortfall in customer premises equipment could lead to delays in connecting customers to our services and, accordingly, could adversely impact our ability to maintain or increase our RGUs, revenue and cash flows. Also, if demand exceeds the suppliers' and licensors' capacity or if they experience financial difficulties, the ability of our businesses to provide some services may be materially adversely affected, which in turn could affect our businesses' ability to attract and retain customers. Although we actively monitor the creditworthiness of our key third-party suppliers and licensors, the financial failure of a key third-party supplier or licensor could disrupt our operations and have an adverse impact on our business, financial condition, and results of operations.

We rely on a limited number of suppliers for the purchase of the majority of our network equipment and software and, to a certain extent, for the construction and maintenance of our network. Suppliers of network equipment have limited resources, which may impact the speed at which we expand our network. We do not have direct operational or financial control over our suppliers and have limited influence with respect to the manner in which these key suppliers conduct their businesses. Our reliance on these suppliers exposes us to risks related to delays in the delivery of their services, and, from time to time, we have experienced extensions of lead times or limited supplies due to capacity constraints and other supply related factors. Our business could be materially harmed if export and re-export restrictions impact our suppliers' ability to procure products, technology, or software from jurisdictions that are necessary for the production and timely and satisfactory delivery of the supplies and equipment that we source from these suppliers.

To the extent that we experience labor disputes or work stoppages, our business could be materially adversely affected.

Approximately 76.3% of our employees are members of a union. Of those employees in unions, 66.2% are members of the Danish Metalworkers Union. Although we believe that we have good relations with the labor unions that represent our labor force, we cannot assure you that we will not experience a deterioration in our labor relations, resulting in strikes or other disturbances occasioned by our unionized labor force. For example, labor unions may organize strikes if they disagree with our business strategy. Furthermore, we cannot assure you that, upon the expiration of existing collective bargaining agreements with the unions representing our labor force, we will be able to reach new agreements on satisfactory terms or that we would agree on such new agreements without work stoppages, strikes or similar industrial actions. If our workers were to engage in industrial action, our operations could be adversely affected and our business, financial condition, results of operations and cash flow could suffer material harm.

In addition, work stoppages or other disruptions of the business operations, strikes or similar measures at our suppliers' sites or any logistics provider could impact our ability to deliver our products and services to our customers. Moreover, our customers, namely B2B customers, may enter into stricter union agreements that could impact their operations and demand for our products and increase our cost base. Any of these events could have a material adverse effect on our business, financial condition, results of operations and cash flow.

If we are unable to obtain attractive programming on satisfactory terms for our pay TV services, the demand for these services could be reduced, thereby lowering revenue and profitability.

The success of our basic and premium pay-TV services depends on access to an attractive selection of television programming from content providers. The ability to provide movies, sports and other popular programming, including VoD content, is a major factor that attracts subscribers to pay-TV services, especially premium services. We rely on digital programming suppliers for a significant portion of our programming content and VoD services. We may not be able to obtain sufficient high-quality programming from third party producers for our digital cable television services on satisfactory terms or at all in order to offer compelling digital cable television services. We also rely on certain of our competitors for the provision of certain content offerings. In addition, to the extent that we are unable to reach agreement with certain programmers on terms that we believe are reasonable, we may be forced, or determine for strategic or business reasons, to remove such programming channels from our line-up and may decide to replace them with other programming, which may not be available on acceptable terms or be as attractive to customers. There can be no assurance that our expiring programming contracts will be renewed on favorable or comparable terms or at all, or that the rights we negotiate will be adequate for us to execute our business strategy.

In addition, we are currently subject to "must carry" requirements in certain of the jurisdictions in which we operate that may consume channel capacity otherwise available for other services. Increasing the number of programs that we must-carry on our network and/or increasing the functionality that we must provide with respect to the must-carry channels would use valuable network capacity that we would otherwise devote to alternative programs or services that may be more attractive or profitable. Any or all of these factors could result in reduced demand for, and lower revenue and profitability from, our digital cable television services, thus materially and adversely affecting our business, financial condition, and results of operations.

Our programming contracts may require us to pay prices for the programming based on a guaranteed minimum number of subscribers, even if that number is larger than the number of actual subscribers, whereas some of our programming contracts are based on a flat fee irrespective of the popularity of the content purchased under such contract. As a result, if we misjudge anticipated demand for the programming or if the programming we acquire does not attract the number of viewers we anticipated, the profitability of our television services may be impaired. Furthermore, as we purchase a significant portion of our content from various content providers under relatively short-term contracts, the prices we pay to purchase such content are subject to change and may increase significantly in the future, which could have a material adverse effect on our business, financial condition, and results of operations.

Our landline voice revenue is declining and unlikely to improve.

Landline voice usage is in decline across the industry, with the rate of decline in lines used by businesses outpacing that in the residential landline voice market. There is a risk that business and residential customers will migrate from using landline voice to using other forms of telephony or mobile only. Furthermore, new technologies such as NGNs create the risk that landline voice services will become obsolete more quickly. There is no assurance that our landline voice customers will migrate to a dual-play with our mobile phones and they may eventually shift to other providers of mobile telephony services or use mobile telephony exclusively, which could result in lower revenue as compared to our providing both landline voice and mobile. Such a migration could have a material adverse effect on our business, financial condition, and results of operations.

We do not insure the underground portion of our fixed line network and various pavement-based electronics associated with our fixed line network.

Our fixed line network is one of our key assets. However, our insurance policy does not cover certain portions of our underground and on-land cables and conduits or provides limited coverage with respect to certain other portions. As a result, any catastrophe that affects our underground fixed line network or on-land cables could prevent us from providing services to our customers and result in substantial uninsured losses that would have a material adverse effect on our business, financial condition, and results of operations.

We are subject to currency and interest rate risks.

We are subject to currency exchange rate risks because our revenues and operating expenses are principally paid in Danish kroner, but we pay interest and principal obligations with respect to portions of our indebtedness in U.S. dollars and euros. To the extent that the Danish krone declines in value against the U.S. dollar and the euro, the effective cost of servicing our U.S. dollar and euro-denominated debt will be higher. Changes in the exchange rate result in foreign currency gains or losses. Furthermore, our reporting currency is the Danish krone, while our Norwegian business has revenues and operating expenses in Norwegian krone. Therefore, appreciation of the Danish krone against the Norwegian krone may negatively impact our financial results.

We are also subject to interest rate risks as we have certain interest determined on a variable basis, either through unhedged variable rate debt or derivative hedging contracts. We also incur costs in U.S. dollars and euros in the ordinary course of our business, including for customer premises equipment and network maintenance services. Any deterioration in the value of the Danish and Norwegian kroner relative to the U.S.

dollar or the euro could cause an increase in the effective cost of purchases made in these currencies as only part of these exposures are hedged.

Changes in tax laws or regulations or in positions by the relevant tax authority regarding the application, administration or interpretation of tax laws or regulations, particularly if applied retrospectively, could have negative effects on our current business model and have a material adverse effect on our business, financial condition and results of operations.

Tax laws are complex and subject to subjective evaluations and interpretative decisions, and we will be periodically subject to tax audits aimed at assessing our compliance with direct and indirect taxes. We are also subject to intercompany pricing laws and regulations, including those relating to the flow of funds pursuant to, for example, loan agreements. Adverse developments in laws or regulations, or any change in position by the tax authorities regarding the application, administration or interpretation of laws or regulations, could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and other indebtedness. In addition, tax authorities may not agree with our interpretations, or with the positions that we have taken or intend to take on, tax laws applicable to our ordinary activities and any extraordinary transactions, including the tax treatment or characterization of our indebtedness, existing and future intercompany loans and guarantees or the deduction of interest expenses. In case of objections by the tax authorities to our interpretations, we could face long tax proceedings that could result in the payment of higher taxes, interest, penalties or sanctions and have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness. We may also inadvertently or for reasons beyond our control fail to comply with certain tax laws or regulations in connection with a particular transaction, including any of our financing arrangements, which could result in unfavorable tax treatment for such arrangements. This may have a negative tax impact and may also result in the application of higher taxes, interest, penalties or sanctions. Tax audits and investigations by the competent tax authorities may generate negative publicity which could harm our reputation with customers, suppliers and counterparties. We can provide no assurance that the financial impact of any adverse tax adjustment in connection with our business would not have a material adverse effect on our business, financial condition and results of operations, or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

Risks Relating to the Acquisition

The Consortium conducted due diligence with respect to the TDC Group that was limited to public information which may not have revealed all facts that may be relevant in connection with the Acquisition.

Before making investments, the Consortium conducts due diligence that they deem reasonable and appropriate based on the facts and circumstances applicable to each investment. The objective of the due diligence process is to identify attractive investment opportunities based on the facts and circumstances of an investment, to identify possible risks associated with that investment and to prepare a framework that may be used from the date of an acquisition to drive operational achievement and value creation. When conducting due diligence, the Consortium will evaluate a number of important business, financial, tax, accounting, environmental and legal issues in determining whether or not to proceed with an investment. Outside consultants, legal advisors, accountants and investment banks are involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Consortium relies on resources available to them, including information provided by the target of the investment and, in some circumstances, third party investigations.

There may be liabilities that the Consortium failed or were unable to discover in the course of performing due diligence investigations into TDC and its subsidiaries in connection with the Acquisition. Following the Acquisition, the Parent Guarantor and the Issuer may learn of additional information about the Target and/or any of its subsidiaries that adversely affects the Parent Guarantor and the Issuer, such as unknown or contingent liabilities and issues relating to compliance with applicable laws. Any such liabilities, individually or in the aggregate, could have a material adverse effect on the Parent Guarantor's and the Issuer's business, financial position and results of operations.

As TDC was formerly a publicly listed company, the due diligence conducted for the Acquisition was with very few exceptions limited to publicly available information. Accordingly, the Parent Guarantor and the Issuer cannot be certain that the Consortium's due diligence investigation has revealed or highlighted all relevant facts (including fraud, bribery and other illegal activities and contingent liabilities) that may be necessary or helpful in evaluating the merits of investing in the TDC Group. The Parent Guarantor and the Issuer also cannot be certain that the Consortium's due diligence investigations will result in the Issuer's investment in the Target being successful or that the actual financial performance of such investment will not fall short of the financial projections the Consortium used when evaluating that investment.

The Parent Guarantor and the Issuer may not be able to realize the anticipated operational efficiencies and cost savings.

We plan to continue our operational efficiency and cost saving program, as further described under footnote 2(b) under "*Summary—Summary Consolidated Financial of TDC Group—Summary Unaudited Pro Forma As Adjusted Consolidated Financial Information of the Group*." The Parent Guarantor and the Issuer may not be able to realize the anticipated efficiencies and savings targeted by these measures, either in the amount or within the timeframe that they currently anticipate, and the costs of achieving these measures may be higher than what they expect.

The Parent Guarantor's and the Issuer's estimated efficiency gains and costs savings are forward-looking and therefore subject to a number of assumptions about the timing, execution and costs associated with realizing the underlying measures. Such assumptions are inherently uncertain and are subject to significant business, economic and competition risks and uncertainties. There can be no assurance that such assumptions will turn out to be correct. In addition, the estimated efficiency gains and cost savings may be offset by deterioration in the markets in which the TDC Group operates, increases in other expenses or challenges in the business unrelated to the Transactions. As a result, the amount of efficiency gains and savings that the Parent Guarantor and the Issuer will actually realize and/or the timing of any such realization may differ significantly (and may be significantly lower or later) from the ones that the Parent Guarantor and the Issuer currently estimate and they may incur significant costs in realizing the Transactions and in reaching the estimated gains and savings.

Failure to achieve the expected efficiency gains and savings may result in a lower return on investment for the Acquisition and could have a material adverse effect on the Parent Guarantor's and the Issuer's business and results of operations.

The Issuer may not in all circumstances be able to cause TDC and the TDC Group to comply with the covenants in the Indenture or otherwise control TDC and the TDC Group.

As of the Issue Date, the Issuer will own all of the outstanding shares of Bidco and Bidco will own all of the outstanding shares of TDC.

Pursuant to applicable Danish law, including the Danish Companies Act, there are limitations on the influence that shareholders of a Danish company may exercise over that company, including the fact that the board of directors of a Danish company (and the senior management employed by such board of directors) are principally responsible for the overall (and day-to-day) management of that Danish company. As a result, the Issuer may not in all circumstances be able to cause TDC and the TDC Group to comply with the covenants in the Indenture or otherwise control TDC and the TDC Group.

In addition, the directors of a Danish company have a duty to act in the best interests of that company in accordance with applicable Danish law. The best interests of TDC, as determined by the board of directors of TDC, could conflict with the interests of holders of the Notes which may involve risks to holders of the Notes.

If we are not able to control TDC and the TDC Group, this could have an adverse effect on the Parent Guarantor's and the Issuer's business, financial position and results of operations.

The interests of the Parent Guarantor's and the Issuer's principal shareholders may be inconsistent with our interests or the interests of holders of the Notes.

Following the completion of the Acquisition, the Consortium will indirectly control the Group. See "*Principal Shareholders*" and "*Certain Relationships and Related Party Transactions*." As a result, the Consortium will have, directly or indirectly, the power to affect, among other things, the Parent Guarantor's and the Issuer's legal and capital structure and the Parent Guarantor's and the Issuer's day-to-day operations, as well as the ability to affect changes in the Parent Guarantor's and the Issuer's management and other changes to their operations. In addition, for compliance with certain restrictive covenants, the Parent Guarantor and the Issuer will depend upon the cooperation of their principal shareholders who have the power to effect compliance with such covenants. The interests of the Consortium and their affiliates could conflict with the interests of holders of the Notes, particularly if the Parent Guarantor and the Issuer encounter financial difficulties or are unable to pay their debts when due. Affiliates of the Consortium also have an interest in pursuing divestitures, financings or other transactions that in their judgment could enhance their equity investments, although such transactions might involve risks to holders of the Notes. In addition, the Consortium or their affiliates may, in the future, own businesses that directly compete with the Parent Guarantor's and the Issuer's or do business with them.

The Consortium will indirectly own all of the voting interests in TDC. When business opportunities, or risks and risk allocation arise, the interests of the Consortium may be different from, or in conflict with, our interests on a stand-alone basis. The Consortium may allocate certain or all of its risks to us and there can be no assurance that the Consortium will permit us to pursue certain business opportunities, which could materially adversely affect our business, financial condition, and results of operations.

Minority shareholders may challenge the squeeze-out price.

The price per share offered in the Compulsory Acquisition equals the price per share offered to all shareholders in Target under the Takeover Offer and consequently equals the price paid by DK Telekommunikation ApS to all shareholders having accepted the Takeover Offer or having subsequently accepted to sell their shares to DK Telekommunikation ApS on the same terms and conditions as under the Takeover Offer as announced on April 9, 2018. The Compulsory Acquisition price can be challenged by minority shareholders in appraisal proceedings. If such challenge is made and results in a higher price per share, this higher price will apply for all shareholders which could adversely affect the cash flows available to the Issuer and therefore impair the Issuers' ability to service their obligations under the Notes.

Risks Relating to our Indebtedness, Structure and the Notes

Our substantial leverage, debt service and other financial obligations could adversely affect our business and prevent the Parent Guarantor and the Issuer from fulfilling their obligations with respect to the Notes and the Notes Guarantee.

The Parent Guarantor and the Issuer are, and after the issuance of the Notes will continue to be, highly leveraged and have significant debt service obligations. As of March 31, 2018 and using an exchange rate of 7.45 DKK per euro, , after adjusting for the effect of the Transactions, we would have total consolidated financial liabilities of DKK 46,995 million (€6,308 million), of which DKK 36,565 million (€4,908 million) would be indebtedness of the Target or its subsidiaries. In addition to their obligations under the Notes, the Parent Guarantor and the Issuer are direct obligors under the New Revolving Credit Facility (which is senior debt of the Parent Guarantor and the Issuer ranking senior in right of security to the Notes) and TDC is a direct obligor under the Target Facilities. The Issuer also has €100 million available for drawing under the New Revolving Credit Facility for its liquidity, working capital and other needs. See "*Use of Proceeds*", "*Capitalization*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.*"

The degree to which the Group will be leveraged following this Offering could have important consequences to holders of the Notes in this Offering, including, but not limited to:

- making it difficult for the Parent Guarantor and the Issuer to satisfy their obligations with respect to the Notes and the Notes Guarantee;
- increasing our vulnerability to and reducing our flexibility to respond to general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations (if any) to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of any such cash flow to fund working capital, capital expenditures, acquisitions, joint ventures, product research and development, subscriber acquisition costs or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate and implementing cost savings and synergy initiatives anticipated from the Acquisition;
- placing us at a competitive disadvantage as compared to our competitors, to the extent that they are not as highly leveraged; and
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Issuer's obligations under the Notes. In addition, we may incur substantial indebtedness in the future, which could be structurally senior to the Notes or could mature prior to the

Notes. The terms of the Indenture and the New Revolving Credit Facility restrict the Group from incurring additional indebtedness, but do not prohibit the Group from doing so. The incurrence of additional indebtedness would increase the leverage-related risks described in this offering memorandum.

Furthermore, the Parent Guarantor and the Issuer expect, to the extent permitted under their debt documents, to fund cash distributions or dividends to their shareholders out of distributable reserves.

The Parent Guarantor and the Issuer are holding companies that have no revenue-generating operations of their own and will depend on cash from the operating companies of the TDC Group to be able to make payments on the Notes or the Notes Guarantee.

The Parent Guarantor and the Issuer are holding companies formed in connection with the Transactions with no business operations or substantial assets other than the equity interests in their subsidiaries (including the TDC Group), intercompany receivables and bank accounts. The Issuer and Parent Guarantor will conduct their operations through the TDC Group companies, none of which will provide a guarantee or security for the Notes. The Issuer's subsidiaries have no obligation to make payments with respect to the Notes, and the holders do not have any direct claim on the income from business operations because these operations are undertaken by the subsidiaries of the Issuer. Immediately following the issuance of the Notes, the Issuer will hold no assets and have no sources of revenue other than the indirect ownership interests in the TDC Group companies and the right to any dividends thereon and will have to rely on dividends or other legally permissive distributions (if any) from its subsidiaries, as well as drawings under the New Revolving Credit Facility, to fund its cash requirements, including interest payments under the Notes and any operating expenses. If the TDC Group does not, for whatever reason, distribute cash to the Issuer to make payments on the Notes, the Issuer does not expect to have any other source of funds that would allow it to make payments to the holders of the Notes (other than the New Revolving Credit Facility).

Although TDC has several operating subsidiaries and business participations, the amounts of dividends or other legally permissive distributions (if any) available to the Parent Guarantor and the Issuer will depend on the profitability and cash flows of these operating subsidiaries as well as the ability of each of those subsidiaries to declare dividends under applicable law, including in respect of Bidco, TDC and TDC's Danish subsidiaries, the Danish Companies Act (*Selskabsloven)*. The Issuer's subsidiaries may not be able to, or may not be permitted under applicable law to, make dividends or other legally permissive distributions (if any), to the Parent Guarantor and the Issuer to make payments in respect of their indebtedness, including the Notes and the Notes Guarantee. While the Indenture will limit the ability of the Issuer's subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments, these limitations are subject to significant qualifications and exceptions, including exceptions for restrictions imposed by applicable law.

Pursuant to the Danish Companies Act, the ability of TDC to make dividends to Bidco (and the ability of Bidco to make dividends to the Issuer) to assist in servicing the Notes and other debt will be subject to certain restrictions, including (i) that TDC (or Bidco, as applicable) has sufficient distributable reserves to declare and pay the proposed dividend; and (ii) that the board of directors of TDC (or Bidco, as applicable) considers that the amount of the proposed dividend does not exceed an amount which is warranted in consideration of the financial position of TDC and its subsidiaries (or Bidco and its subsidiaries, as applicable). See "*—The Issuer may not in all circumstances be able to cause TDC and the TDC Group to comply with the covenants in the Indenture or otherwise control TDC and the TDC Group.*"

The amounts of dividends or other legally permissive distributions (if any) available to the Parent Guarantor and the Issuer is also limited to the covenant restrictions set out in the Target Facilities Agreement. TDC is restricted from making certain dividends, distributions and other upstream payments unless certain conditions under the Target Facilities Agreement are met, and accordingly, TDC may be unable to make a payment to the Issuer or the Payment Guarantor. See "*Description of Certain Financing Arrangements—Target Facilities—Permitted Payments.*"

The Notes are obligations solely of the Issuer and the Parent Guarantor, are not guaranteed by any subsidiary and are structurally subordinated to all of the debt and liabilities of the Issuer's subsidiaries.

As of the Issue Date, none of the subsidiaries of the Parent Guarantor and the Issuer will guarantee the Notes, and such subsidiaries will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose. Generally, claims of creditors of a non-guarantor subsidiary, including trade creditors, lenders under the Target Facilities, the Target Rollover Bonds and preference shareholders (if any) of such subsidiary, will have priority with respect to the assets and earnings of such subsidiary over the claims of creditors of its parent entity, including claims against the Parent Guarantor and the Issuer by the holders of the Notes and claims against the Parent Guarantor by the holders of the Notes under the Notes Guarantee. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of any of the subsidiaries of the Parent Guarantor and the Issuer, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to its parent entity, as a direct or indirect shareholder.

Accordingly, in the event that any subsidiary becomes insolvent, is liquidated, reorganized, dissolved or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Parent Guarantor and the Issuer (including the holders of the Notes) will have no right to proceed against the assets of such subsidiary; and
- the creditors of such subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Parent Guarantor and the Issuer, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

The Parent Guarantor and the Issuer are subject to restrictive debt covenants that may limit their ability to finance future operations and capital needs and to pursue business opportunities and activities.

The terms of the Indenture, as well as the terms of the New Revolving Credit Facility, will restrict, among other things, the Parent Guarantor's and the Issuer's ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of such entity;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to such entity;
- sell, lease or transfer certain assets, including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- consolidate or merge with other entities; and
- impair the security interest for the benefit of the holders of the Notes.

In addition, the Parent Guarantor and the Issuer are or will be, as applicable, subject to additional covenants with respect to their ability to engage in certain activities. All of these limitations are or will be, as applicable, subject to significant exceptions and qualifications. See "*Description of Notes—Certain Covenants.*" The covenants to which the Parent Guarantor and the Issuer are subject could limit their ability to finance their future operations and capital needs and their ability to pursue business opportunities and activities that may be in their interest.

The Parent Guarantor, the Issuer and its subsidiaries are or will be subject to the affirmative and negative covenants in the New Revolving Credit Facility, and certain of the same incurrence covenants that apply to the Notes. In addition, the Issuer will also be subject to the financial covenant contained in the New Revolving Credit Facility, which applies if the amount drawn under the New Revolving Credit Facility exceeds 40% of the total commitments on the testing date. The financial covenant requires the Issuer to maintain a consolidated total net leverage ratio of consolidated net debt to consolidated *pro forma* EBITDA of 9.68:1. Non-compliance with the maintenance covenant would result in a breach and subsequent default subject to certain abilities to cure the breach.

The New Revolving Credit Facility Agreement and the Indenture will contain certain restrictions on the Group's business, including with respect to the acquisition or disposal of assets. See "*Description of Certain Financing Arrangements—New Senior Credit Facilities Agreement*" and "*Description of Notes*."

The Group's ability to comply with these covenants, including the financial covenant, can be affected by events beyond its control and it cannot assure you that it will meet them. A breach of any of the covenants (including the financial covenant) or restrictions could result in an event of default under the New Revolving Credit Facility. Moreover, the New Revolving Credit Facility Agreement includes certain events of default (including, amongst other things, events of default for breaches of representations and warranties and for failure of the Parent Guarantor and the Issuer to make principal payments when due under the New Revolving Credit Facility) that are in addition to the events of default set forth in the Indenture.

If an event of default occurs and is continuing under the New Revolving Credit Facility Agreement, a majority of the lenders could terminate any available facilities, cancel any undrawn commitments and declare all amounts borrowed, together with unpaid interest and any other sums then payable, to be immediately due and payable. Borrowings under other debt instruments, including the Notes, that contain cross acceleration or cross default provisions may also be accelerated or become payable on demand in the event that a payment default or acceleration occurs under the New Revolving Credit Facility. The Group's assets and cash flow may not be sufficient to repay in full that debt and other debt, including the Notes then outstanding, which could force us into bankruptcy or liquidation, and the Parent Guarantor and the Issuer might not be able to repay their obligations under the Notes and the Notes Guarantee in such an event. In addition, if the Parent Guarantor and the Issuer were unable to repay those amounts, the creditors of the Parent Guarantor and the Issuer could proceed and enforce its rights against any collateral granted to them to secure repayment of those amounts.

We may incur more debt in the future, which may make it difficult for us to service the debt, including the Notes, and impair our ability to operate the business.

The Group may incur additional debt in the future. Although the Indenture and the New Revolving Credit Facility Agreement will contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of debt that could be incurred in compliance with these restrictions could be substantial.

Under the Indenture, in addition to specified permitted debt, the Parent Guarantor and the Issuer are, or will be, able to incur additional debt so long as the Parent Guarantor's consolidated net leverage ratio on a *pro forma* basis is no more than 5.3 to 1.00 and such debt may be secured on the security that is securing the Notes. The terms of the Indenture will permit the Parent Guarantor and the Issuer to incur future debt that may have substantially the same covenants as, or covenants that are more restrictive than, those of the Indenture. Moreover, some of the debt that the Parent Guarantor and the Issuer may incur in the future could be structurally senior to the Notes or may be secured by collateral that does not secure the Notes and the Notes Guarantee and in certain circumstances, may rank senior with respect to the distribution of enforcement proceeds from the Collateral. In addition, the Indenture, the New Revolving Credit Facility Agreement and the Target Facilities do not prevent the Group from incurring obligations that do not constitute debt under those agreements. The incurrence of additional debt would increase the risks related to our leverage described in this Offering Memorandum.

We may not be able to generate sufficient cash to service our debt, including due to factors outside our control, and may be forced to take other actions to satisfy our debt obligations, which may not be successful.

Our ability to make payments on or to refinance the Notes or our other debt obligations will depend on our future operating performance and ability to generate sufficient cash. This depends on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. In addition to the Notes and the New Revolving Credit Facility, the TDC Group has significant outstanding indebtedness under the Target Facilities and the Target Rollover Bonds. See "*Description of Certain Financing Arrangements*" and "*Capitalization*."

We may not generate sufficient cash flows from operations to make payments on these debt obligations, and additional debt and equity financing may not be available to us in an amount sufficient to enable us to pay our debts when due, or to refinance such debt, including the Notes, or to fund our liquidity needs. If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities, planned acquisitions and capital expenditures;
- sell assets; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We may not be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. Our ability to restructure or refinance our debt will depend in part on our financial condition at such time. Any refinancing of our debt could be at higher interest rates than our current debt and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the Indenture may restrict us from adopting some of these alternatives. Furthermore, we may be unable to find alternative financing, and even if we could obtain alternative financing, it might not be on terms that are favorable or acceptable to us. If we are not able to refinance our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations, including under the Notes. In that event, borrowings under other debt agreements or instruments that contain cross-default or cross-acceleration provisions may become payable on demand, and we may not have sufficient funds to repay all our debts, including the Notes.

In addition, any failure to make payments of interest or principal on our outstanding debt on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional debt. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The terms of our debt, including under the Indenture, restrict the Parent Guarantor and the Issuer's ability to transfer or sell assets. The Parent Guarantor and the Issuer may not be able to consummate certain dispositions or obtain the funds that they could have realized from the proceeds of such dispositions, and any proceeds they do realize from asset dispositions may not be adequate to meet our debt service obligations then due.

The New Revolving Credit Facility and the Target Facilities will bear interest at a floating rate that could rise significantly, increasing the interest cost and debt and reducing cash flow.

The New Revolving Credit Facility and the Target Facilities bear an interest rate at EURIBOR (for euros) or LIBOR (for GBP or U.S. dollars) or CIBOR (for DKK) or NIBOR (for NOK) plus a spread. EURIBOR, LIBOR, CIBOR or NIBOR could rise significantly in the future. Although we may enter into and maintain certain hedging arrangements designed to fix a portion of these rates, there can be no assurances that such hedging will continue to be available on commercially reasonable terms. Hedging itself carries certain risks, including that we may need to pay a significant amount (including costs) to terminate any hedging arrangements. To the extent interest rates were to rise significantly, the interest expense associated with the New Revolving Credit Facility and the Target Facilities and the carrying cost of our debt load would correspondingly increase, thus reducing cash flow. See "*Description of Certain Financing Arrangements*" and "*Capitalization*."

The Notes will be secured only to the extent of the value of the Collateral, which may not be sufficient to satisfy the Issuer's obligations under the Notes, and such Collateral may be reduced or diluted under certain circumstances.

The obligations of the Parent Guarantor and the Issuer with respect to the Notes and the Indenture will only be secured on a first-ranking basis by: (i) a pledge of all of the issued shares of the Issuer, held by the Parent Guarantor; (ii) a pledge of all of the issued shares of Bidco, held by the Issuer; (iii) an assignment of the Issuer's rights under the Proceeds Loan Agreement; (iv) an assignment of all intra-group receivables owed to the Parent Guarantor; (v) an assignment of all intra-group receivables owed to the Issuer; and (vi) a security interest in all bank accounts of the Issuer (collectively, the "**Collateral**").

If the Parent Guarantor and the Issuer default on the Notes, the holders of the Notes will be secured only to the extent of the value of the Collateral underlying their security interest. In the event of foreclosure on the Collateral, the proceeds from the sale of the Collateral that secures the Notes may not be sufficient to satisfy the Group's obligations under the Notes. The value of the Collateral and the amounts to be received upon a sale of such collateral will depend upon many factors, including, among others, the ability to sell the Collateral in an ordinary sale and the availability of buyers. In addition, the Collateral may be illiquid and may have no readily ascertainable market value.

In addition, the Indenture will permit the granting of certain liens other than those in favor of the holders of the Notes on the Collateral. To the extent that holders of other secured debt or third parties enjoy liens, including statutory liens, whether or not permitted by the Indenture or the Security Documents, such holders or third parties may have rights and remedies with respect to the Collateral that, if exercised, could reduce the proceeds available to satisfy the Issuer's and Parent Guarantor's obligations under the Notes and the Notes Guarantee. Moreover, if the Parent Guarantor and the Issuer issue additional notes or other forms of indebtedness under the Indenture, holders of such additional notes or other types of indebtedness would benefit from the same collateral as the holders of the Notes being offered, thereby diluting the ability of such holders to benefit from the liens on the Collateral. If the value of the Collateral is less than the value of the claims of the other holders of the Notes together with the claims of the other secured creditors, those claims may not be satisfied in full before the claims of the Parent Guarantor's and the Issuer's unsecured creditors are paid.

The Notes and the Notes Guarantee will be effectively subordinated to liabilities that are secured on assets that do not secure the Notes.

The Notes and the Notes Guarantee will be structurally subordinated to any of the TDC Group's present and future indebtedness (whether secured or unsecured), including indebtedness under the Target Facilities. As of March 31, 2018, after adjusting for the effects of the Transactions, TDC and its subsidiaries would have total consolidated financial liabilities of €4,908 million, of which €3,900 million is secured debt. The indebtedness of the TDC Group will rank structurally senior to the Notes and the Notes Guarantee. The Indenture, subject to certain limitations, will permit the Parent Guarantor and its restricted subsidiaries to incur additional debt, which may also be secured. See "*Description of Notes.*"

Any of the debt that the Parent Guarantor's and the Issuer's subsidiaries incur in the future in accordance with the Indenture will rank structurally senior to the Notes and the Notes Guarantee and any debt incurred by the Issuer and the Parent Guarantor that is secured on property or assets that do not form part of the Collateral securing the Notes will be effectively senior to the Notes to the extent of the value of the property or assets securing such indebtedness.

The New Revolving Credit Facility is designated as a super senior liability in accordance with the terms of the Intercreditor Agreement. As such, creditors under the New Revolving Credit Facility and counterparties to certain hedging obligations and future indebtedness permitted to be incurred under the terms of the Indenture and the Intercreditor Agreement ranking pari passu with the Notes are entitled to be repaid with proceeds from the enforcement of the Collateral in priority over the Notes.

The Intercreditor Agreement includes provisions governing the sharing of proceeds from enforcement of the Collateral. Such enforcement proceeds are required to be turned over to the Security Agent after certain events, including the acceleration of the Notes. The Security Agent is required to apply turned-over amounts and other recoveries by the Security Agent from enforcement actions toward discharging the super senior obligations (including, among others, those under the New Revolving Credit Facility, certain hedging obligations and future indebtedness that may be secured on a super senior basis (the "**Super Senior Liabilities**")) in priority to applying any such amounts toward discharging the Notes. As such, in the event of a foreclosure of the Collateral, you may not benefit from such recoveries if the then outstanding claims under such Super Senior Liabilities are greater than the proceeds recovered. Any proceeds remaining from an enforcement sale of Collateral will, after all obligations under such Super Senior Liabilities have been discharged, be applied pro rata in repayment of the Notes and any other indebtedness that ranks *pari passu* with the Notes and thereafter *pro rata* in repayment of any other indebtedness that is subordinated to the Notes and other *pari passu* ranking indebtedness.

Furthermore, claims of the Parent Guarantor's and the Issuer's secured creditors that are secured by assets that do not also secure the Notes will have priority with respect to such assets over the claims of holders of the Notes. As such, the claims of the holders of the Notes will be effectively subordinated to the rights of such secured creditors to the extent of the value of the assets securing such indebtedness.

The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes and the ability of the Security Agent to enforce the Collateral may be limited or restricted by local law.

The Indenture and the Intercreditor Agreement will provide that, to the extent permitted by applicable law, only the Security Agent has the right to enforce the security documents relating to the Collateral on behalf of the Trustee and the holders of the Notes. As a consequence of such contractual provisions, holders of the Notes will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture and the provisions of the Security Documents) provide instructions to the Security Agent in respect of the Collateral and in accordance with the Intercreditor Agreement. See "*Description of Notes—Security*." The ability of the Security Agent to enforce the security interests in the Collateral is subject to mandatory provisions of the laws of each jurisdiction in which security interests over the Collateral are taken.

It is uncertain under Danish law whether obligations to beneficial owners of the Notes that are not identified as registered holders in a Security Document will be validly secured. Concerns under Danish law regarding the ability of the Security Agent to hold the relevant Collateral on behalf of the holders of the Notes can be addressed by registering the Security Agent with the Danish Financial Supervisory Authority (*Finanstilsynet*) in accordance with the rules set out in Chapter 4 of the Danish Capital Markets Act (*Lov om kapitalmarkeder*). No assurance can be given that the Security Agent or the terms of the Indenture and the other Offering documents meet the eligibility criteria for the Security Agent to be registered with the Danish Financial Supervisory Authority, that such registration will be obtained or, if obtained, that it will be maintained.

A senior security interest in the share capital of the Issuer and Bidco and other Collateral will be granted for the benefit of creditors under the New Revolving Credit Facility, the Notes and the Notes Guarantee, and certain hedging counterparties. You may not be able to recover the shares and other Collateral that are pledged or assigned because the proceeds of any enforcement sale with respect to such Collateral and the Notes will need to be shared with the creditors under the New Revolving Credit Facility and certain secured hedging counterparties, as well as any other secured creditors that may be permitted to share in such Collateral and the proceeds from any recovery from the enforcement of such obligations under the New Revolving Credit Facility, certain hedging facilities and certain future indebtedness (if any) before satisfying the obligations of holders under the Notes and the Notes Guarantee. See "*—The New Revolving Credit Facility is designated as a super senior liability in accordance with the terms of the Intercreditor Agreement. As such, creditors under the New Revolving Credit Facility and counterparties to certain hedging obligations and future indebtedness permitted to be incurred under the terms of the Indenture and the Intercreditor Agreement ranking pari passu with the New Revolving Credit Facility are entitled to be repaid with proceeds from the enforcement of the Collateral in priority over the Notes.*"

The rights of holders of the Notes in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Under Danish law, a security interest in tangible and/or intangible assets will generally only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security interest. The security interests in the Collateral may not be perfected with respect to the claims under the Notes and the Notes Guarantee if such perfection is not required under the Security Documents or if the Parent Guarantor, the Issuer, the Trustee or the Security Agent fails or is otherwise unable to take the actions required to be taken to perfect the security interest. Any failure to properly perfect the security interests in the Collateral in accordance with applicable Danish law may result in the invalidity of the relevant security interest in the Collateral and/or adversely affect the priority of such security interest against third parties, including a trustee in bankruptcy and/or other creditors who claim a security interest in the same Collateral, which may have a material adverse effect on the ability of the holders of Notes to receive proceeds from any enforcement of the Collateral.

Granting of security subject to Danish law could be set aside under Danish bankruptcy law if, among other things, (i) security for the debts was not granted to the creditor before or at the time the debt was incurred; or (ii) security was not perfected before, or without undue delay after the time the debt was incurred. These timing requirements in respect of granting of security and perfection of security are interpreted very strictly under Danish law. In such situations, security could be set aside if it has not been perfected later than three months prior to the date on which the bankruptcy court receives the petition for bankruptcy proceedings (the "**Reference Date**") and in some cases avoidance can be claimed for security granted before. If the security is granted to related parties, the voidance period is extended to two years. Voidance is a real risk in respect of Collateral subject to Danish law. See "*Limitations on Validity and Enforceability of the Collateral and Certain Insolvency Law Considerations*."

It may be difficult to realize the value of the Collateral.

The Collateral will be subject to limitations, exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture, whether on or after the date the Notes are first issued. The existence of such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the first-priority ranking of security interests can be affected by a variety of factors, including the timely satisfaction of perfection requirements, statutory liens or re-characterization under Danish law.

The Collateral may be subject to practical problems generally associated with the realization of security interests in collateral. The Security Agent may also need to obtain the consent of a third party to enforce a security interest. The Security Agent may not be able to obtain any such consents. In addition, the consents of any third parties may not be given when required to facilitate an enforcement action in respect of such assets. Accordingly, the Security Agent may not have the ability to take enforcement action in respect of those assets, and the value of the Collateral may significantly decrease.

The recovery from the enforcement of the share pledges forming part of the Collateral may be complicated, involve long recovery times and a low recovery rate.

In connection with the enforcement of share pledges over shares of entities with outstanding debt obligations, any sale of such entities is likely to involve a release of some or all of the debt of such entity, which could result in a taxable capital gain to such entities. The Indenture does not prohibit the Parent Guarantor and the Issuer from incurring additional debt claims in the future. Consequently, the enforcement of the share pledges over the Issuer's and Bidco's shares may result in the release of the debt obligations of the Parent Guarantor and the Issuer. Such release is permitted by the Intercreditor Agreement and could result in a taxable capital gain. This taxable capital gain is likely to reduce the proceeds of any recovery from the enforcement of such share pledge. Therefore, the value of the pledge over the shares of the Issuer and Bidco is limited.

The Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability.

Enforcement of the Collateral against the grantor of such Collateral might be subject to certain limitations contained in the applicable security document designed to ensure compliance with statutory requirements applicable to such grantor. These laws and defenses include those that relate to fraudulent conveyances or transfers, insolvency, voidable preferences, financial assistance, corporate purpose or benefit, preservation of share capital, thin capitalization and defenses affecting the rights of creditors generally. As a result, the liability of the Parent Guarantor and the Issuer could be materially reduced or eliminated, depending on the law applicable to them.

The grant of Collateral to secure the Notes may be voidable by the grantor or by an insolvency trustee, liquidator, receiver or administrator or by other creditors, or may otherwise be set aside by a court, or be unenforceable if certain events or circumstances exist or occur, including, among others, if the grantor is deemed to be insolvent at the time when the security is granted, or if the granting of security permits the secured parties to receive a greater recovery than if the granting of security had not been given and an insolvency proceeding in respect of the grantor is commenced within a legally specified "clawback" period following the granting of security. To the extent that the grant of any security interest is voided, holders of the Notes would lose the benefit of the relevant security interest.

In addition, TDC directly owns all of the shares in TDC Reinsurance A/S, a Danish limited liability company (*aktieselskab*) with registration number 27 43 27 51 ("**TDC Reinsurance**"). Pursuant to Section 61 of the Danish Financial Business Act, any natural or legal person, or any natural or legal persons that are acting in concert, that is contemplating directly or indirectly to acquire 10% or more of the shares and/or voting rights in TDC Reinsurance, or an interest that gives the ability to exercise a significant influence over TDC Reinsurance, will require the prior approval from the Danish Financial Supervisory Authority (*Finanstilsynet*).

On the Issue Date, the obligations of the Issuer and the Parent Guarantor with respect to the Notes and the Notes Guarantee will be secured on, among others, pledges of all of the issued shares of the Issuer and of Bidco, held by the Parent Guarantor and the Issuer, respectively (the "**Share Pledges**"). Pursuant to the Security Documents, upon the occurrence of certain events, the Security Agent (acting on behalf of the Secured parties under, and as defined in, the Intercreditor Agreement, including the holders of the Notes) will be entitled to exercise the voting rights in respect of the shares and/or take certain enforcement and other actions in respect of the Share Pledges (together, the "**enforcement actions**"). Any such enforcement actions may result in an indirect acquisition of 10% or more of the shares and/or voting rights in TDC Reinsurance and therefore require the prior approval from the Danish Financial Supervisory Authority. In addition, there is uncertainty as to whether the prior approval from the Danish Financial Supervisory Authority may be required also on creation of the Share Pledges.

To the extent the prior approval of the Danish Financial Supervisory Authority is required, including in connection with the creation of the Share Pledges and/or any subsequent enforcement actions, there can be no assurance that any such approval will be sought and granted or that any approval which may have been granted will be maintained. In addition, any approval granted may be subject to conditions of the Danish Financial Supervisory Authority and/or the application for and grant of such approval may be delayed in time. Accordingly, the Security Agent may not have the ability to take enforcement actions in respect of the Share Pledges, and the value of the Collateral may significantly decrease.

The granting of the security interests in the Collateral may create hardening periods for such security interests in accordance with Danish law.

The granting of new security interests in connection with the Offering may create hardening periods for such security interests in Denmark. The applicable hardening period for these new security interests will run from the moment each new security interest has been perfected. In each instance, if the security interest perfected were to be enforced before the end of the relevant hardening period applicable in Denmark, such security interest may be declared void and/or it may not be possible to enforce it. See "*Limitations on Validity and Enforceability of the Collateral and Certain Insolvency Law Considerations*."

The applicable hardening period for these new security interests will run as from the moment each new security interest has been perfected. At each time, if the security interest perfected were to be enforced before the end of the respective applicable hardening period, it may be avoided with the effect that any preference as secured creditor will not be available. In addition, the granting of a shared security interest to secure future indebtedness or the transfer or the assignment of the security interest may restart or reopen hardening periods. The applicable hardening period may run from the moment such new security is amended, transferred, assigned, granted or perfected. If the security interest granted was to be enforced before the end of the respective applicable hardening period, it may be declared void or ineffective and/or it may not be possible to enforce it. See "*—The rights of holders of the Notes in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.*"

The insolvency laws of Denmark may not be as favorable to holders of Notes as are U.S. insolvency laws or those of another jurisdiction with which you may be familiar and may preclude holders of the Notes from recovering payments due on the Notes.

The insolvency laws of Denmark may be materially different from, conflict with or may not be as favorable to holders as insolvency laws of jurisdictions of the United States or with which investors may be familiar, including in the areas of rights of creditors, contractual subordination, priority of governmental and other creditors, ability to obtain post-bankruptcy decree interest and duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether the law of any particular jurisdiction should apply, and may adversely affect your ability to enforce your rights under the Notes, the Notes Guarantees and the Collateral in those jurisdictions or limit any amounts that you may receive.

The Issuer and Parent Guarantor are organized under the laws of Denmark. Accordingly, any insolvency proceedings with respect to the Issuer and/or the Parent Guarantor may proceed under, and be governed by, the insolvency laws of Denmark. These laws may adversely affect the enforcement of your rights under the Notes and may not be as favorable to your interests as a creditor as the laws of other jurisdictions.

In a Danish bankruptcy, the debtor's assets are liquidated and the proceeds are distributed to the creditors based on a priority of claims excepted valid security which may be enforced under certain conditions. Such liquidation will not yield the same value to the creditors as a reorganization and sale of a going concern.

As a general rule, the debtor or any creditor may present a petition for bankruptcy. A bankruptcy requires the bankruptcy court to be satisfied that the debtor is insolvent based on a statement of the debtor's liquidity status and that the insolvency is not purely of a temporary nature. A bankruptcy petition by a creditor is barred if the creditor is adequately protected in the event of the debtor's insolvency by means of good and valid security.

If bankruptcy proceedings are commenced against the Issuer, payments from the Issuer under the Notes will cease. Under these circumstances the bondholders, however, can demand payments on the Note Guarantee if bankruptcy proceedings are not commenced against the Parent Guarantor. If insolvency proceedings are commenced against the Issuer and the Parent Guarantor, the bondholders will receive payments from the Issuer and the Note Guarantee as a calculated dividend of the proceeds of assets which have been liquidated as part of the bankruptcy proceedings based on the outstanding bond debt. The dividend will be disbursed as a lump sum at the time of the conclusions of the bankruptcy estates.

Provisions on avoidance and set off may adversely affect the enforcement of rights under the Notes or the Note Guarantee. Enforcement of security interests is restricted under Danish bankruptcy laws. Security interests (except for those qualified as "*håndpant eller anden tilsvarende sikkerhedsret*" under the Danish Insolvency Act (*Konkursloven*)) may only be enforced by the bankruptcy trustee, however, mortgagees and execution creditors may demand enforcement of such security interests six months after the declaration of bankruptcy.

Danish insolvency law also includes a scheme for reconstruction of insolvent companies. In broad terms, this scheme provides for reconstruction of an insolvent company by (i) transfer of the business in full or in part, (ii) by a compulsory composition/moratorium or (iii) by a combination of (i) and (ii). During the reconstruction procedure, creditors are restricted in their ability to enforce claims. However, valid security may be enforced under certain conditions. If a restructuring procedure fails, bankruptcy proceedings will be initiated against the debtor. In general, the provisions on avoidance and set off applicable in a bankruptcy also apply when reconstruction proceedings are commenced. See "*Limitations on Validity and Enforceability of the Collateral and Certain Insolvency Law Considerations*."

Fraudulent conveyance and similar laws may adversely affect the validity and enforceability of the Notes and the Collateral.

Under applicable fraudulent conveyance laws, a court could void the Notes or the Notes Guarantee or subordinate the claims thereunder to other claims against the Parent Guarantor and the Issuer if it was determined that the Parent Guarantor or the Issuer:

- issued the Notes (or the Collateral was granted) with actual intent to hinder, delay or defraud creditors or shareholders;
- received less than the reasonably equivalent value or fair consideration for issuing the Notes (or granting the Collateral), and, at the time thereof was insolvent or rendered insolvent by reason of issuing the Notes (or granting the Collateral);
- was engaged or about to engage in a business or a transaction for which remaining assets available to carry on business constituted unreasonably small capital;
- intended to incur, or believed that the Parent Guarantor or the Issuer would incur, debts beyond the ability to pay the debts as they mature; or
- was a defendant in an action for monetary damages or had a judgment for monetary damages rendered against it if, in either case, after a final judgment, the judgment is unsatisfied.

The measures of insolvency for the purposes of fraudulent transfer laws vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, an entity would be considered insolvent if, at the time it incurred the debt:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

The Parent Guarantor and the Issuer cannot be sure as to what standard a court would apply in making a solvency determination or whether a court would conclude that the Parent Guarantor and the Issuer were solvent immediately after the Offering. Regardless of the standard that the court uses, the Parent Guarantor and the Issuer cannot be sure that the Offering (or grant of the Collateral) would not be voided or subordinated to the Parent Guarantor's and the Issuer's other debt.

If challenged successfully, a security interest may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest is voided, the holders of the Notes could lose the benefit of the security interest and may not be able to recover any amounts under the related security documents.

You may have difficulty enforcing your rights against the Issuer, the Parent Guarantor and their directors and executive officers.

The Parent Guarantor and the Issuer are incorporated under the laws of Denmark. All of the directors, officers and other executives of the Parent Guarantor and the Issuer are neither residents nor citizens of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer, the Parent Guarantor or such persons despite the fact that, pursuant to the terms of the Indenture, the Parent Guarantor and the Issuer have appointed, or will appoint, an agent for service of process in New York. In addition, as all of the assets of the Parent Guarantor and the Issuer and substantially all of the assets of their respective directors and executive officers are located outside of the United States, you may be unable to enforce judgments against them obtained in the U.S. courts predicated upon civil liability provisions of the federal securities laws of the United States. See "*Enforcement of Civil Liabilities and Service of Process*."

There is currently no treaty between the United States and Denmark providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, which may be enforced in Denmark under the 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards and the 2005 Danish Arbitration Act. A final judgment issued by a U.S. court may therefore not be recognized or enforced by the Danish courts without re-examination of the substantive matters in dispute in a new lawsuit before the Danish courts. Furthermore, certain substantive remedies available under foreign law, including punitive damages under federal or state law of the United States, may not be available under Danish law or otherwise in connection with a lawsuit before the Danish courts. A Danish court may grant damages only to the extent necessary to compensate for actual economic losses. See "*Enforcement of Civil Liabilities and Service of Process.*"

In certain circumstances you will not be entitled to a gross-up for any Danish withholding or deduction of taxes.

The Parent Guarantor and the Issuer are incorporated under the laws of Denmark and are Danish residents for tax purposes and therefore payments of principal and interest on the Notes may be subject to Danish withholding tax if the Notes are qualified as "controlled debt" under applicable Danish tax legislation. All payments in respect of Notes will be made free and clear of withholding or deduction of Danish taxation, unless the withholding or deduction is required by law which is currently only the case if the Notes are qualified as "controlled debt" under Danish tax legislation. See "*Tax Considerations—Danish Taxation*." In that event, subject to a number of exceptions, the Parent Guarantor and the Issuer will pay such additional amounts as will result in the holders of the Notes receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required.

There are circumstances other than repayment or discharge of the Notes under which the Collateral and the Notes Guarantee will be released automatically and under which the Notes Guarantee will be released automatically, without your consent or the consent of the Trustee.

Under various circumstances, the Collateral and the Notes Guarantee will be released automatically, including:

- in connection with any sale or other disposition of Collateral (other than the security interests in respect of the issuer share collateral) to (a) a Person that is not the Issuer or a restricted subsidiary (but excluding any transaction subject to "*Description of Notes—Merger and Consolidation*"), if such sale or other disposition does not violate, or does not otherwise trigger a default pursuant to, the provisions described under "*Description of Notes—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" or is otherwise permitted in accordance with the Indenture or (b) any restricted subsidiary;

- in the case of a Guarantor that is released from its guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

- as described under "*Description of Notes—Amendments and Waivers*";

- defeasance or discharge of the Notes and the Indenture, as provided in "*Description of Notes—Defeasance*" and "*Description of Notes—Satisfaction and Discharge*";

- if the Issuer designates any restricted subsidiary to be an unrestricted subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such unrestricted subsidiary;

- as permitted by, or as will not result in a default pursuant to, the provisions described under "*Description of Notes—Impairment of Security Interests*" or (other than the Security Interest in respect of the issuer share collateral) "*Description of Notes—Merger and Consolidation*"; or

- as otherwise permitted in accordance with the Indenture.

In addition, the security interests created by the Security Documents will be released in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement.

Even though the holders of the Notes share (directly or indirectly) in the Collateral ratably with the creditors under the New Revolving Credit Facility, subject to certain exceptions as set out in the Intercreditor

Agreement, a majority of creditors with respect to outstanding senior secured debt of the Parent Guarantor and the Issuer will control enforcement actions with respect to the Collateral through the Security Agent, whether or not the holders of the Notes agree or disagree with those actions. See "*Description of Notes—Security—Administration of Security and Enforcement of Liens*."

Any guarantee of the Notes (including the Notes Guarantee) will be fully and unconditionally released:

- other than the Notes Guarantee or of any restricted subsidiary that is a parent of the Issuer, a sale, disposition, exchange or other transfer (including by way of consolidation, merger, amalgamation or combination) of ownership interests in the Guarantor (directly or through a parent company) such that the Guarantor does not remain a restricted subsidiary or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Issuer or a restricted subsidiary), in each case, otherwise permitted by the Indenture;
- other than the Notes Guarantee or of any restricted subsidiary that is a Parent of the Issuer, the designation in accordance with the Indenture of the Guarantor as an unrestricted subsidiary;
- defeasance or discharge of the Notes and the Indenture;
- in connection with the implementation of a Permitted Reorganization (as defined in the "*Description of Notes*");
- in accordance with the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement;
- upon the release of the Guarantor's Note Guarantee under any Indebtedness that triggered such Guarantor's obligation to guarantee the Notes under the Indenture; provided that no other indebtedness is at the time guaranteed by the Guarantor that would result in the requirement that the Guarantor provide a Note Guarantee;
- as a result of a transaction permitted by the merger and consolidation covenant in the Indenture;
- as described under the amendment and waiver provisions of the Indenture;
- so long as no event of default has occurred and is continuing, such Guarantor being released and discharged from its liability with respect to the any senior credit facilities; **provided that** no other indebtedness is at the time guaranteed by the Guarantor that would result in the requirement that the Guarantor provide a Note Guarantee in order to comply with the Indenture; or
- otherwise in accordance with the terms of the Indenture.

See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of Notes*."

Holders of the Notes do not control certain decisions regarding the Collateral.

The Intercreditor Agreement provides that a common Security Agent serves as the Security Agent for the secured parties under the New Revolving Credit Facility Agreement and the Notes with respect to the shared collateral. The Security Agent will act with respect to such collateral only at the direction of a majority of the Parent Guarantor's and the Issuer's first-priority secured creditors (including, for this purpose, both drawn and undrawn uncancelled commitments under the Issuer's New Revolving Credit Facility Agreement, debt in respect of certain hedging obligations, debt under the Notes and any other senior secured obligations that are permitted to be issued under, and that the trustees in respect thereof accede to, the Intercreditor Agreement in the future).

The holders of the Notes do not have separate rights to enforce the collateral. Pursuant to the Intercreditor Agreement, and the Indenture a common security agent will serve as the Security Agent for the secured parties under the New Revolving Credit Facility, the Notes and the hedging arrangements (if any) with regard to the shared Collateral (as applicable). The Intercreditor Agreement will provide that the Security Agent will, subject to certain limited exceptions, act to enforce the security interests in the Collateral and take instructions from the relevant secured creditors in respect of the Collateral only at the direction of an "instructing group." In addition, the holders of the Notes are not able to instruct the Security Agent, force a sale of collateral or otherwise independently pursue the remedies of a secured creditor under the relevant security documents unless it comprises an instructing group, which, in turn, will depend on the quantum of the creditors in respect of the drawn and undrawn uncancelled commitments under the New Revolving Credit Facility Agreement and the creditors in respect of certain hedging obligations.

Disputes may occur between the holders of the Notes and creditors under the New Revolving Credit Facility Agreement, counterparties to certain hedging arrangements (if any) and/or holders of any permitted *pari passu* secured indebtedness as to the appropriate manner of pursuing enforcement remedies and strategies with respect to the collateral. In such an event, the holders of the Notes would be bound by any decisions of the relevant instructing group, which may result in enforcement action in respect of the collateral, whether or not such action is approved by the holders of the Notes or may be adverse to such holders of the Notes. The creditors under the New Revolving Credit Facility Agreement and the hedge counterparties and holders of any other senior secured debt entitled to provide instructions regarding enforcement may have interests that are different from the interests of holders of the Notes and such creditors may elect to pursue their remedies under the security documents at a time when it would otherwise be disadvantageous for the holders of the Notes to do so.

The Parent Guarantor and the Issuer may amend the economic terms and conditions of the Notes with the vote of 90% (or, in some cases, 75%) of the aggregate principal amount of the outstanding Notes.

The Indenture contains provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. As set forth in "*Description of Notes—Amendments and Waiver,*" the majority required to pass an extraordinary resolution at any meeting of such holders of the Notes will be one or more persons holding or representing at least 90% (or, in some cases, 75%) of the aggregate principal amount of the outstanding Notes. These provisions permit defined majorities to bind all holders of the Notes, including holders of the Notes who did not attend and vote at the meeting, and holders of the Notes who vote in a manner contrary to the relevant majority. In particular, under the Indenture, an extraordinary resolution may include, among other things, proposals to reduce the rate or change the time for payment of principal or interest in respect of the Notes, to change the date on which any Note may be subject to redemption or to reduce the redemption price, to change the currency of payments under the relevant Notes and change the amendment provisions. These and other changes may adversely impact the holders of the Notes' rights and may have a material adverse effect on the market value of the Notes.

The grant of Collateral to secure the Notes might be challenged or voidable in an insolvency proceeding.

The grant of collateral in favor of the Security Agent may be voidable by the grantor or by an insolvency trustee, liquidator, receiver or administrator or by other creditors, or may be otherwise set aside by a court, or be unenforceable if certain events or circumstances exist or occur, including, among others, if the grantor is deemed to be insolvent at the time of the granting of collateral, or if the granting of collateral permits the secured parties to receive a greater recovery than if the granting of collateral had not been given and an insolvency proceeding in respect of the grantor is commenced.

The Notes Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability.

As of the date of issue of the Notes, the Parent Guarantor will guarantee the payment of the Notes on a senior basis. The Notes Guarantee will provide the relevant holders of the Notes with a direct claim against the Parent Guarantor. However, the Indenture will provide that the Notes Guarantee will be limited to a maximum amount, permitted by applicable law, in order to prevent the Notes Guarantee being rendered voidable or otherwise ineffective pursuant to such provisions, and other applicable law and enforcement of the Notes Guarantee would be subject to certain generally available defenses. These laws and defenses include those that relate to corporate benefit, fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally.

Although laws differ among various jurisdictions, in general, under fraudulent conveyance and other laws, a court could subordinate or declare void the Notes Guarantee and, if a payment had already been made under the Notes Guarantee, require that the recipient return such payment to the relevant guarantor, if the court found that:

- the Notes Guarantee was incurred with actual intent to hinder, delay or defraud creditors or shareholders of the guarantor or, in certain jurisdictions, even when the recipient was simply aware that the guarantor was insolvent when it granted the Notes Guarantee;
- the guarantor did not receive fair consideration or reasonably equivalent value for the Notes Guarantee and the guarantor was: (i) insolvent or rendered insolvent because of the Notes Guarantee; (ii)

undercapitalized or became undercapitalized because of the Notes Guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;

- the Notes Guarantee was held to exceed the corporate objects of the guarantor or not to be in the best interests or for the corporate benefit of the guarantor; or
- the amount paid or payable under the Notes Guarantee was in excess of the maximum amount permitted under applicable law.

The measure of insolvency for purposes of fraudulent conveyance laws varies depending on the law applied. If a court decided either that a Notes Guarantee was a fraudulent conveyance and voided such Notes Guarantee, or held it unenforceable for any other reason, you may cease to have any claim in respect of the Parent Guarantor and would be a creditor solely of the Issuer.

The Parent Guarantor and the Issuer may not have the ability to raise the funds necessary to finance an offer to repurchase Notes upon the occurrence of certain events constituting a change of control as required by the Indenture.

Upon the occurrence of certain events constituting a change of control, the Issuer would be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest since the date of purchase. The Issuer would also be required to repay the outstanding borrowings under the New Revolving Credit Facility owing to each lender thereunder which requires prepayment of such amount owing to it. If a change of control were to occur, the Parent Guarantor and the Issuer cannot assure you that they would have sufficient funds available at such time to pay the purchase price of the outstanding Notes or that the restrictions in the New Revolving Credit Facility Agreement or the Intercreditor Agreement would allow them to make such required repurchases.

A change of control may result in an event of default under, or acceleration of, the New Revolving Credit Facility, the Target Facilities, the Target Rollover Bonds and other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not, due to the financial effect of such repurchase on the Parent Guarantor and the Issuer. As a result of such indebtedness, the Parent Guarantor and the Issuer may seek the consent of the creditors to purchase the Notes or may attempt to refinance the borrowings that contain such prohibition. If such consent to repay such borrowings is not obtained, the Parent Guarantor and the Issuer will be effectively prohibited from repurchasing any of the Notes. The ability of the Parent Guarantor and the Issuer to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by their currently existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. In addition, the Parent Guarantor and the Issuer may require third party financing to make an offer to repurchase the Notes and to refinance the New Revolving Credit Facility, as well as debt at the Target level including under the Target Facilities and the Target Rollover Bonds, upon a change of control. The Parent Guarantor and the Issuer cannot assure you that they would be able to obtain such financing. Any failure by the Parent Guarantor and the Issuer to offer to purchase Notes would constitute a default under the Indenture, which would, in turn, could result in a default under other indebtedness at the Target level and the New Revolving Credit Facility Agreement and other indebtedness. See "*Description of Notes—Change of Control*."

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving the Parent Guarantor or the Issuer that may adversely affect you because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" as defined in the Indenture. Except as described under "*Description of Notes—Change of Control,*" the Indenture will not contain provisions that would require the Parent Guarantor and the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of "Change of Control" in the Indenture will include a disposition of all or substantially all of the assets of the Parent Guarantor, the Issuer and their restricted subsidiaries taken as a whole to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Parent Guarantor, the Issuer and their subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Parent Guarantor and the Issuer are required to make an offer to repurchase the Notes.

In addition, there can be no assurance that the Parent Guarantor and the Issuer will be able to cause TDC and its subsidiaries to upstream by way of dividends or other legally permissive distributions (if any) the funds required to finance an offer to repurchase Notes upon the occurrence of certain events constituting a change of control. See "*—The Issuer and the Parent Guarantor are holding companies that have no revenue-generating operations of their own and will depend on cash from the operating companies of the TDC Group to be able to make payments on the Notes or the Notes Guarantee*." and "*—The Issuer may not in all circumstances be able to cause TDC and the TDC Group to comply with the covenants in the Indenture or otherwise control TDC and the TDC Group*."

The Parent Guarantor and the Issuer may not be able to list the Notes or maintain the listing of the Notes.

Application will be made to the Authority for the listing of and permission to deal in the Notes on the Official List of the Exchange. There can be no assurances that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained. Although no assurance is made as to the liquidity of the Notes as a result of the admission to trading on the Exchange, failure to be approved for listing or the delisting of the Notes, as applicable, may have a material effect on a holder's ability to resell the Notes in the secondary market.

There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited.

The Notes are new issues of securities for which there is currently no established market. The Parent Guarantor and the Issuer cannot assure you of:

- the liquidity of any market in the Notes;
- your ability to sell the Notes; or
- the prices at which you would be able to sell the Notes.

Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. Any such disruption may have a negative effect on you, as a holder of the Notes, regardless of our prospects and financial performance. The Initial Purchasers have advised that they intend to make a market in the Notes after completing the Offering. However, they have no obligation to do so and may discontinue market-making activities at any time without notice. In addition, such market-making activity will be subject to limitations imposed by the U.S. Securities Act and other applicable laws and regulations. As a result, there may not be an active trading market for the Notes. If no active trading market develops, you may not be able to resell the Notes at a fair value, if at all.

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Notes and the Notes Guarantee have not been registered under, and the Parent Guarantor and the Issuer are not obliged to register the Notes or the Notes Guarantee under the U.S. Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable laws. See "*Notice to Investors*." The Parent Guarantor and the Issuer have not agreed to or otherwise undertaken to register the Notes or the Notes Guarantee and the Parent Guarantor and the Issuer have no intention to do so.

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Unless and until the Notes are in definitive registered form, or the definitive registered Notes are issued in exchange for book-entry interests (which may only occur in very limited circumstances), owners of book-entry interests will not be considered owners or holders of Notes. The Euro Global Notes will be deposited upon issuance with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream. The Dollar Global Notes will be deposited upon issuance with the custodian for DTC and registered in the name of Cede & Co., as nominee of DTC. Payments of principal, interest and other amounts owing on or in respect of the relevant Euro Global Notes representing the Euro Notes will be made to Deutsche Bank AG, London Branch, as Principal Paying Agent, which will make payments to Euroclear and Clearstream. Payments of principal, interest and other amounts owing on or in respect of the relevant Dollar Global Notes representing the Dollar Notes will be made to Deutsche Bank Trust Company Americas, as U.S. Paying Agent, which will make payments to DTC. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the Global Notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, as applicable, (in the case of the Euro Global Notes) or the custodian for DTC (in the case of the Dollar Global Notes), the Parent Guarantor and the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest in the relevant Notes, you must rely on the procedures of DTC, Euroclear and Clearstream and, if you are not a participant in DTC, Euroclear and/or Clearstream on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have any direct rights to act upon any solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from DTC, Euroclear and Clearstream or, if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any matters on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until the relevant definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through DTC, Euroclear and Clearstream. The Parent Guarantor and the Issuer cannot assure you that the procedures implemented through DTC, Euroclear and Clearstream will be adequate to ensure the timely exercise of rights under the Notes.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies have assigned and may in the future assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of the Parent Guarantor's and the Issuer's financings and could adversely affect the value and trading of the Notes.

Certain covenants and events of default will be suspended if the Parent Guarantor and the Issuer receive investment grade ratings.

The Indenture will provide that, if at any time following the date of each Indenture, the Notes issued under such Indenture receive an investment grade rating of Baa3 or better by Moody's and BBB- or better by S&P, and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time as such Notes are no longer rated investment grade by either ratings agency, certain covenants will cease to be applicable to such Notes. See "*Description of Notes—Certain Covenants—Suspension of Covenants and Release of Collateral on Achievement of Investment Grade Status*." At any time when these covenants are suspended, the Parent Guarantor and the Issuer will be able to, among other things, incur additional indebtedness, pay cash dividends and redeem subordinated indebtedness without restriction, each of which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating if achieved will be maintained.

THE TRANSACTIONS

The Transactions

The Acquisition

On February 12, 2018, Bidco announced its decision to make a recommended voluntary takeover offer to acquire up to 100% of the outstanding share capital of TDC A/S, a public limited liability company (*aktieselskab*) incorporated under the laws of Denmark, for a price of DKK 50.25 (€6.74) for each share, valuing the entire issued equity capital at approximately €5.4 billion; the offer was formally announced on February 28, 2018 with the publication of an offer document. The board of directors of the Target issued a statement on March 2, 2018 unanimously recommending the Takeover Offer to the existing shareholders of the Target. Bidco, a private limited liability company (*anpartsselskab*) incorporated under the laws of Denmark, was formed for the purpose of making and implementing the Takeover Offer and indirectly owned by a consortium including MIRA HoldCo, PFA HoldCo, PKA HoldCo and ATP HoldCo. On April 9, 2018, the final result of the Takeover Offer was announced. The Consortium had received approximately 88% of the shares in TDC (excluding treasury shares) at expiry of the Takeover Offer. Subsequently, additional shareholders accepted to sell their shares on the same terms as under the Takeover Offer increasing the total number of shares acquired at settlement on May 4, 2018 to over 90% (excluding treasury shares). The Target's shares were delisted from trading and official listing on Nasdaq Copenhagen A/S with effect from June 5, 2018. Thereafter, Bidco initiated and completed a squeeze-out of the remaining minority shareholders of the Target in accordance with the Danish Companies Act on June 8, 2018, resulting in Bidco owning 100% of the outstanding shares in the Target.

The Acquisition Financing

Members of the Consortium provided to Bidco indirectly via contribution to the Parent Guarantor (for further contribution to the Issuer and Bidco) part of the capital required, in the form of equity and shareholder loans in the amount of €2,763 million, to enable Bidco to fulfil (in part) its payment obligations under the Acquisition.

In addition, the Issuer entered into external debt financing arrangements for purposes of financing the consideration for the shares to be acquired by Bidco pursuant to the Takeover Offer. The aggregate amount of the Acquisition Financing together with the Equity Contribution represented the total amount needed to acquire 100% of the shares in the Target (excluding treasury shares). The Acquisition Financing originally consisted of bridge term loan facilities in the aggregate amount of €2,800 million and a revolving credit facility in the aggregate amount of €200 million which were made available to the Issuer under a bridge facility agreement dated as of February 12, 2018 as amended and/or restated from time to time, among, *inter alios*, the Issuer, the Security Agent and the financial institutions named therein. On May 29, 2018, the Bridge Facility Agreement was amended and restated, which included a reduction to the revolving credit facility to €100 million.

The Issuer on-lent amounts borrowed under the Bridge Facility Agreement to Bidco under an intercompany proceeds loan agreement in order to finance Bidco's payment of the consideration for the shares to be acquired pursuant to the Acquisition. Prior to the Issue Date, subject to (amongst other things) approval by the board of directors of the Target and compliance with the requirements of the Danish Companies Act, Target is expected to pay a dividend to Bidco in an amount of up to €1,400 million (equivalent) plus an additional amount for accrued interests, the proceeds of which will be used by Bidco to repay intercompany loans in the same amount owing to the Issuer which will use such amounts to repay a corresponding amount of the term loans outstanding under the Bridge Facility Agreement prior to the Issue Date. The offering of the Notes is conditional on the completion of such repayment with the Target Dividend. The remaining term loans under the Bridge Facility Agreement and the related intercompany proceeds loan agreement between the Issuer and Bidco are expected to be replaced by the issuance of the Notes and the entering into of the Proceeds Loan Agreement, as described in "*Use of Proceeds*."

Target Facilities

On May 29, 2018, the Target entered into a term and revolving facilities agreement between, among others, Barclays Bank PLC, BNP Paribas Fortis SA/NV, Deutsche Bank AG, London Branch, HSBC Bank plc, Nordea Danmark, filial af Nordea Bank AB (publ), Citigroup Global Markets Limited, J.P. Morgan Securities plc, Danske Bank A/S and Nykredit Bank A/S as arrangers and Barclays Bank PLC as agent. The Target Facilities Agreement provides a term loan facility B in the aggregate amount of €3,951 million (equivalent) and a €500 million senior secured revolving credit facility (originally contemplated as a €300 million revolving credit facility and a €200 million capital expenditure facility). Borrowings under the Target Facilities were used to repay certain outstanding indebtedness of the Target and further borrowings will be used to repay other outstanding Target indebtedness. The drawings under the TLB shall be the equivalent of €3,900 million, in compliance with a debt cap for the Issuer and its subsidiaries. A portion of the TLB will be used to finance the Target Dividend in an amount of €1,400 million (equivalent). The Target Dividend and the use of proceeds thereof are intended to be completed prior to the Issue Date, provided that the Distribution is subject to and the completion of the Distribution is a condition to the Offering.

Existing Notes

On May 4, 2018, Target's credit ratings were downgraded due, in whole or in part, to the change of control of Target that occurred at Completion thereby triggering a change of control event under the provisions of its outstanding €750 million callable subordinated capital securities due 3015, €800 million 1.75% Notes due 2027, €500 million 3.75% Notes due 2022 and €508 million (equivalent) 5.625% Notes due 2023.

On May 9, 2018, Target elected to exercise a change of control call option and redeem the Hybrid Bonds. Accordingly, the Hybrid Bonds will be redeemed in whole on June 29, 2018 at a redemption price of 100% of their respective aggregate principal amount (together with interest accrued to (but excluding) June 29, 2018 and any outstanding payments).

On May 9, 2018, Target notified holders of its 2022 Notes, 2023 Notes and 2027 Notes that a put event had occurred and that each noteholder had the option to require Target to redeem or, at Target's option, purchase (or procure the purchase of) outstanding 2022 Notes, 2023 Notes or 2027 Notes, as applicable, on June 30, 2018 at their principal amount together with interest accrued to but excluding the date of redemption or purchase. Holders of the 2022 Notes and the 2023 Notes were invited to participate in a consent solicitation process to waive the change of control put right that was completed on June 6, 2018. Holders of the 2027 Notes were notified that they would not be the subject of the consent solicitation process. The 2022 Notes and the 2023 Notes will remain outstanding and the 2027 Notes are expected to be repurchased in whole. Settlement of the redemption of the 2027 Notes in respect of which a put option has been exercised will take place on July 2, 2018 and will be funded from the proceeds of the TLB.

As of March 31, 2018, €500 million in aggregate nominal amount of the 2022 Notes and €508 million (equivalent) in aggregate nominal amount of the 2023 Notes remained outstanding. The coupon for each of the 2022 Notes and the 2023 Notes will be subject to a 1.25% coupon step-up due to the downgrade of Target's credit ratings as a result of the change of control at Target, which will (subject to any further adjustment to the 2022 Notes and/or the 2023 Notes that may be necessary pursuant to their respective terms and conditions) become effective from March 2019 and February 2019, respectively.

Pro Forma Sources and Uses – The Acquisition

The following table sets out the overall financing and related expenses in connection with the Transactions, including the Acquisition.

Sources of Funds		**Uses of Funds**	
	(€ in million)		
Equity Contribution[(a)]	2,763	Equity Purchase Price[(f)]	5,441
Issuer Bridge Facility[(b)]	1,400	Target Refinancing[(g)]	2,550
Target Facilities[(c)]	3,900	Target Rollover Bonds[(h)]	1,008
Target Rollover Bonds[(d)]	1,008	Transaction costs[(i)]	189
Cash on hand[(e)]	120	Issuer cash buffer[(j)]	3
Total sources	**9,190**	**Total uses**	**9,190**

Note: All EUR/DKK conversions shown using exchange rate of €1 to DKK 7.45.

(a) Represents the cash contribution from the Consortium. The cash contribution to equity was contributed, directly or indirectly, by way of equity, shareholder loans and/or other combinations of such instruments to Bidco. See "—*The Acquisition Financing*."

(b) Represents the outstanding drawings under the Bridge Facility initially used in connection with the Acquisition of Target Shares on the Completion Date and in connection with the Compulsory Acquisition. The Bridge Facility includes €2,800 million of bridge term loan facilities which will be refinanced in part by a €1,400 million equivalent TLB issuance as part of the Distribution (included in €3,900 million Target Facilities being drawn in connection with the Transactions) and which is a condition to the Offering. The outstanding amount of the Bridge Facility is expected to be refinanced with the €1,400 million (equivalent) of Senior Notes offered hereby on the Issue Date. See "*Use of Proceeds*" and "*Summary—The Transactions—The Acquisition Financing*."

(c) Represents the gross proceeds from the TLB, subject to the assumptions stated below. The TLB includes a euro-denominated tranche and a US dollar-denominated tranche. In addition, the Target Facilities Agreement also provides for the Target Revolving Credit Facility in an amount of €500 million. Borrowings under the Target Facilities were used to refinance certain of the Target's debt prior to the date hereof and certain available amounts thereunder may be used to refinance additional outstanding Target indebtedness that cannot yet be repaid and are expected to be used to finance the Distribution. For ease, the amounts presented herein are presented on a *pro forma* basis assuming such prepayment and the Distribution has occurred.

(d) As part of the Transactions, Target's existing debt will be refinanced with the exception of €1,008 million equivalent of existing notes consisting of €500 million notes due in March 2022 and €508 million equivalent GBP notes due in March 2023, which have been rolled-over following the successful completion of a change of control consent process. See "*—The Transactions—Existing Notes.*"

(e) Represents part of Target's cash and cash equivalents available on the balance sheet as of March 31, 2018, assumed to be available to refinance Target's existing debt, pay transaction costs and finance the Issuer cash buffer. See "*Capitalization*" for an explanation of the Group's cash position.

(f) Represents the aggregate purchase price for Target's 812,000,000 issued and outstanding common shares (giving effect to the 5,986,796 treasury shares as of May 2018) and the purchase price, including common shares purchased pursuant to the squeeze-out conducted by the Consortium in accordance with the Danish Companies Act.

(g) Represents the repayment of outstanding amounts of loans and notes at the Target, including a €250 million KFW loan, €750 million EIB loans, €750 million Hybrid Notes and €800 million notes due 2027.

(h) Represents the Existing Notes of Target expected to remain outstanding following the consent solicitation process.

(i) Represents estimated fees and expenses associated with the Transactions, including, but not limited to, financing fees including any OID on the Target Facilities, advisory fees and legal costs. These fees and expenses have been estimated as of the date of this Offering Memorandum and are subject to change. These costs exclude accrued but unpaid interest on the Bridge Facility to, but excluding, the Issue Date that will be paid on the Issue Date. For a description of the cash position of the Group, see "*Capitalization.*"

(j) Following the completion of the Transactions, an amount equal to €2.5 million in aggregate is to be retained by the Issuer and parent entities above as cash overfunding in connection with the Acquisition.

For sources and uses in connection with the Bridge Refinancing, see "*Use of Proceeds.*"

USE OF PROCEEDS

On the Issue Date, we intend to use the proceeds from the issuance of the Notes and cash on hand to repay the outstanding indebtedness drawn under the Bridge Facility Agreement in connection with the Acquisition (the "**Bridge Refinancing**"), together with accrued and unpaid interest thereon, and to pay transaction fees and expenses in connection therewith. The following table shows the indicative sources and uses of funds related to the Bridge Refinancing, assuming they had been completed on March 31, 2018. Actual amounts will vary from estimated amounts depending on several factors, including accrued interest on debt being repaid, the actual date of completion of the Bridge Refinancing, the actual date of repayment of certain indebtedness of Target, and differences from our estimates of fees and expenses associated with the Transactions and fees and expenses actually incurred. Any changes in these amounts may affect the amount of the cash on hand.

Sources of Funds		**Uses of Funds**	
	(€ in million)		
Notes offered hereby[(1)]	1,400	Repayment of Bridge Facility[(2)]	1,400
Euro Notes offered hereby			
Dollar Notes offered hereby (equivalent)			
Total sources[(3)]	**1,400**	**Total uses**[(3)]	**1,400**

(1) Represents the aggregate principal amount of Notes offered hereby consisting of € million aggregate principal amount of the Issuer's % Senior Notes due 2023 and $ million aggregate principal amount of the Issuer's % Senior Notes due 2023.

(2) An aggregate principal amount of €2,800 million of indebtedness was drawn under the Bridge Facility Agreement in connection with the Acquisition, but €1,400 million of such amount is intended to be repaid prior to the Issue Date using the proceeds of the Distribution and which is a condition to the Offering. The outstanding amount of the Bridge Facility will be refinanced with the €1,400 million of Notes offered hereby on the Issuer Date. No amounts were drawn under the revolving portion of the Bridge Facilities Agreement. See "*—The Transactions—Pro Forma Sources and Uses—The Acquisition*."

(3) Represents indicative sources and uses of funds related to the Bridge Refinancing, but excludes fees and expenses associated with the offering and refinancing of the loans under Bridge Facility Agreement. For example accrued and unpaid expenses, underwriting fees, legal costs and other transactional expenses. For details of the full fees and expenses associated with the Transaction, see "*Pro Forma Sources and Uses—The Acquisition*".

CAPITALIZATION

The following table sets forth the Group's cash and cash equivalents and its capitalization as of March 31, 2018 on a historical basis and on an as adjusted basis to give effect to the Transactions. The historical consolidated financial information has been derived from TDC Group's unaudited interim consolidated financial statements as of March 31, 2018 included elsewhere in this Offering Memorandum. This table should be read in conjunction with "*Use of Proceeds*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Certain Financing Arrangements*," and the TDC Group's consolidated financial statements and the accompanying notes appearing elsewhere in this Offering Memorandum.

	As of March 31, 2018		
	TDC Group Actual	**Adjustments**	**The Group As Adjusted**
		(€ in millions)	
Cash and cash equivalents(1)(2)	**183**	**(117)**	**66**
Target Facilities(3):			
Term Loan B	—	3,900	3,900
Revolving Credit Facility	—	—	—
Senior Secured Debt	**—**	**3,900**	**3,900**
KFW Loan	250	(250)	—
EIB Loans	750	(750)	—
Existing Notes(4):			
2022 Notes	500	—	500
2023 Notes	508	—	508
2027 Notes	800	(800)	—
Hybrid Bonds	750	(750)	—
Target Debt	**3,558**	**1,350**	**4,908**
New Revolving Credit Facility(5)	—	—	—
Notes offered hereby(6)	—	1,400	1,400
Total debt	**3,558**	**2,750**	**6,308**
Equity attributable to owners of the parent company(1)(7)	2,765	(2)	2,763
Capitalization	**6,323**	**2,747**	**9,071**

(1) Cash and cash equivalents and equity attributable to owners of the parent company are translated to euro based on an exchange rate of 7.45 DKK per euro.

(2) Cash and cash equivalents of €183 million (DKK 1,365 million translated to euro based on an exchange rate of DKK 7.45 per euro) as of March 31, 2018. The as adjusted amount is reduced by €117 million used to help fund the Transactions (See "*Use of Proceeds—Sources and Uses*"), including a cash buffer at the Issuer and parent entities above of €2.5 million. Neither the as adjusted cash and cash equivalents amount, nor the as adjusted New Revolving Credit Facility amount takes into account certain events expected to occur in the second quarter of 2018, including: a DKK 472 million (€63 million) payment related to the settlement of all outstanding performance share units, DKK 90 million (€12 million) mark-to-market related to the current swap facility provided by Danske Bank A/S, finance leases, accrued interest on existing debt to be repaid (previous interest payments for the existing notes due 2022 and 2023 were March and February 2018 respectively), DKK 400 million (€54 million) of defence advisory fees related to merger and acquisition processes which may take place in the second quarter of 2018, cash flow generated since March 31, 2018 and any working capital swings that occurred since March 31, 2018.

(3) On May 29, 2018, the Target entered into a term and revolving facilities agreement between, among others, Barclays Bank PLC, BNP Paribas Fortis SA/NV, Deutsche Bank AG, London Branch, HSBC Bank plc, Nordea Danmark, filial af Nordea Bank AB (publ), Citigroup Global Markets Limited, J.P. Morgan Securities plc, Danske Bank A/S and Nykredit Bank A/S as arrangers and Barclays Bank PLC as agent (the "**Target Facilities Agreement**"). The Target Facilities Agreement provides a term loan facility B in the aggregate amount of €3,951 million (equivalent) (the "**TLB**") and a €500 million senior secured revolving credit facility (the "**Target Revolving Credit Facility**" and, together with the TLB, the "**Target Facilities**"). Borrowings under the Target Facilities were used to repay certain outstanding indebtedness of the Target and further borrowings will be used to repay other outstanding Target indebtedness (the "**Target Refinancing**"). The drawings under the TLB shall be the equivalent of up to €3,900 million, in compliance with a debt cap for the Issuer and its subsidiaries. A portion of the TLB will be used to finance a dividend from the Target to Bidco in an amount of €1,400 million (equivalent), the proceeds of which will be used by Bidco to repay intercompany loans in the same amount owing to the Issuer. The Issuer will use such amounts to repay a corresponding amount of term loans outstanding under the Bridge Facility Agreement. The above steps (the "**Distribution**") are intended to be completed prior to the Issue Date, provided that the Distribution is subject to (among other things) approval by the board of directors of the Target and compliance with the Danish Companies Act. The completion of the Distribution is a condition to the Offering. See "*Summary—The Transactions—The Acquisition Financing*." The capitalization table does not reflect a short term undrawn €125 million credit line agreement entered into with Nordea Danmark, filial af Nordea Bank AB (publ), entered into on May 29, 2018.

(4) Represents the amounts outstanding under Target's Existing Notes. The 2023 Notes have a nominal amount of £425 million translated to €508 million based on the hedged exchange rate. The margin for the 2022 Notes and the 2023 Notes is, respectively, 3.750% and 5.625%. The coupon for each of the 2022 Notes and the 2023 Notes will be subject to a 1.25% coupon step-up due to the change of control at TDC, which will become effective from March 2019 and February 2019, respectively. The 2027 Notes (expected to be tendered as part of a change of control put option) and the hybrid bonds (callable at the discretion of the Issuer) are expected to be repaid as part of the sources and uses of the Transactions. The Target Rollover Notes are expected to remain outstanding. See "*Summary—The Transactions—The Existing Notes*."

(5) We expect to enter into a €100 million super senior revolving credit facility (the "**New Revolving Credit Facility Agreement**" and the facility thereunder the "**New Revolving Credit Facility**") on or prior to the Issue Date. We do not expect to draw down on the New Revolving Credit Facility on the Issue Date. See "*Description of Certain Financing Arrangements—New Revolving Credit Facility*."

(6) Represents the aggregate principal amount of Notes offered hereby consisting of €   million aggregate principal amount of the Issuer's   % Senior Secured Notes due 2023 and $ million aggregate principal amount of the Issuer's   % Senior Secured Notes due 2023. The Bridge Facility of €2,800 million shall be reduced by €1,400 million with a €1,400 million (equivalent) issuance under the TLB pursuant to the Distribution prior to the closing of the Offering, as described under "*Summary—The Transactions—The Acquisition Financing*." See "*Use of Proceeds*."

(7) Equity attributable to owners of the parent company was €2,765 million at March 31, 2018 (DKK 20,601 million, translated to euro based on an exchange rate of 7.45 DKK per euro). The as adjusted equity attributable to owners of the parent company of €2,763 million equity represents the estimated cash equity and shareholder loans contributed by the Consortium in connection with the Transactions.

Except as set forth above, there have been no other material changes to the Group's capitalization since March 31, 2018.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The tables below and the accompanying notes set forth selected historical consolidated financial information and other financial data of TDC Group for the periods ended and as of the dates indicated below.

The selected historical consolidated statement of financial position, income statement and cash flow statement for TDC Group set forth below as of and for the years ended December 31, 2015, 2016 and 2017 were derived from the audited annual consolidated financial statements of TDC Group, prepared in accordance with IFRS and included elsewhere in this Offering Memorandum. The selected consolidated statement of financial position, income statement and cash flow statement for TDC Group set forth below as of and for the three months ended March 31, 2018 were derived from the unaudited interim consolidated financial statements of TDC Group, prepared in accordance with IFRS and included elsewhere in this Offering Memorandum. With effect from January 1, 2018, the TDC Group implemented IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments as required by IFRS. As a consequence, the accounting policies applied in the financial statements for the three months ended March 31, 2018 are not identical with the accounting policies applied in the financial statements for the years ended December 31, 2015, 2016 and 2017. See "*Presentation of Financial and Other Information—TDC Group.*"

Consolidated Income Statement Information of TDC Group:

	For the year ended December 31,		For the year ended December 31,		For the three months ended March 31,		For the twelve months ended March 31,	
	2015	2016	2017(1)		2017	2018	2018	
					(Unaudited)		(Unaudited)	
	(DKK in millions)		(DKK in millions)	(EUR in millions)(1)	(DKK in millions)		(DKK in millions)	(EUR in millions)(1)
Revenue	21,935	21,031	20,270	2,721	5,239	5,096	20,127	2,702
Cost of sales	(5,477)	(5,404)	(5,301)	(712)	(1,430)	(1,443)	(5,314)	(713)
Gross profit	**16,458**	**15,627**	**14,969**	**2,009**	**3,809**	**3,653**	**14,813**	**1,988**
External expenses	(3,473)	(3,434)	(3,163)	(424)	(766)	(702)	(3,099)	(416)
Personnel expenses	(3,642)	(3,805)	(3,664)	(492)	(935)	(898)	(3,627)	(487)
Other income	145	100	102	14	25	23	100	13
Operating profit before depreciation, amortization and special items (EBITDA)	**9,488**	**8,488**	**8,244**	**1,107**	**2,133**	**2,076**	**8,187**	**1,099**
Depreciation, amortization and impairment losses	(5,074)	(4,940)	(5,160)	(693)	(1,263)	(1,223)	(5,120)	(687)
Special items	(5,102)	(281)	(231)	(31)	65	17	(279)	(38)
Operating profit (EBIT)	**(688)**	**3,267**	**2,853**	**383**	**935**	**870**	**2,788**	**374**
Financial income and expenses	(1,104)	(776)	(838)	(112)	(166)	(31)	(703)	(94)
Profit before income taxes	**(1,792)**	**2,491**	**2,015**	**271**	**769**	**839**	**2,085**	**280**
Income taxes	(660)	(529)	(488)	(66)	(154)	(196)	(530)	(71)
Profit for the period coming from continuing operations	**(2,452)**	**1,962**	**1,527**	**205**	**615**	**643**	**1,555**	**209**
Profit from discontinued operations(2)	68	1,075	26	3	—	—	26	3
Profit for the period	**(2,384)**	**3,037**	**1,553**	**208**	**615**	**643**	**1,581**	**212**

(1) Convenience translation in euro based on an exchange rate of DKK 7.45 per euro.

(2) TDC Sweden (divested in the second quarter of 2016) is presented in discontinued operations. Other divestments are included in the respective accounting items during the ownership.

Consolidated Statement of Financial Position Information of TDC Group

	As of December 31,		As of December 31,		As of March 31,	
	2015	2016	2017		2018	
					(Unaudited)	
	(DKK in millions)		(DKK in millions)	(EUR in millions)(1)	(DKK in millions)	(EUR in millions)(1)
Non-current assets:						
Intangible assets	34,455	34,208	32,606	4,377	32,677	4,386
Property plant and equipment	17,963	18,041	17,840	2,395	17,832	2,394
Joint ventures, associates and other investments	82	87	80	11	77	10
Pension assets	5,947	5,595	6,752	906	6,819	915
Receivables	275	256	197	26	196	26
Derivative financial instruments	484	88	50	7	47	6
Prepaid expenses	355	314	301	40	8	1
Total non-current assets	**59,561**	**58,589**	**57,826**	**7,762**	**57,656**	**7,739**
Current assets:						
Inventories	311	243	246	33	266	36
Receivables	3,131	2,495	2,312	310	2,424	325
Income tax receivables	5	25	9	1	—	—
Derivative financial instruments	484	612	455	61	289	39
Prepaid expenses	741	681	553	74	529	71
Cash	363	1,687	1,767	237	1,365	183
Total current assets	**5,035**	**5,743**	**5,342**	**717**	**4,873**	**654**
Total assets	**64,596**	**64,332**	**63,168**	**8,479**	**62,529**	**8,393**
Total equity	**20,354**	**24,207**	**25,177**	**3,380**	**26,155**	**3,511**
Non-current liabilities:						
Deferred tax liabilities	4,218	4,133	4,231	568	4,310	579
Provisions	985	935	983	132	992	133
Pension liabilities	36	39	29	4	30	4
Loans	27,398	23,966	17,282	2,320	21,078	2,829
Derivative financial instruments	—	290	406	54	376	50
Deferred income	426	372	375	50	—	—
Total non-current liabilities	**33,063**	**29,735**	**23,306**	**3,128**	**26,786**	**3,595**
Current liabilities:						
Loans	200	220	4,651	624	170	23
Trade and other payables	7,035	6,186	6,160	827	8,556	1,148
Income Tax Payable	—	—	—	—	230	31
Derivative financial instruments	537	659	485	65	404	54
Deferred income	3,177	3,132	3,262	438	111	15
Provisions	230	193	127	17	117	16
Total current liabilities	**11,179**	**10,390**	**14,685**	**1,971**	**9,588**	**1,287**
Total liabilities	**44,242**	**40,125**	**37,991**	**5,099**	**36,374**	**4,882**
Total liabilities and equity	**64,596**	**64,332**	**63,168**	**8,479**	**62,529**	**8,393**

(1) Convenience translation in euro based on an exchange rate of DKK 7.45 per euro.

Consolidated Cash Flow Statement Information of TDC Group

	For the year ended December 31,		For the year ended December 31,		For the three months ended March 31,		For the twelve months ended March 31,	
	2015	2016	2017		2017	2018	2018	
					(Unaudited)		(Unaudited)	
	(DKK in millions)		(DKK in millions)	(EUR in millions)(1)	(DKK in millions)		(DKK in millions)	(EUR in millions)(1)
Total cash flow from operating activities	7,547	6,828	7,213	968	1,675	1,593	7,131	957
Total cash flow from investing activities	(4,382)	(4,571)	(4,156)	(558)	(531)	(1,055)	(4,680)	(628)
Total cash flow from financing activities	(7,591)	(3,181)	(2,944)	(395)	(818)	(950)	(3,076)	(413)
Total cash flow from continuing operations	**(4,426)**	**(924)**	**113**	**15**	**326**	**(412)**	**(625)**	**(84)**
Total cash flow in discontinued operations(2)	37	2,243	6	1	—	—	6	1
Total cash flow	**(4,389)**	**1,319**	**119**	**16**	**326**	**(412)**	**(619)**	**(83)**

(1) Convenience translation in euro based on an exchange rate of DKK 7.45 per euro.

(2) TDC Sweden (divested in the second quarter of 2016) is presented in discontinued operations. Other divestments are included in the respective accounting items during the ownership.

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

The following is a discussion and analysis of our results of operations and financial condition based on our audited consolidated financial statements as of and for the years ended December 31, 2015, 2016 and 2017 and our unaudited consolidated financial statements for the three months ended March 31, 2018, all prepared in accordance with IFRS.

In this Management's Discussion and Analysis of Financial Condition and Results of Operations, references to Consumer, Business, Wholesale, Norway and Other Operations are capitalized where, and to the extent that, the references are to the reporting segments in our consolidated financial statements prepared in accordance with IFRS.

You should read this discussion in conjunction with our consolidated financial statements and the accompanying notes included elsewhere in the Offering Memorandum. A summary of the critical accounting estimates that have been applied to our consolidated financial statements is set forth below in "—Critical Accounting Estimates." You should also review the information in the section "—Presentation of Financial and Other Information." This discussion also includes forward-looking statements which, although based on assumptions that management considers reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of risks and uncertainties facing the Issuer and TDC Group as a result of various factors, see "Forward-Looking Statements" and "Risk Factors."

Overview

We are the incumbent operator and a prominent provider of integrated communications and entertainment solutions in Denmark with a leading market position across broadband, pay-TV, mobile and landline voice services based on end-user subscriptions to consumer, business and wholesale customers and the multi-play segment with a focus on premium digital services. We also offer integrated solutions to business customers.

In Norway, we operate as one of the leading fixed line communications providers through the ownership of, Get. Get is one of Norway's leading TV and broadband providers and has one of the country's largest high speed networks for private customers. According to the latest NKOM (National Communications Authority) statistics, Get is the challenger to incumbent Telenor and the second largest provider of both TV and broadband in Norway, excluding partners.

As of March 31, 2018, in retail (which includes three of our business lines, Consumer, Business and Other Operations), we had approximately 1.3 million broadband customers, approximately 1.3 million TV customers, approximately 0.6 million landline voice customers and approximately 2.7 million mobile customers in Denmark predominantly through YouSee, our main brand for consumer services. As the incumbent operator in Denmark, we utilize a fully-owned fixed line network covering nearly 100% of the Danish population via copper phone lines, 48% via coaxial cable and 6% via fiber optic network. Our Danish mobile network provides 3G and 4G coverage to approximately 99.5% of the Danish population making it the most expansive in Denmark by third-party assessment and highly reliable network in terms of coverage and speed. In Norway, we pass a significant portion of Norwegian households with our HFC network. We define homes passed as residential dwellings only.

For the twelve month period ended March 31, 2018, we generated revenue of DKK 20,127 million (€2,702 million) and *Pro forma* Adjusted EBITDA of DKK 8,779 million (€1,178 million) (representing an EBITDA Margin of 43%). See "*Summary Consolidated Financial Information of the TDC Group*."

Key Factors Affecting Results of Operations

Market Trends and Competition

Our financial performance is impacted by the trends in the markets in which we operate and the levels of competition that we experience in each of our markets. We face significant competition in the products and services that we offer from both fixed line operators (including VoIP providers and utility companies) as well as from mobile players. In particular, there are four mobile network operators in Denmark, amongst the highest per capita in Europe. This significant competition, together with various consumer trends in the market, has adversely impacted our revenue, RGUs and/or ARPU, as applicable. The table below sets forth our revenue by product for each of the periods under review.

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
	(DKK in millions)				
Total revenue by product:					
Denmark					
Mobile services	4,563	4,535	4,607	1,121	1,175
Landline voice	2,414	1,957	1,665	449	374
Internet and network	5,132	5,037	4,789	1,244	1,170
TV	4,316	4,352	4,216	1,079	1,041
Other services	2,580	2,174	1,908	556	578
Norway	3,131	3,092	3,202	819	785
Eliminations	(201)	(116)	(117)	(29)	(27)
Total revenue	**21,935**	**21,031**	**20,270**	**5,239**	**5,096**

Danish retail mobile market

Competition in the Danish retail mobile market has been fierce for several years, resulting in relatively low prices compared to our international peers. Despite an upward pricing trend in the consumer market from the fourth quarter of 2015 driving prices upwards, the entry of a new service provider in the mobile market with a strong focus on pricing kept market prices under pressure. Historically, we have seen new service providers entering the Danish retail mobile market, such as Onfone, Telmore and CBB with the sole aim of acquiring a high number of subscribers in order to become an attractive acquisition target to one of the existing MNOs. The new market entrants used aggressive marketing and competitive pricing. As a result, while they were not profitable on a stand-alone basis, their aggressive pricing strategy has increased pressure on prices and the competition. Modest growth in the retail mobile market in recent years was primarily the result of population and employment growth supplemented by increased penetration among children and the elderly. Customer churn in the retail mobile market has been higher relative to the landline voice market due to the intensely competitive environment, new technologies, mandatory mobile number portability and fairly low switching costs. However, we have been able to improve our churn rates during the periods under review, which we believe is, to a large degree, due to our superior mobile network and also our revenue from mobility services increased year-on-year for the past two years and in the three months ended March 31, 2018 compared to the prior period due to the upward pricing trend. The industry-wide migration from landline voice to mobile continued throughout the periods under review but negative impact resulted from the regulation of roaming prices within the EU, *see"—Regulation*" below.

Danish Business market

Competition in the Danish B2B market has been intense in recent years across all products and services. The business market can be split into three segments serving public institutions (Public), enterprises (Enterprise) and small and medium businesses (SMB). For Public and Enterprise contracts, which generally have two to three year's duration, prices and contract values have gone down in renegotiations in recent years and, on mobility services, roaming regulation has also negatively affected revenue. Overall, B2B ARPU's tend to be lower as compared to the total Danish telecommunications market in both the Public and Enterprise segments. In the SMB market segment, ARPU's tend to be higher and the segment is more like the consumer market. Also, with respect to mobile services in the SMB segment, there has been some sign of stabilization recently.

Additionally, we are experiencing increasing demand for digitalization in businesses and public institutions to achieve productivity and efficiency gains as well as improved customer experiences. As a result, spending on cloud solutions in businesses in the Nordics is increasing, especially driven by communication, collaboration and customer engagement solutions. To deliver stable and high-quality cloud solutions, businesses are increasingly demanding stable and high-speed network.

Danish broadband market

The broadband market in Denmark continues to grow slightly as a result of the increased penetration among the elderly as well as population growth. In recent years, intensifying competition from wholesale and fiber providers put pressure on our DSL customer base with lower bandwidth. Utility companies that were rolling out high-speed fiber broadband infrastructure typically had a different investment horizon compared to us in relation to the sunk cost of rolling out fiber infrastructure. New market entrants do not have to contend with the legacy systems and infrastructure that we have and could potentially operate more efficiently with a leaner structure. Additionally, regulation has also been driving down wholesale prices for broadband, both ULL and bitstream access due to LRAIC regulation. However, in 2018, LRAIC prices increased slightly after being nearly halved from 2014 to 2015. The speed of fiber build-out from utility companies has slowed down. More of our competitors, both utility companies and traditional telecommunications operators, are now also focusing on operating on a service-provider model on our wholesale infrastructure, which is changing the competitive dynamics. It is increasingly important to deliver the best solutions and products in addition to providing high quality infrastructure, as is the case particularly in TV, to differentiate us from our competitors. Additionally, we are improving our infrastructure by deploying 4G/hybrid solutions to DSL customers to secure a better and more future-proof broadband infrastructure for the 15% of Denmark without fiber or cable. Our revenue from internet and network decreased in each of the periods under review, compared to the prior period. Consumer broadband revenue was relatively stable, whereas revenue from broadband in Business declined, in part due to the disposal of TDC Hosting. See "*—Acquisitions and divestments*" below for further information.

Danish pay-TV market

New entertainment and streaming services and new Danish regulations allowing MDUs the option to deviate from a collective home contract have resulted in the decline in subscribers in the pay-TV market. Consumers in the pay-TV market in Denmark are migrating to newer technologies as they become available and the decline is at a faster pace than in other European countries. Generally, countries with higher prices on traditional flow TV and where streaming services are widespread and SVoD penetration is high, such as Denmark and Norway, are experiencing lower growth in pay-TV. Traditional flow TV viewing is steadily declining in Denmark and Norway and the deselecting of flow TV is occurring more rapidly than we initially anticipated. Consumers, especially the younger generation, are switching to on-demand and internet-TV services and combined with higher prices due to higher content costs, this has resulted in both cord cutting, whereby consumers are choosing not to have a TV product, and cord shaving, whereby consumers are choosing to have less TV channels. Increasing content costs is also putting pressure on gross profit margins in the pay-TV market. Given the consumer demand for easy access to flexible entertainment on the go and at home, across all platforms and devices, we introduced our next generation TV offering in early 2018 for our YouSee customers in Denmark: flow TV is integrated with leading streaming services, all of which are available on all devices, both at home and on the go. Customers are able to fully customize their content choices using a points-based system by subscribing to a package and purchasing points that can be used to add on SVoD services. Since the launch of the new flexible TV packages we have seen a relative shift in preferences to larger packages and a significant increase in the number of flexible TV subscribers. However, in large part due to the loss of 18,000 RGUs from the fourth quarter of 2017 to the first quarter of 2018 and the overall loss of approximately 80,000 RGUs from 2016 to 2017, our revenue from TV decreased as compared to the prior period in the three months ended March 31, 2018 and the year ended December 31, 2017 after growing year-on-year in 2016.

Norwegian market (B2C)

In Norway, fiber is, since 2016, the largest broadband technology in terms of number of subscribers and is being rolled out at a fast pace, gaining relative market share largely at the expense of xDSL broadband subscribers which has dropped from 55% of subscribers in 2010 to 26% of subscribers in 2017, according to NKOM. In the same period, cable broadband volume has seen an increase in the absolute number of broadband subscribers (approximately 140,000 additional subscribers) and remained largely constant in share of subscribers. Our main broadband B2C competitors in Norway, which includes Telenor in addition to a number of local utility providers that have partnered together as "Altibox" are both driving the fiber rollout and increasing price pressure in the market, both in the SDU segment but particularly in renegotiations for contracts with the MDU segment. Get has been leading the growth in number of broadband subscribers in the Norwegian market in the last decade, and to remain competitive and meet demand for higher speed and capacity, we continuously invest in and upgrade the Get network and the customer-premise-equipment.

To be competitive in the Norwegian B2C market and meet demand for higher speed and capacity, we upgraded Get's existing hybrid-fiber network in 2017.

The pay-TV market in Norway has increased from 2,126,000 RGUs in 2010 to 2,219,000 RGUs in 2017 (approximately 0.6% CAGR) driven by digitalization of the TV distribution. Norway also has one of the highest share of paid video streaming subscriptions in the world, although the total number of pay-TV subscribers declined slightly from 2016 to 2017 by 11,500 RGUs (decrease of approximately 0.5%). Across technologies, there has been a shift from DTH and DTT distribution (from 45% of subscribers in 2010 and 34% in 2017) towards high speed infrastructures HFC and fiber-to-the-home ("**FTTH**") (from 55% in 2010 to 66% in 2017). We are well-positioned with our customer offering and aim to continuously improve our content offerings, our STB line-up and our streaming platform to meet our customers' entertainment demands. In 2013, we introduced a unique flexible TV selection offering that enabled customers to freely choose their TV-channels, and in 2017 we expanded the offering to also include a number of SVoD services, e.g., HBO Nordic. This has been well-received and more than half of Get's TV customers have used the selection menu.

Subscriber Dynamics, RGUs and ARPU

Our revenue is driven primarily by ARPU and net subscriber growth, which is in turn a function of gross subscriber additions and churn. The industry in which we operate typically exhibit churn as a result of high levels of competition, which could lead to increased costs and reduced revenue. Churn refers to yearly customer turnover expressed as a percentage and we calculate churn by dividing the gross decrease in the number of customers for a given period by the average number of customers for that period. Our churn levels may be affected by a variety of factors including changes in our or our competitors' pricing, our level of customer satisfaction, disconnection costs related to breaches of subscription contracts by customers and changes in regulations, as well as the fact that the maximum duration of retail contracts is six months, meaning customers are not locked in for long periods of time.

RGUs

Our subscriber base is driven by market dynamics (including demographics, technical innovation and changing customer preference), our ability to acquire new subscribers, and our ability to retain existing customers. We monitor RGUs as a key operating measure to track the performance of our business and the evolution of our subscriber base. RGUs relate to sources of revenue, which may not always be the same as subscriber numbers. For example, one person may subscribe for two different services, thereby accounting for only one subscriber, but two RGUs.

The following table summarizes our RGUs by business line and product in Denmark as of the dates indicated.

	As of December 31,			As of March 31,
	2015	2016	2017	2018
	('000)			
Consumer:(1)				
Mobile voice(2)	1,837	1,851	1,897	1,906
Landline voice	581	497	430	412
Broadband	1,060	1,049	1,034	1,032
TV	1,377	1,379	1,299	1,281
Data only SIM cards (mobile broadband)(2)	112	140	144	145

(1) Includes Plenti customers from the third quarter of 2017 onwards, amounting to 81,000 mobile voice RGUs.

(2) Includes Plenti customers from the third quarter of 2017 onwards, amounting to 2,000 mobile broadband RGUs.

	As of December 31,			As of March 31,
	2015	2016	2017	2018
		('000)		
Business:(1)				
Mobile voice	739	741	746	768
Landline voice	247	225	201	195
Broadband	198	184	161	182
TV	9	9	8	8
Data only SIM cards (mobile broadband)	211	219	220	220

(1) Includes 8,000 landline voice RGUs, 12,000 mobile voice RGUs, 4,000 data only SIM card RGUs, 1,000 broadband RGUs and 1,000 other data connections RGUs following the acquisition of Cirque in April 2016.

In the first quarter of 2018, our RGUs for mobility services (voice and broadband) in Denmark, in Consumer and Business recorded net increases, primarily due to winning the SKI contract through public tender in the third quarter of 2017 and growth in the small and medium business segment. Net additions to RGUs in the first quarter of 2018 with respect to Consumer mobile voice RGUs were primarily driven by the acquisition of Plenti and low churn. In 2017, the number of mobile voice RGUs increased by 46,000 and 5,000 in Consumer and Business respectively. Consumer growth was positively impacted by the acquisition of the MVNO, Plenti, in September 2017 which added 81,000 mobile voice RGUs. Declining gross additions were partly offset by lower churn rates due to improved market dynamics. Business saw growth in the small and medium business segment, which was partly offset by the loss of business contracts in 2016 with mobile voice customers churning in 2017. Landline voice recorded RGU losses of 67,000 in Consumer and 24,000 in Business in 2017 in a declining market for landline voice. In 2016, the number of mobile voice RGUs grew by 14,000 and 2,000 in Consumer and Business, respectively, with the growth in Business led by the acquisition of Cirque in the first quarter which resulted in an addition of 12,000 RGUs. Landline voice recorded a loss of 84,000 RGUs in Consumer and 22,000 in Business (including Cirque net additions of 8,000 RGUs) in 2016 in a declining market for landline voice.

In broadband, our RGUs in the first quarter of 2018 recorded net losses in both Consumer and Business to other technology offerings in the market, such as fiber. In Consumer, broadband RGUs decreased by 15,000 in 2017 due to lower gross additions, partly offset by improved churn which was due to improved market dynamics and churn-reducing initiatives. Business lost 23,000 broadband RGUs due to continuing high-levels of competition and demand for high-speed technologies where competitors offers competitive solutions. Consumer saw a decline of 11,000 RGU in 2016 as the loss of low speed xDSL subscribers was only partly offset by growth in the number of high-speed cable subscriptions. Business lost 14,000 broadband RGUs in 2016 as a result of increased competition and a change in consumer preference towards high speed technologies.

Our TV RGUs in Denmark in the first quarter of 2018 recorded a net decrease in line with previous periods and market developments in the pay-TV market. In 2017, 80,000 Consumer TV RGUs were lost in 2017 driven by cord-cutting in a shrinking market. In 2016, Consumer had 2,000 net RGU additions in TV, driven by the acquisition of a large MDU customer in the first quarter and the strategic partnership with the utility company Ewii (together accounting for 30,000 additions), which was partly offset by losses due to cord-cutting in contracting market for pay-TV services.

The following table summarizes our RGUs by business line and product in Norway as of the dates indicated.

	As of December 31,			As of and for March 31,
	2015	2016	2017	2018
		('000)		
Norway:				
TV(1)	431	431	428	428
Residential Broadband	345	362	371	372
IP-VPN (Business)(2)	14	15	15	15

(1) Excluding partner customers such as Get-branded TV services provided to smaller and regional operators, but includes B2B TV RGUs.

(2) Certain products that were previously included have been excluded since the first quarter of 2017.

In Norway, RGUs for residential broadband showed a net increase driven by the increase in broadband penetration (Get broadband RGUs as a percentage of homes connected) in the first quarter of 2018, while RGUs for TV in Norway was level in the same period with the growth in B2B RGUs being off-set by a decline in residential RGUs. TV RGUs in Norway decreased by 3,000 in 2017 due to increased competition in the market and effects from TV/Broadband unbundling, partly offset by growth in the B2B segment. The number of residential broadband RGUs grew by 9,000 driven by an increase in broadband penetration in 2017. Norway saw a flat development in the number of TV RGUs in 2016 due to increased price competition in the market. The number of residential broadband RGUs grew by 17,000 in 2016 driven by an increase in Get's broadband penetration.

ARPU

ARPU is mainly driven by prices paid by customers. Prices, in turn, are primarily driven by the competition in the market. We regularly review our pricing policy, weighing the current and future economic and competitive environment and, in the case of long-term contracts for greater than six months; adjustments according to the price index set forth in the applicable contract. Historically, we have increased the subscription fees for TV and in 2018 also for broadband at the beginning of each year and for mobile in July of each year. We present our ARPUs net of VAT, in line with industry practice.

Our ability to increase or maintain the competitive prices for our products and services, and therefore our ARPU, is also impacted by regulation. See "—*Regulation*" below.

The following table summarizes our ARPU by business line and product in Denmark for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
	(DKK per month)				
Consumer:					
Mobile voice	115	116	120	115	121
Landline voice	141	131	127	127	124
Broadband	191	190	191	189	195
TV (incl. TVoD)	255	256	258	257	263

Mobile voice ARPU has been increasing since the fourth quarter of 2015, driven by the upward pricing trend in the market. The loss of revenue due to the "roam like at home" EU Roaming Regulation with full effect June 15, 2017 was partly offset by higher package prices.

Landline voice ARPU has been trending downwards due to changed mix of PSTN and VoIP as well as more traffic included in flatrate packages to retain customers.

Broadband ARPU was stable from 2015 through 2017 and increased in 2018 on the back of price increases following the higher wholesale prices we were able to charge for access to our fixed line infrastructure. See "—*Regulation*" below for more information.

TV ARPU has increased slightly since 2015 reflecting recurring price increases at the beginning of each year, partly offset by a trend of migration to smaller packages.

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
	(DKK per month)				
Business:					
Mobile voice	134	119	109	114	108
Landline voice	331	310	297	310	289
Broadband	262	259	271	269	285

In Business, mobile voice ARPU has been decreasing since 2015, reflecting intense competition and loss of revenue from the EU Roaming Regulation. Landline voice ARPU has followed the same declining trend as for Consumer. During the periods under review, broadband ARPU increased driven by upselling higher speeds to customers.

The following table summarizes our ARPU by product in Norway for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
	(NOK per month)				
Residential Broadband	248	255	257	259	257
TV[(1)]	279	282	330	321	319

(1) TV ARPU was affected by one time revenue gains of approximately NOK 30 million in the first quarter of 2017 and approximately NOK 35 million in the second quarter of 2017.

ARPU for Norway has increased during the periods under review primarily as a result of increased prices covering new content agreements allowing premium content in basic offerings. Broadband ARPU was stable from 2017 through the first quarter of 2018, after having increased from 2015 to 2017 as a result of migration of customers to higher speeds and upselling of higher speeds in both 2016 and 2017. This was partly offset by a greater proportion of lower ARPU collective agreements.

Regulatory Impact

In Denmark, we are subject to regulation by the national regulator which has a significant impact on our financial results. See "*Regulation*" for more information about our regulatory framework.

Our prices for certain products are partly regulated by the DBA primarily through the LRAIC model, while in the international retail and wholesale business roaming is regulated by the EU Roaming Regulation. The LRAIC model is determined by the DBA based on EU regulations.

As an EU mobile provider, we are subject to a number of obligations under the EU Roaming Regulation when our customers travel within the EU, relating to the retail prices we charge our customers for voice, SMS and data and the wholesale prices between operators. Since June 2017, under EU regulations, customers have been able to 'Roam like home' within the EU, paying domestic prices when travelling with no extra fees, except for data roaming where a fair use limit may be applied. At the wholesale level, price caps have remained in place, on an agreed glide path, reducing to January 1, 2022.

During the periods under review, our revenue was impacted by regulations, including international roaming regulation, such as the EU Roaming Regulation, and various regulations of our wholesale pricing of especially broadband (ULL, Bit Stream Access and VULA) but also landline and mobile interconnect. In the year ended December 31, 2016, our revenue was negatively impacted by DKK 152 million and in the year ended December 31, 2017, our revenue was negatively impacted by DKK 100 million as a result of changes in regulations. We expect a negative financial impact in 2018, as compared to 2017, from EU roaming regulations, through the second quarter of 2018. After the second quarter of 2018, the impact of the EU Roaming Regulation will be almost fully reflected in the financial statements in twelve months and no further significant year-on-year impact is expected.

Our organic revenue and organic EBITDA provide a measure of our performance adjusting for the effects of regulations, acquisitions and divestments and foreign exchange rates.

Special Items

Our results of operations are affected by special items that we record from time to time. Special items are significant amounts that management considers are not attributable to normal operations such as large gains and losses related to divestment of subsidiaries, special write-downs for impairment and costs for restructuring and other items. The following table sets forth special items for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,
	2015	2016	2017	2018
Gains from divestments of enterprises and property	—	—	137	—
Loss on sale of enterprises	—	(2)	—	—
Costs related to redundancy programs and vacant tenancies	(375)	(221)	(316)	(43)
Other restructuring costs	(89)	(53)	(91)	(7)
Impairment losses	(4,658)	—	—	—
Income from rulings	—	—	54	85
Loss from rulings	(5)	(5)	(4)	—
Adjustment of purchase price of enterprises	24	—	—	—
Costs relating to acquisition of enterprises	1	—	(11)	(18)
Special items before income taxes	**(5,102)**	**(281)**	**(231)**	**17**
Income taxes related to special items	227	60	60	(9)
Special items related to joint ventures andassociates	—	1	—	—
Special items related to discontinued operations	(11)	973	26	—
Total special items	**(4,886)**	**753**	**(145)**	**8**

In the first quarter of 2018, special items related primarily to compensation received from the Danish state of DKK 85 million for the costs of providing maritime distress and safety service in Denmark in 2008-2009. In 2017, special items related to the divestment of a subsidiary, reflecting primarily the gain on the disposal of TDC Hosting in March 2017 of DKK 137 million. In 2016, special items related primarily to the gain on divesting TDC Sweden of DKK 981 million. We expect to recognize further special items in 2018 including further redundancy programs that were planned prior to the Acquisition and costs related to the change of control in TDC, including the settlement of granted rights related to a TDC share-based incentives program and defensive advisory costs, amongst other items.

Acquisitions and divestments

We have made a number of significant acquisitions and divestments in recent years. The most important was the acquisition of Get in Norway in 2014. Other important acquisitions and divestments include the acquisition of Cirque in 2016, Plenti in Denmark in 2017 and the disposal of TDC Sweden in 2016 and TDC Hosting in 2017.

Our acquisitions and divestments can have a number of effects on our results of operations, which may impact the period-to-period comparability of our consolidated financial statements or the results of a business line. Dispositions of large businesses may be characterized as discontinued operations, with restated comparative figures being presented. Large gains and losses on the divestment of businesses may also be recorded as special items.

After the divestment of TDC Sweden in October 2016, TDC Group's consolidated financial statements were restated and therefore have no comparability impact. However, the divestment of TDC Hosting and acquisition of Plenti as well as other minor acquisitions, all impact the period-to-period comparability.

Revenue growth in 2016 was impacted positively by DKK 68 million principally by the acquisition of Cirque in the second quarter of 2016 by Business. In 2017, revenue growth was impacted negatively by DKK 103 million due to the divestment of TDC Hosting in the first quarter of 2017, partly offset by the acquisition of Plenti in the third quarter of 2017 as well as the Cirque acquisition and other minor acquisitions in Business during the year. No further acquisitions and divestments have been made in 2018, but year-on-year revenue growth in the first quarter of 2018 was impacted negatively by DKK 25 million due to continuing effects of the acquisitions and divestments discussed above.

The MVNO brand Plenti which we acquired in September 2017 had a negative EBITDA run-rate at the time of acquisition on a stand-alone basis. The negative EBITDA was mainly due to high MVNO costs to Hi3G. The customers were migrated to TDC's network during the fourth quarter of 2017 and are now contributing to our results with both positive EBITDA and revenue.

Our organic revenue and organic EBITDA provide a measure of our performance adjusting for the effects of regulations, acquisitions and divestments and foreign exchange rates.

Impact of IFRS 15

The standard IFRS 15 Revenue from contracts with customers, effective from January 1, 2018, impacts our financial statements as follows:

- *Revenue arrangements with multiple deliverables* – Discounts on bundled sales are allocated between handsets and subscriptions based on their relative fair values resulting in earlier recognition of revenue. Previously, discounts were fully allocated to the handsets.

- *Handsets sold below cost* – Sales of handsets below cost in an arrangement that cannot be separated from the provision of services are now recognised as revenue. Previously, such sales were not recognised as revenue.

- *Subscriber acquisition costs* – Costs that are incremental to obtaining contracts with customers are capitalised and subsequently recognised as expenses over the expected lifetime of the customer relationships. Previously, such costs were expensed as incurred.

- *Non-refundable up-front connection fees* – Such fees are no longer seen as payment for a separate service. The fees are included in the total transaction price for the contract with the customer and allocated to the identified performance obligations (services).

- *Fulfilment costs* – Fulfilment costs are only capitalised if they are directly related to a contract or an anticipated contract. Previously, expenses related to non-refundable up-front connection fees were capitalised even if they were not directly related to a contract.

For a description of our handset sales and distribution, see "*Business—Sales and Marketing—Distribution*."

Description of Key Income Statement Items

Revenue

Revenue is measured at the fair value of the consideration receivable, exclusive of sales tax and discounts relating directly to sales. Revenue comprises goods and services provided during the year. Goods and services may be sold separately or in bundled packages. Services include traffic and subscription fees, interconnection and roaming fees, fees for leased lines, network services, TV distribution as well as connection and installation fees. Goods include customer premises equipment, telephony handsets, PCs, and set-top boxes.

Cost of Sales

Cost of sales includes transmission costs and cost of goods sold. Transmission costs include external expenses related to operation of mobile and fixed line networks and leased transmission capacity as well as interconnection and roaming costs related directly to the Group's primary income.

Cost of goods sold includes terminal equipment and transmission material as well as TV-program rights and other content costs. The cost of a handset is expensed as cost of sales when the handset is sold unless the handset is sold below cost. The sale could be an individual sale or a multiple-element sale with a subscription.

External Expenses

External expenses include expenses related to marketing and advertising, IT, property, expenses related to staff, capacity maintenance and service contracts.

Subscriber acquisition and retention costs are expensed as incurred. The most common subscriber acquisition costs are handsets and dealer commissions. If a handset is sold below cost, the difference between the sales price and the cost of the handset is considered a marketing expense and is expensed under external expenses.

Personnel Expenses

Personnel expenses primarily include wages and salaries, pensions, share-based remuneration and social security charges.

Other Income

Other income comprises mainly compensation for cable breakages, investment advisory fees from the related pension funds as well as profit relating to divestment of property, plant and equipment.

Depreciation, Amortization, and Impairment losses

Depreciation and amortization relate to land and buildings, network infrastructure assets and equipment and intangible assets, respectively. Impairment loss represents the amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

Special Items

Special items include significant amounts that cannot be attributed to normal operations such as restructuring costs and special write-downs for impairment of intangible assets and property, plant and equipment. Special items also include gains and losses related to divestment of enterprises, as well as transaction costs and adjustments of purchase prices relating to the acquisition of enterprises.

Financial Income and Expenses

Financial income and expenses consists of: (i) interest income on bank balances, derivative instruments, receivables and other financial income, (ii) interest expenses on bank balances, borrowings, payables, derivative instruments and other financial expenses, e.g. issue expenses and similar direct transaction expenses to raise borrowed funds, (iii) exchange rate gains and losses on borrowings, derivative instruments, etc., (iv) profit from joint ventures and associates as well as (v) interest income on pension assets.

Income Taxes

Tax for the year comprises current income tax, changes in deferred tax and adjustments from prior years and is recognised in the income statement in income taxes, except to the extent that it relates to items recognised in other comprehensive income. The Danish tax rate is 22% and the Norwegian tax rate is 23% (in 2017, the Norwegian corporate income tax was reduced from 24% to 23% with effect from 2018 onwards). Interest tax deductibility in Denmark is subject to three limitation rules. One of these, the asset test, currently applies to TDC. Under this rule, interest deductibility is limited to the extent the expenses exceed a cap calculated as 3.2% of the taxable asset value in 2017 (2016: 3.4% and 2015: 4.1%). Denmark also applies a thin capitalization rule, where interests on controlled debt exceeding 4:1 of the equity is capped, and an EBIT rule under which net financial expenses cannot reduce EBIT by more than 80%. In Norway, interest tax deductibility is typically limited to a cap of 25% of EBITDA.

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 will be affected within twelve months in accordance with a single coordinated plan.

Results of Operations

The table below shows our consolidated results of operations for the years ended December 31, 2015, 2016 and 2017 and for the three months ended March 31, 2017 and 2018.

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
				(Unaudited)	
			(DKK in millions)		
Revenue	21,935	21,031	20,270	5,239	5,096
Cost of sales	(5,477)	(5,404)	(5,301)	(1,430)	(1,443)
Gross profit	**16,458**	**15,627**	**14,969**	**3,809**	**3,653**
External expenses	(3,473)	(3,434)	(3,163)	(766)	(702)
Personnel expenses	(3,642)	(3,805)	(3,664)	(935)	(898)
Other income	145	100	102	25	23
Operating profit before depreciation, amortization and special items (EBITDA)	**9,488**	**8,488**	**8,244**	**2,133**	**2,076**
Depreciation, amortization and impairment losses	(5,074)	(4,940)	(5,160)	(1,263)	(1,223)
Special items	(5,102)	(281)	(231)	65	17
Operating profit (EBIT)	**(688)**	**3,267**	**2,853**	**935**	**870**
Financial income and expenses	(1,104)	(776)	(838)	(166)	(31)
Profit before income taxes	**(1,792)**	**2,491**	**2,015**	**769**	**839**
Income taxes	(660)	(529)	(488)	(154)	(196)
Profit for the period coming from continuing operations	**(2,452)**	**1,962**	**1,527**	**615**	**643**
Profit from discontinued operations(1)	68	1,075	26	—	—
Profit for the period	**(2,384)**	**3,037**	**1,553**	**615**	**643**

(1) TDC Sweden (divested in the second quarter of 2016) is presented in discontinued operations. Other divestments are included in the respective accounting items during the ownership.

Three Months Ended March 31, 2018 as Compared to Three Months Ended March 31, 2017

Revenue

Our revenue for the three months ended March 31, 2018 was DKK 5,096 million, a decrease of DKK 143 million, or 2.7%, compared to DKK 5,239 million in the three months ended March 31, 2017, in part due to negative effects from regulated EU roaming prices. Organic revenue, which adjusts for such regulatory effects as well as the effects of foreign exchange rates and acquisitions and divestments, remained nearly stable with a decline of 0.7%. The rate of revenue decline represents an improvement compared to the prior period, driven mainly by improved performance in mobility services in Denmark.

By Segment

Set forth below is a discussion of our revenue by segment for the three months ended March 31, 2018 as compared to the three months ended March 31, 2017.

	For the three months ended March 31,		Change	
	2017	2018[1]	(amount)	(%)
	(DKK in millions, except percentages)			
Consumer:				
Mobility services	687	748	61	8.9
Landline voice	186	157	(29)	(15.6)
Internet and network	603	610	7	1.2
TV	1,056	1,019	(37)	(3.5)
Other services	208	202	(6)	(2.9)
Total Consumer revenue	**2,740**	**2,736**	**(4)**	**(0.1)**

(1) Includes the results of Plenti which was acquired in September 2017.

Revenue from our Consumer segment for the three months ended March 31, 2018, amounted to DKK 2,736 million, a decrease of DKK 4 million, or 0.1%, from DKK 2,740 million for the three months ended March 31, 2017. This was principally as a result of decreases in revenue from TV due to lower TV flow subscriptions and a decrease in revenue from landline voice due to a loss of customers resulting in a net loss of 64,000 lines as compared to 2017, which offset the increase in revenue from mobility services. The number of TV RGUs declined by 76,000 year-on-year, with the effects on revenue partly countered by a DKK 6 higher ARPU. The increase in revenue for mobility services was driven by more mobile voice subscribers with higher ARPU. The Consumer mobile voice RGU base grew by 71,000 RGUs to 1,906,000 RGUs in the first quarter of 2018 compared to the first quarter of 2017, driven by the Plenti acquisition and partly due to organic growth of 9,000 in the first quarter of 2018. ARPU improved by DKK 6, compared to the three-months ended March 31, 2017, to DKK 121 driven by price increases in July 2017, partly offset by lower billed traffic volumes. The mobile broadband customer base increased by 6,000 RGUs to 145,000 RGUs in the first quarter of 2018 compared to the first quarter of 2017, and ARPU rose by 12% driven by our new mobile broadband portfolio/product which launched at the end of 2016 and the resulting improvements in product mix.

	For the three months ended March 31,		Change	
	2017	2018	(amount)	(%)
	(DKK in millions, except percentages)			
Business:				
Mobility services	302	291	(11)	(3.6)
Landline voice	204	171	(33)	(16.2)
Internet and network	439	319	(120)	(27.3)
TV	9	8	(1)	(11.1)
Other services	271	268	(3)	(1.1)
Total Business revenue	**1,225**	**1,057**	**(168)**	**(13.7)**

Revenue from our Business segment for the three months ended March 31, 2018, amounted to DKK 1,057 million, a decrease of DKK 168 million, or 13.7%, from DKK 1,225 million for the three months ended March 31, 2017. This was principally as a result of the divestment of TDC Hosting and loss of customers in internet and network due to increased competition and a generally declining market for landline voice. Internet and network revenue was mainly impacted by the divestment of TDC Hosting and secondly by lower broadband revenue as we recorded a net loss of 21,000 RGUs as compared to 2017. Landline voice revenue declined due to a reduction of 21,000 RGUs and a decrease in ARPU of DKK 21. The decrease in landline voice ARPU and RGUs was in line with market trends for this product. The mobility services customer base grew by 32,000 RGUs in the first quarter of 2018 compared to the first quarter of 2017 and was driven primarily by the public tender awarded in the third quarter of 2017 (the SKI contract) and secondly an improved trend in the small and medium business segment. The positive effect of the increase in customers was offset by a lower ARPU, largely due to EU roaming being a part of subscriptions as a result of regulation.

	For the three months ended March 31,		Change	
	2017	2018	(amount)	(%)
	(DKK in millions, except percentages)			
Wholesale:				
Mobility services	132	138	6	4.5
Landline voice	56	44	(12)	(21.4)
Internet and network	191	201	10	5.2
TV	13	14	1	7.7
Other services	37	37	—	0.0
Total Wholesale revenue	**429**	**434**	**5**	**1.2**

Revenue from our Wholesale segment for the three months ended March 31, 2018, amounted to DKK 434 million, an increase of DKK 5 million, or 1.2%, from DKK 429 million for the three months ended March 31, 2017. This was principally as a result of increased revenue from mobility services (due to increased mobile interconnect volume) and internet and network, but was partly offset by a decrease in revenue from landline voice services. Revenue from internet and network increased as a result of higher broadband revenue due to a movement of the base towards the more processed higher speed products combined with higher ARPU stemming from regulatory price increases effective as of January 1, 2018. Landline voice revenue decreased primarily due to a decrease in RGUs of 14,000 due to the decline in the overall landline voice market.

	For the three months ended March 31,		Change	
	2017	2018	(amount)	(%)
	(DKK in millions, except percentages)			
Other Operations:				
Mobility services	1	1	—	—
Landline voice	3	3	—	—
Internet and network	45	43	(2)	(4.4)
TV	1	—	(1)	100.0
Other services	55	74	19	34.5
Total revenue from Other Operations	**105**	**121**	**16**	**15.2**

Revenue from our Other Operations for the three months ended March 31, 2018, amounted to DKK 121 million, an increase of DKK 16 million, or 15.2%, from DKK 105 million for the three months ended March 31, 2017. This was as a result of an increase in managed services in the installation subsidiary DKTV.

	For the three months ended March 31,		Change	
	207	2018	(amount)	(%)
	(NOK in millions, except percentages or as otherwise stated)			
Norway				
Residential TV(1)	408	394	(14)	(3.4)
Residential broadband	282	287	5	1.8
Business(2)	228	219	(9)	(3.9)
Other residential services	72	115	43	59.7
Total Norway revenue	**990**	**1,015**	**25**	**2.5**
Total Norway revenue (DKK millions)(3)	**819**	**785**	**(34)**	**(4.2)**

(1) Affected by one time gains of approximately NOK 30 million in the first quarter of 2017.

(2) Includes TDC Norway and Get business division.

(3) NOK/DKK exchange rate of 0.773 for the three months ended March 31, 2018 and 0.827 for the three months ended March 31, 2017 is weighted average based on revenue; includes eliminations between Denmark and Norway.

Revenue from our Norway segment, comprised of Get and TDC Norway, for the three months ended March 31, 2018, was DKK 785 million, a decrease of DKK 34 million, or 4.3%, from DKK 819 million for the three months ended March 31, 2017. However, in local currency, revenue for Norway increased by NOK 25 million, or 2.5%, to NOK 1,015 million for the three months ended March 31, 2018. This was principally as a result of an increase in other residential services related to, among others, mobile voice and revenue from our partners' customers. The TV revenue development was negatively affected by a one time gain of approximately NOK 30 million in the first quarter of 2017 that led to higher revenue in such period.

By Product

The following table sets forth our revenue by product in Denmark as well as total revenue in Norway for the three months ended March 31, 2018 as compared to the three months ended March 31, 2017.

	For the three months ended March 31,		Change	
	2017	2018	(amount)	(%)
	(DKK in millions, except percentages)			
Total revenue by product:				
Denmark				
Mobility services	1,121	1,175	54	4.8
Landline voice	449	374	(75)	(16.7)
Internet and network	1,244	1,170	(74)	(5.9)
TV	1,079	1,041	(38)	(3.5)
Other services	556	578	22	4.0
Norway	819	785	(34)	(4.2)
Eliminations	(29)	(27)	2	6.9
Total revenue	**5,239**	**5,096**	**(143)**	**(2.7)**

Cost of Sales

We recorded DKK 1,443 million in cost of sales for the three months ended March 31, 2018, an increase of DKK 13 million, or 0.9%, as compared to DKK 1,430 million in the three months ended March 31, 2017.

The table below sets forth our cost of sales for the three months ended March 31, 2018 as compared to the three months ended March 31, 2017.

	For the three months ended March 31,		Change	
	2017	2018	(amount)	(%)
	(DKK in millions, except percentages)			
Mobility services	(146)	(145)	1	0.7
Landline voice	(64)	(67)	(3)	(4.7)
Internet and network	(161)	(131)	30	18.6
TV	(660)	(701)	(41)	(6.2)
Other	(399)	(399)	—	—
Total cost of sales	**(1,430)**	**(1,443)**	**(13)**	**(0.9)**

Gross Profit

Our gross profit for the three months ended March 31, 2018 was DKK 3,653 million, a decrease of DKK 156 million, or 4.1%, compared to DKK 3,809 million in the three months ended March 31, 2017. This was principally as a result of the continued decline in landline voice. Our gross margin, which we calculate as gross profit divided by revenue, for the three months ended March 31, 2018 was 71.7%, compared to 72.7% for the three months ended March 31, 2017. See "*Presentation of Financial and Other Information—Non-IFRS Financial Measures*" for more information on gross profit.

Operating Expenses

Our operating expenses which includes external expenses, personnel expenses and other income, decreased by 5.9%, or DKK 99 million, to DKK 1,577 million in the three months ended March 31, 2018, due to reduced impact from foreign exchange rates as well as acquisitions and divestments and cost savings. The cost savings were driven mainly by renegotiation of supplier contracts within Other Operations and organic full-time employee reductions of 6.2% or 485 full time employees stemming from efficiency improvements in the field force and streamlining of the Danish B2B business.

External expenses for the three months ended March 31, 2018 was DKK 702 million, a decrease of DKK 64 million, or 8.4%, as compared to DKK 766 million in the three months ended March 31, 2017. The decrease was primarily due to renegotiation of supplier contracts within Other Operations and the insourcing of customer support from Sitel in 2017 and the resulting shift between reporting lines from consultancy costs to personnel expenses.

The table below sets forth our external expenses for the three months ended March 31, 2018 as compared to the three months ended March 31, 2017.

	For the three months ended March 31,		Change	
	2017	**2018**	**(amount)**	**(%)**
	(DKK in millions, except percentages)			
Marketing and advertising expenses	(59)	(64)	(5)	(8.5)
Subscriber acquisition and retention expenses	(66)	(54)	12	18.2
Property expenses	(193)	(183)	10	5.2
IT expenses	(93)	(98)	(5)	(5.4)
Temps and personnel related expenses	(59)	(71)	(12)	(20.3)
Other expenses	(297)	(231)	66	22.2
Total external expenses	**(766)**	**(702)**	**64**	**8.4**

We recorded DKK 898 million in personnel expenses for the three months ended March 31, 2018, a decrease of DKK 37 million, or 4.0%, as compared to DKK 935 million in the three months ended March 31, 2017.

Our other income for the three months ended March 31, 2018 was DKK 23 million, a decrease of DKK 2 million, or 8%, compared to DKK 25 million in the three months ended March 31, 2017.

EBITDA

Our EBITDA for the three months ended March 31, 2018 was DKK 2,076 million, a decrease of DKK 57 million, or 2.7%, compared to DKK 2,133 million in the three months ended March 31, 2017. EBITDA adjusting for effects of regulation as well as the effects of foreign exchange rates and acquisitions and divestments, which we refer to as organic EBITDA, increased by 1.1% driven by the strong performance in mobility services and cost cutting in Denmark, partly offset by the continued decline in landline voice and TV. The organic EBITDA growth rate in Denmark was at its highest level since 2010.

Depreciation, Amortisation and Impairment Losses

We recorded DKK 1,223 million in depreciation, amortisation and impairment losses for the three months ended March 31, 2018, a decrease of DKK 40 million, or 3.2%, as compared to DKK 1,263 million in the three months ended March 31, 2017. The decrease was primarily due to higher depreciation on various network equipment related to the upgrading of the cable network to enable 1 gigabit broadband in 2017.

Special Items

We recorded DKK 17 million in special items for the three months ended March 31, 2018, a decrease of DKK 48 million, or 73.8%, as compared to DKK 65 million in the three months ended March 31, 2017. The decrease was primarily due to the gain from divestment of TDC Hosting in the first quarter of 2017 partly offset by the DKK 85 million compensation received in the first quarter of 2018 from the Danish State for the costs of providing maritime distress and safety service in Denmark in 2008 through 2009.

Financial income and expenses

We recorded DKK 31 million in loss on financial income and expenses for the three months ended March 31, 2018, a decrease of DKK 135 million, or 81.3%, as compared to DKK 166 million in the three months ended March 31, 2017. The decrease was primarily due to currency translation adjustments in the first quarter of 2018 as intercompany loans denominated in NOK resulted in a currency gain of DKK 85 million, whereas these loans resulted in a currency loss of DKK 30 million in the first quarter of 2017.

Income Taxes

We recorded DKK 196 million in income taxes for the three months ended March 31, 2018, an increase of DKK 42 million, or 27.3%, as compared to DKK 154 million in the three months ended March 31, 2017, reflecting the increase in profit before tax. The decrease in effective tax rate (excluding special items) from 23.3% for the three months ended March 31, 2017 to 22.7% for the three months ended March 31, 2018 was primarily due to utilization of a tax asset which was not recognized.

Profit for the period

For the reasons discussed above, our profit for the period for the three months ended March 31, 2018 was DKK 643 million, an increase of DKK 28 million, or 4.6%, compared to DKK 615 million in the three months ended March 31, 2017.

Year Ended December 31, 2017 as Compared to Year Ended December 31, 2016

Revenue

Our revenue for the year ended December 31, 2017 was DKK 20,270 million, a decrease of DKK 761 million, or 3.6%, compared to DKK 21,031 million in the year ended December 31, 2016, primarily reflecting the negative impact of acquisitions, divestments, the implementation of the EU Roaming Regulation and foreign exchange rates. Organic revenue, which is adjusted for the impact of these items decreased by 2.6% which was due mainly to intense competition facing Business and the TV and landline voice decline in Consumer in Denmark.

By Segment

Set forth below is a discussion of our revenue by segment for the year ended December 31, 2017 as compared to the year ended December 31, 2016.

	For the year ended December 31,		Change	
	2016	**2017**	**(amount)**	**(%)**
	(DKK in millions, except percentages)			
Consumer[(1)]:				
Mobility services	2,739	2,880	141	5.1
Landline voice	842	699	(143)	(17.0)
Internet and network	2,447	2,409	(38)	(1.6)
TV	4,257	4,131	(126)	(3.0)
Other services	522	414	(108)	(20.7)
Total Consumer revenue	**10,807**	**10,533**	**(274)**	**(2.5)**

(1) The two operating segments YouSee and Online Brands are aggregated to the reportable segment Consumer as both render telecoms services B2C on the same telecoms network and under the same regulatory environment.

Revenue from our Consumer segment for the year ended December 31, 2017, amounted to DKK 10,553 million, a decrease of DKK 274 million, or 2.5%, from DKK 10,807 million for the year ended December 31, 2016. This was principally as a result of customer losses and lower ARPU in landline voice and the decreased customer base in TV as customers deselected flow TV, in line with the new industry-wide trend. The losses were partly offset by an increase in revenue from mobility services as both mobile voice ARPU and mobile broadband ARPU increased. The improvement in mobile voice ARPU was driven by price increases across Consumer's brands, partly offset by less roaming being billed due to the inclusion of EU roaming in subscriptions from June 2017, while the increase in mobile broadband ARPU was driven by the changes in the sales portfolio to include more data.

	For the year ended December 31,		Change	
	2016	2017	(amount)	(%)
	(DKK in millions, except percentages)			
Business:				
Mobility services	1,254	1,165	(89)	(7.1)
Landline voice	854	753	(101)	(11.8)
Internet and network	1,819	1,464	(355)	(19.5)
TV	37	33	(4)	(10.8)
Other services	1,277	1,106	(171)	(13.4)
Total Business revenue	**5,241**	**4,521**	**(720)**	**(13.7)**

Revenue from our Business segment for the year ended December 31, 2017, amounted to DKK 4,521 million, a decrease of DKK 720 million, or 13.7%, from DKK 5,241 million for the year ended December 31, 2016. This was principally as a result of the decrease in revenue from internet and network as a result of the divestment of TDC Hosting and the transfer of the "smart security" business area from Business to Other Operations from the third quarter of 2016. Revenues from other services, landline voice and mobility services also declined in 2017.

	For the year ended December 31,		Change	
	2016	2017	(amount)	(%)
	(DKK in millions, except percentages)			
Wholesale:				
Mobility services	549	574	25	4.6
Landline voice	248	200	(48)	(19.4)
Internet and network	750	786	36	4.8
TV	55	52	(3)	(5.5)
Other services	139	141	2	1.4
Total Wholesale revenue	**1,741**	**1,753**	**12**	**0.7**

Revenue from our Wholesale segment for the year ended December 31, 2017, amounted to DKK 1,753 million, an increase of DKK 12 million, or 0.7%, from DKK 1,741 million for the year ended December 31, 2016. This was principally as a result of increased revenues from mobility services and internet and network which offset the decline in revenue from landline voice and TV. Revenue from mobility services increased in part due to increasing revenue from new customers as uptake among existing customers increased, growth in ARPU as a result of a favorable change in customer mix and in part by interconnect and roaming. Revenue from internet and network increased due to an increase in broadband and capacity revenue. The broadband customer base for Wholesale increased by 21,000 RGUs driven by new wholesale customers' uptake of cable but at the expense of a similar loss of ULL customers, while ARPU remained stable.

	For the year ended December 31,		Change	
	2016	2017	(amount)	(%)
	(DKK in millions, except percentages)			
Other Operations:				
Mobility services	2	2	—	—
Landline voice	14	12	(2)	(14.3)
Internet and network	135	173	38	28.1
TV	4	1	(3)	(75.0)
Other services	338	312	(26)	(7.7)
Total revenue from Other Operations	**493**	**500**	**7**	**1.4**

Revenue from our Other Operations remained almost flat for the year ended December 31, 2017, amounting to DKK 500 million, an increase of DKK 7 million, or 1.4%, from DKK 493 million for the year ended December 31, 2016.

	For the year ended December 31,		Change	
	2016(3)	2017(4)	(amount)	(%)
	(NOK in millions, except percentages or as otherwise stated)			
Norway:				
Residential TV	1,443	1,658	215	14.9
Residential broadband	1,083	1,129	46	4.2
Business(1)	1,030	904	(126)	(12.2)
Other residential services	302	323	21	7.0
Total Norway revenue	**3,858**	**4,014**	**156**	**4.0**
Total Norway revenue (DKK millions)(2)	**3,092**	**3,202**	**110**	**3.6**

(1) Includes TDC Norway and Get business division.

(2) NOK/DKK exchange rate of 0.798 for the year ended December 31, 2017 and of 0.801 for the year ended December 31, 2016 is weighted average based on revenue.

(3) In the first quarter of 2016, revenue was affected positively by one-offs relating primarily to a settlement in a legal dispute over partner customers amounting to revenue of NOK 13 million and operating expenses of NOK 5 million.

(4) In the fourth quarter of 2017, gross profit was positively affected by a one-off of NOK 10 million relating to content.

Revenue from our Norway segment for the year ended December 31, 2017, amounted to DKK 3,202 million, an increase of DKK 110 million, or 3.6%, from DKK 3,092 million for the year ended December 31, 2016. This was principally as a result of an increase in revenues for Get as a result of increased revenues from TV driven by an increase in ARPU, following the launch of major improvements to their TV offering but also including one-offs related to previous periods. Norway's revenue was also positively impacted to by increased revenues from broadband as Get successfully expanded its customer base and increased ARPU resulting from upsale to higher speeds. TV revenue was also affected by a one time gain of approximately NOK 30 million in the first quarter of 2017 and approximately NOK 35 million in the second quarter of 2017. Get's increased revenues in TV and broadband was partly offset by a decline in revenue from our B2B and TDC Norway operations, mainly stemming from ARPU price pressure.

By Product

The following table sets forth a breakdown of our revenue for the years ended December 31, 2017 and 2016, split by product as well as total revenue in Norway.

	For the year ended December 31,		Change	
	2016	2017	(amount)	(%)
	(DKK in millions, except percentages)			
Total revenue by product:				
Denmark				
Mobility services	4,535	4,607	72	1.6
Landline voice	1,957	1,665	(292)	(14.9)
Internet and network	5,037	4,789	(248)	(4.9)
TV	4,352	4,216	(136)	(3.1)
Other services	2,174	1,908	(266)	(12.2)
Norway	3,092	3,202	110	3.6
Eliminations	(116)	(117)	(1)	(0.9)
Total revenue	**21,031**	**20,270**	**(761)**	**(3.6)**

Cost of sales

The table below sets forth our cost of sales for the year ended December 31, 2017 as compared to the year ended December 31, 2016.

	For the year ended December 31,		Change	
	2016	**2017**	**(amount)**	**(%)**
	(DKK in millions, except percentages)			
Mobility services	(603)	(646)	(43)	(7.1)
Landline voice	(349)	(258)	91	26.1
Internet and network	(693)	(592)	101	14.6
TV	(2,544)	(2,683)	(139)	(5.5)
Other services	(1,215)	(1,122)	93	7.7
Total cost of sales	**(5,404)**	**(5,301)**	**103**	**1.9**

Cost of sales for the year ended December 31, 2017 decreased by DKK 103 million, or 1.9%, to DKK 5,301 million as compared to DKK 5,404 million in the year ended December 31, 2016. The decrease was primarily due to lower cost of sales in internet and network and other services.

Gross Profit

Our gross profit for the year ended December 31, 2017 was DKK 14,969 million, a decrease of DKK 658 million, or 4.2%, compared to DKK 15,627 million in the year ended December 31, 2016. This was driven mainly by a slight decline in revenue in Business and Consumer. Our gross margin decreased to 73.8% from 74.3%, caused by a lower margin in Get TV driven by content cost and a decline in the share of revenue from high-margin landline voice at Consumer. Both the revenue and margin declines were also influenced by the continued decline in landline voice.

Operating Expenses

Our operating expenses which include external expenses, personnel expenses and other income, decreased by DKK 414 million, or 5.8%, to DKK 6,725 million in the year ended December 31, 2017, due to the execution of strategic initiatives such as the TDC and YouSee brand merger in 2016, fewer calls to customer support and process efficiency leading to reductions in full-time employees across business lines, despite the insourcing of call centers in 2017.

External expenses was DKK 3,163 million for the year ended December 31, 2017, a decrease of DKK 271 million, or 7.9%, as compared to DKK 3,434 million in the year ended December 31, 2016.

The table below sets forth our external expenses for the year ended December 31, 2017 as compared to the year ended December 31, 2016.

	For the year ended December 31,		Change	
	2016	**2017**	**(amount)**	**(%)**
	(DKK in millions, except percentages)			
Marketing and advertising expenses	(284)	(257)	27	9.5
Subscriber acquisition and retention expenses	(460)	(448)	12	2.6
Property expenses	(721)	(686)	35	4.9
IT expenses	(410)	(407)	3	0.7
Temps and personnel related expenses	(228)	(235)	(7)	(3.1)
Other expenses	(1,331)	(1,130)	201	15.1
Total external expenses	**(3,434)**	**(3,163)**	**271**	**7.9**

We recorded DKK 3,664 million in personnel expenses for the year ended December 31, 2017, a decrease of DKK 141 million, or 3.7%, as compared to DKK 3,805 million in the year ended December 31, 2016.

Our other income for the year ended December 31, 2017 was DKK 102 million, an increase of DKK 2 million, or 2.0%, compared to DKK 100 million in the year ended December 31, 2016.

EBITDA

Our EBITDA for the year ended December 31, 2017 was DKK 8,244 million, a decrease of DKK 244 million, or 2.9%, compared to DKK 8,488 million in the year ended December 31, 2016. This decrease was due to decline in Denmark driven by Consumer's loss of landline voice and TV customers and intense competition across all segments and products in Business, partly offset by lower operating expenses. Our Organic EBITDA decreased by 0.8%, which was an improvement compared to 2016 driven mainly by improved operating expenditure.

Depreciation, Amortisation and Impairment Losses

We recorded DKK 5,160 million of depreciation, amortisation and impairment losses for the year ended December 31, 2017, an increase of DKK 220 million, or 4.5%, as compared to DKK 4,940 million in the year ended December 31, 2016. The increase in depreciation, by DKK 190 million, was primarily due to a reduction of the useful lines of various network equipment and an increased depreciation base which were both due to the upgrading of the cable network to enable 1 gigabit broadband. The increase in amortisation, by DKK 24 million, was driven by increased customer churn partly offset by lower amortisation due to the diminishing-balance method.

Special Items

We recorded DKK 231 million in loss on special items for the year ended December 31, 2017 as compared to a loss of DKK 281 million in the year ended December 31, 2016. The lower loss was primarily due to the gain from the divestment of TDC Hosting in March 2017, partly offset by increased cost related to redundancy programs and vacant tenancies.

Financial income and expenses

We recorded DKK 838 million in loss on financial income and expenses for the year ended December 31, 2017, an increase of DKK 62 million, or 8.0%, as compared to a loss of DKK 776 million in the year ended December 31, 2016. The increase was primarily due to currency losses in 2017 related to intercompany loans denominated in NOK (DKK 281 million), whereas these resulted in a currency gain of DKK 177 million in 2016, which was partly offset by losses from intercompany loans denominated in SEK (DKK 120 million). Interest income on pension assets decreased due to a decreasing discount rate, as the interest is calculated on the basis of the pension funds' net assets (assets less liabilities) using a discount rate. These developments were partly offset by lower interest expenses in 2017 resulting from the EMTN bond buy back in December 2016 (DKK 120 million) and losses in 2016 from the EMTN bond buy back including terminated swaps (DKK 291 million).

Income Taxes

We recorded an income tax charge of DKK 488 million for the year ended December 31, 2017, a decrease of DKK 41 million, or 7.8%, as compared to an income tax charge of DKK 529 million in the year ended December 31, 2016, reflecting the decrease in profit before tax. However, the effective tax rate (excluding special items) in 2017 was higher than in 2016 primarily due to the increased impact from the Danish limitation on the deductability of interest due to foreign exchange losses on receivables as well as the reduction of adjustment of tax for previous years.

Profit from Discontinued Operations

Our profit from discontinued operations for the year ended December 31, 2017 was DKK 26 million, a decrease of DKK 1,049 million, compared to DKK1,075 million in the year ended December 31, 2016. This was principally a result of the divestment of TDC Hosting in March 2017. Discontinued operations comprise the former 100% owned subsidiary TDC Sweden AB, divested in October 2016.

Profit for the year

For the reasons discussed above, our profit for the year ended December 31, 2017 was DKK 1,553 million, a decrease of DKK 1,484 million, or 48.9%, compared to DKK 3,037 million in the year ended December 31, 2016.

Year Ended December 31, 2016 as Compared to Year Ended December 31, 2015

Revenue

Our revenue for the year ended December 31, 2016 was DKK 21,031 million, a decrease of DKK 904 million, or 4.1%, compared to DKK 21,935 million in the year ended December 31, 2015. This decrease reflected negative effects from regulation of EU roaming prices and foreign exchange rate. Our organic revenue for the year ended December 31, 2016 decreased by 3.2% from the prior period, principally as a result of decreases in landline voice customers for Business and landline voice customers and lower revenue from Other services for Consumer in Denmark. However, all four product areas in Denmark showed improved development during 2016.

By Segment

Set forth below is a discussion of our revenue by segment for the year ended December 31, 2016 as compared to the year ended December 31, 2015.

	For the year ended December 31,		Change	
	2015	2016	(amount)	(%)
	(DKK in millions, except percentages)			
Consumer:[1]				
Mobility services	2,640	2,739	99	3.8
Landline voice	1,076	842	(234)	(21.7)
Internet and network	2,477	2,447	(30)	(1.2)
TV	4,241	4,257	16	0.4
Other services	812	522	(290)	(35.7)
Total Consumer revenue	**11,246**	**10,807**	**(439)**	**(3.9)**

(1) The two operating segments YouSee and Online Brands are aggregated to the reportable segment Consumer because both render telecoms services B2C on the same telecoms network and under the same regulatory environment.

Revenue from our Consumer segment for the year ended December 31, 2016, amounted to DKK 10,807 million, a decrease of DKK 439 million, or 3.9%, from DKK 11,246 million for the year ended December 31, 2015. This was principally a result of the decrease in revenue from other services related to terminal equipment and paper bill fees as well as landline voice as a result of loss of customers and decreasing ARPU, partially offset by increases in revenue from mobility services as a result of increased customer bases for mobile voice and mobile broadband.

	For the year ended December 31,		Change	
	2015	2016	(amount)	(%)
	(DKK in millions, except percentages)			
Business:				
Mobility services	1,391	1,254	(137)	(9.8)
Landline voice	1,058	854	(204)	(19.3)
Internet and network	1,967	1,819	(148)	(7.5)
TV	39	37	(2)	(5.1)
Other services	1,370	1,277	(93)	(6.8)
Total Business revenue	**5,825**	**5,241**	**(584)**	**(10.0)**

Revenue from our Business segment for the year ended December 31, 2016, amounted to DKK 5,241 million, a decrease of DKK 584 million, or 10.0%, from DKK 5,825 million for the year ended December 31, 2015. This was principally as a result of decreases in revenue across all products and services offered, including the decrease in mobile services revenue, which declined at a slower pace than the year prior. The decrease in revenue from mobility services was due to a decrease in mobile voice ARPU, caused by increased EU roaming regulation and intense competition. The decrease in revenue from landline voice primarily reflects an 8.9% decrease in the number of RGUs, in turn reflecting the declining market for landline voice. The decrease in revenue from internet and network was due to a declining customer base, lower sales of legacy products as well as several negative one-offs in the second quarter of 2016 relating to a revised assessment of a large contract.

	For the year ended December 31,		Change	
	2015	2016	(amount)	(%)
	(DKK in millions, except percentages)			
Wholesale:				
Mobility services	534	549	15	2.8
Landline voice	266	248	(18)	(6.8)
Internet and network	702	750	48	6.8
TV	36	55	19	52.8
Other services	162	139	(23)	(14.2)
Total Wholesale revenue	**1,700**	**1,741**	**41**	**2.4**

Revenue from our Wholesale segment for the year ended December 31, 2016, amounted to DKK 1,741 million, an increase of DKK 41 million, or 2.4%, from DKK 1,700 million for the year ended December 31, 2015. This was principally as a result of increase in revenue from mobility services (mainly as a result of increased revenue from interconnect) and internet and network (stemming from an increase in broadband and capacity revenue), which offset the decrease in landline voice revenue resulting from a decrease in service provider customers.

	For the year ended December 31,		Change	
	2015	2016	(amount)	(%)
	(DKK in millions, except percentages)			
Other Operations:				
Mobility services	2	2	—	—
Landline voice	16	14	(2)	(12.5)
Internet and network	87	135	48	55.2
TV	1	4	3	300.0
Other services	331	339	8	2.3
Total revenue from Other Operations	**437**	**494**	**57**	**13.0**

Revenue from our Other Operations for the year ended December 31, 2016, amounted to DKK 494 million, an increase of DKK 57 million, or 13.0%, from DKK 437 million for the year ended December 31, 2015.

	For the year ended December 31,		Change	
	2015(3)	2016(4)	(amount)	(%)
	(NOK in millions, except percentages or as otherwise stated)			
Norway:				
Residential TV	1,423	1,443	20	1.4
Residential broadband	985	1,083	98	9.9
Business(1)	1,039	1,030	(9)	(0.9)
Other residential services	302	302	—	—
Total Norway revenue	**3,749**	**3,858**	**109**	**2.9**
Total Norway revenue (DKK millions)(2)	**3,131**	**3,092**	**(39)**	**(1.2)**

(1) Includes TDC Norway and Get business division.

(2) NOK/DKK exchange rate of 0.801 for the year ended December 31, 2016 and of 0.835 for the year ended December 31, 2015 is weighted average based on revenue.

(3) In the third quarter of 2015, other income was affected by a positive one-off from the closing down of one of TDC Norway's benefit plans (NOK 42 million).

(4) In the first quarter of 2016, revenue was affected positively by one-offs relating primarily to a settlement in a legal dispute over partner customers amounting to revenue of NOK 13 million and operational expenses of NOK 5 million.

Revenue from our Norway segment for the year ended December 31, 2016, amounted to DKK 3,092 million, a decrease of DKK 39 million, or 1.2%, from DKK 3,131 million for the year ended December 31, 2015. This was principally as a result of the decrease in revenue from business operations in Norway (comprised of Get's B2B division and TDC Norway) which was mainly stemming from ARPU pressure within mobile and internet and network and a decline in mobile voice subscribers due to the loss of a large customer. Get's TV revenue increased but the pace of growth slowed as a result of flat subscriber development caused by competition. Get's revenue from broadband increased as it expanded its customer base, including by offering more high-speed and value-added services, and increased ARPU.

By Product

The following table sets forth a breakdown of our revenue for the years ended December 31, 2016 and 2015, split by product.

	For the year ended December 31,		Change	
	2015	**2016**	**(amount)**	**(%)**
	(DKK in millions, except percentages)			
Total revenue by product:				
Mobility services	4,563	4,535	(28)	(0.6)
Landline voice	2,414	1,957	(457)	(18.9)
Internet and network	5,132	5,037	(95)	(1.9)
TV	4,316	4,352	36	0.8
Other services	2,580	2,174	(406)	(15.7)
Norway	3,131	3,092	(39)	(1.2)
Eliminations	(201)	(116)	85	42.3
Total revenue	**21,935**	**21,031**	**(904)**	**(4.1)**

Cost of Sales

The table below sets forth our cost of sales for the year ended December 31, 2016 as compared to the year ended December 31, 2015.

	For the year ended December 31,		Change	
	2015	**2016**	**(amount)**	**(%)**
	(DKK in millions, except percentages)			
Mobility services	(473)	(603)	(130)	(27.5)
Landline voice	(355)	(349)	6	1.7
Internet and network	(738)	(693)	45	6.1
TV	(2,471)	(2,544)	(73)	(3.0)
Other services	(1,440)	(1,215)	225	15.6
Total cost of sales	**(5,477)**	**(5,404)**	**73**	**1.3**

Cost of sales for the year ended December 31, 2016 decreased by DKK 73 million, or 1.3%, as compared to DKK 5,477 million in the year ended December 31, 2015. The decrease was primarily due to the decrease in revenue. The increase in cost of sales in TV was due to higher content cost and the increase in cost of sales for mobile services was due to content (including the launch of Telmore Play) and roaming in costs relating to other services and internet and network which offset the increase in mobile services costs.

Gross Profit

Our gross profit for the year ended December 31, 2016 was DKK 15,627 million, a decrease of DKK 831 million, or 5.0%, compared to DKK 16,458 million in the year ended December 31, 2015. This was principally as a result of decreased revenue in Business and Consumer as well as higher costs of sales in TV. Our gross margin decreased to 74.3% in 2016 from 75.0% in 2015, due to the lower margin in TV driven by content cost as well as the lower margin in mobile services due to the EU Roaming Regulation and the increase in lower margin interconnect revenue.

Operating Expenses

Our operating expenses, which include external expenses, personnel expenses and other income increased by 2.4% or DKK 169 million to DKK 7,139 million, stemming from investments in strategic initiatives such as the TDC and YouSee brand merger, customer service and the end-to-end simplification project in Business as well as a higher bonus related to a management incentive program in our Norwegian business. This development was only partly offset by savings on facility management and process efficiency.

We recorded DKK 3,434 million in external expenses for the year ended December 31, 2016, a decrease of DKK 39 million, or 1.1%, as compared to DKK 3,473 million in the year ended December 31, 2015.

	For the year ended December 31,		Change	
	2015	**2016**	**(amount)**	**(%)**
	(DKK in millions, except percentages)			
Marketing and advertising expenses	(259)	(284)	(25)	(9.7)
Subscriber acquisition and retention expenses	(494)	(460)	34	6.9
Property expenses	(765)	(721)	44	5.8
IT expenses	(284)	(410)	(126)	(44.4)
Temps and personnel related expenses	(251)	(228)	23	9.2
Other expenses	(1,420)	(1,331)	89	6.3
Total external expenses	**(3,473)**	**(3,434)**	**39**	**1.1**

We recorded DKK 3,805 million in personnel expenses for the year ended December 31, 2016, an increase of DKK 163 million, or 4.5%, as compared to DKK 3,642 million in the year ended December 31, 2015.

Our other income for the year ended December 31, 2016 was DKK 100 million, a decrease of DKK 45 million, or 31%, compared to DKK 145 million in the year ended December 31, 2015.

EBITDA

Our EBITDA for the year ended December 31, 2016 was DKK 8,488 million, a decrease of DKK 1,000 million, or 10.5%, compared to DKK 9,488 million in the year ended December 31, 2015, our EBITDA was negatively impacted by regulation of EU roaming prices and foreign exchange rate movements. Organic EBITDA decreased by 8.4%, principally as a result of decreases in landline voice customers for Business and landline voice customers and lower revenue from other services for Consumer in Denmark. The decline in Denmark was somewhat offset by the improvement in Norway.

Depreciation, Amortisation and Impairment Losses

We recorded DKK 4,940 million in depreciation, amortisation and impairment losses for the year ended December 31, 2016, an increase of DKK 134 million, or 2.6%, as compared to DKK 5,074 million in the year ended December 31, 2015. This was principally as a result of the decline in amortisation reflecting primarily lower amortisation of the value of customer relations according to the diminishing balance method.

Special Items

We recorded DKK 281 million in loss on special items for the year ended December 31, 2016, a decrease of DKK 4,821 million, or 94.5%, as compared to a loss of DKK 5,102 million in the year ended December 31, 2015. The decrease was primarily due to impairment losses in 2015 related primarily to goodwill as well as the gain in 2016 from divesting TDC Sweden, which was formerly a 100% owned subsidiary.

Financial Income and Expenses

We recorded DKK 776 million in loss on financial income and expenses for the year ended December 31, 2016, a decrease of DKK 328 million, or 29.7%, as compared to a loss of DKK 1,104 million in the year ended December 31, 2015. The decrease was primarily due to currency translation gains in 2016 related to intercompany loans denominated in NOK (DKK 177 million), partly offset by losses from intercompany loans denominated in SEK (DKK 120 million). In 2015, intercompany loans denominated in NOK resulted in losses (DKK 299 million). Further, interest expenses decreased following the refinancing of the EMTN bonds (EUR 274 million) that matured in December 2015 by bank loans (EUR 100 million) and cash resulting in lower interest expenses (DKK 138 million). Also, 2015 was negatively impacted by interest expenses on the bridge bank loan (EUR 1,600 million) stemming from the acquisition of Get in 2014 (DKK 40 million). In addition, the higher interest on pension assets was attributable to an increasing discount rate, as the interest is calculated on the basis of the pension funds' net assets (assets less liabilities) using a discount rate. The positive developments were partly offset by the development in fair value adjustments. Our interest expenses in 2016 was primarily impacted by the bond buy back in December. The repurchased notes as well as losses from swaps terminated resulted in a loss of DKK 291 million.

Income Taxes

We recorded DKK 529 million in income tax charges for the year ended December 31, 2016, a decrease of DKK 131 million, or 19.8%, as compared to DKK 660 million in the year ended December 31, 2015, reflecting an effective tax rate (excluding special items) of 21.2% as compared to 36.9% in 2015. The decrease in effective tax rate (excluding special items) was primarily due to the reduced impact from the Danish limitation on the deductibility of interest due to lower net financial expenses as well as the reduction of the Danish corporate income tax rate.

Profit from Discontinued Operations

Our profit from discontinued operations for the year ended December 31, 2016 was DKK 1,075 million, an increase of DKK 1,007 million, or 1,480.9%, compared to DKK 68 million in the year ended December 31, 2015. This was principally as a result of the divestment of TDC Sweden in October 2016.

Profit for the Year

For the reasons discussed above, we recorded DKK 3,037 million in gain on profit for the year ended December 31, 2016, an increase of DKK 5,421 million, as compared to a loss of DKK 2,384 million in the year ended December 31, 2015.

Liquidity and Capital Resources

Cash Flow

The tables below set out certain information related to our cash flows for the years ended December 31, 2015, 2016 and 2017 and for the three months ended March 31, 2017 and 2018.

	For the year ended December 31,			For the three months ended March 31,	
	2015	**2016**	**2017**	**2017**	**2018**
				(Unaudited)	
			(DKK millions)		
Cash flow from operating activities					
Operating profit before depreciation, amortization and special items	9,488	8,488	8,244	2,133	2,076
Adjustment for non-cash items	191	267	233	69	58
Pension contributions	(121)	(106)	(95)	(24)	(4)
Payments related to provisions	(4)	(5)	(15)	(1)	(4)
Special items	(524)	(446)	(394)	(117)	24
Changes in working capital	180	151	455	460	14
Interest received	637	557	425	380	410
Interest paid	(1,514)	(1,470)	(1,084)	(955)	(981)
Income tax paid	(786)	(608)	(556)	(270)	—
Operating activities in continuing operations	7,547	6,828	7,213	1,675	1,593
Operating activities in discontinued operations	272	430	—	—	—
Total cash flow from operating activities	**7,819**	**7,258**	**7,213**	**1,675**	**1,593**
Cash flow from investing activities					
Investment in enterprises	(153)	(145)	(197)	—	(36)
Investment in property, plant and equipment	(3,278)	(3,303)	(3,213)	(775)	(702)
Investment in intangible assets	(1,003)	(1,151)	(1,278)	(232)	(322)
Investment in other non-current assets	(9)	(25)	(19)	(4)	(1)
Divestment of enterprises	—	—	491	469	—
Sale of other non-current assets	60	43	59	2	—
Dividends received from joint ventures and associates	1	10	1	9	6
Investing activities in continuing operations	(4,382)	(4,571)	(4,156)	(531)	(1,055)
Investing activities in discontinued operations	(224)	1,814	6	—	—
Total cash flow from investing activities	**(4,606)**	**(2,757)**	**(4,150)**	**(531)**	**(1,055)**

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
				(Unaudited)	
			(DKK millions)		
Cash flow from financing activities					
Proceeds from long-term loans	8,484	—	—	—	3,724
Repayment of long-term loans	(8,008)	(2,897)	(1,860)	—	(4,467)
Finance lease repayments	(79)	(96)	(82)	(21)	(13)
Repayment of bridge bank loan	(11,946)	—	—	—	—
Change in short-term loans	3	1	(5)	—	—
Proceeds from issuance of hybrid capital	5,552	—	—	—	—
Coupon payments on hybrid capital	—	(196)	(195)	(195)	(195)
Dividends paid	(1,603)	—	(802)	(602)	—
Capital contributions from non-controlling interests	6	7	—	—	1
Financing activities in continuing operations	(7,591)	(3,181)	(2,944)	(818)	(950)
Financing activities in discontinued operations	(11)	(1)	—	—	—
Total cash flow from financing activities	**(7,602)**	**(3,182)**	**(2,944)**	**(818)**	**(950)**
Total cash flow for the period	**(4,389)**	**1,319**	**119**	**326**	**(412)**
Cash and cash equivalents at the beginning of the period	4,746	363	1,687	1,687	1,767
Effect of exchange-rate changes on cash and cash equivalents	6	5	(39)	—	10
Cash and cash equivalents at the end of the period	**363**	**1,687**	**1,767**	**2,013**	**1,365**

Total Cash Flow from Operating Activities

Three Months Ended March 31, 2018 as Compared to Three Months Ended March 31, 2017

For the three months ended March 31, 2018, total cash flow from operating activities decreased by DKK 82 million to DKK 1,593 million, from DKK 1,675 million for the three months ended March 31, 2017. The decrease was primarily due to the following:

- changes in working capital that generated cash flow of DKK 14 million for the three months ended March 31, 2018 while generating cash flows of DKK 460 million for the three months ended March 31, 2017, due to timing effects related to a number of items; partly offset by
- income tax paid of nil for the three months ended March 31, 2018 as compared to DKK 270 million for the three months ended March 31, 2017 due to timing effects; and
- cash inflow related to special items of DKK 24 million for the three months ended March 31, 2018 as compared to cash outflow related to special items of DKK 117 million for the three months ended March 31, 2017 primarily due to compensation received in 2018 from the Danish State for the costs of providing maritime distress and safety service in Denmark.

Year Ended December 31, 2017 as Compared to Year Ended December 31, 2016

For the year ended December 31, 2017, total cash flow from operating activities decreased by DKK 45 million to DKK 7,213 million, from DKK 7,258 million for the year ended December 31, 2016. The decrease was primarily due to the:

- lower operating profit before depreciation, amortization and special items, which decreased by DKK 244 million from DKK 8,488 million for the year ended December 31, 2016, to DKK 8,244 million for the year ended December 31, 2017;

- cash flows from operating activities in discontinued operations of DKK 430 million for the year ended December 31, 2016 related to the sale of TDC Sweden in 2016;

- changes in working capital that generated cash flow of DKK 455 million for the year ended December 31, 2017 while generating cash flows of DKK 151 million for the year ended December 31, 2016, attributable partly to optimization of net receivables in Get and partly to different timing; and

- net interest paid of DKK 659 million for the year ended December 31, 2017 as compared to net interest paid of DKK 913 million for the year ended December 31, 2016 mainly driven by the repurchase of GBP and EUR EMTN bonds at the end of 2016.

Year Ended December 31, 2016 as Compared to Year Ended December 31, 2015

For the year ended December 31, 2016, total cash flow from operating activities decreased by DKK 561 million to DKK 7,258 million, from DKK 7,819 million for the year ended December 31, 2015. The decrease was primarily due to the following:

- lower operating profit before depreciation, amortization and special items, which decreased by DKK 1,000 million from DKK 9,488 million for the year ended December 31, 2015, to DKK 8,488 million for the year ended December 31, 2016 partly offset by;

- income tax paid of DKK 608 million for the year ended December 31, 2016 as compared to income tax paid of DKK 786 million for the year ended December 31, 2015 driven by the EBITDA decline more than offsetting the negative impact from tax refunded regarding previous years; and

- cash outflow related to special items of DKK 446 million for the year ended December 31, 2016 as compared to cash outflow related to special items of DKK 524 million for the year ended December 31, 2015 primarily due to a lower level of redundancies.

Total Cash Flow Used in Investing Activities

Three Months Ended March 31, 2018 as Compared to Three Months Ended March 31, 2017

Total cash flow used in investing activities increased by DKK 524 million to DKK 1,055 million for the three months ended March 31, 2018, from DKK 531 million for the three months ended March 31, 2017, primarily due to the divestment of TDC Hosting in March 2017.

Year Ended December 31, 2017 as Compared to Year Ended December 31, 2016

Total cash flow used in investing activities increased by DKK 1,393 million to DKK 4,150 million for the year ended December 31, 2017, from DKK 2,757 million for the year ended December 31, 2016, primarily due to the inflow in connection with discontinued operations related to the divestment of TDC Sweden in 2016.

Year Ended December 31, 2016 as Compared to Year Ended December 31, 2015

Total cash flow used in investing activities decreased by DKK 1,849 million to DKK 2,757 million for the year ended December 31, 2016, from DKK 4,606 million for the year ended December 31, 2015, primarily due to the inflow in connection with discontinued operations related to the divestment of TDC Sweden in 2016.

Total Cash Flow From/(Used in) Financing Activities

Three Months Ended March 31, 2018 as Compared to Three Months Ended March 31, 2017

For the three months ended March 31, 2018, cash used in financing activities amounted to DKK 950 million, an increase of DKK 132 million compared to cash used in financing activities of DKK 818 million for the three months ended March 31, 2017, primarily due to the:

- repayment of long-term loans of DKK 4,467 million for the three months ended March 31, 2018, compared to nil for the three months ended March 31, 2017; and

- cash payment proceeds from long-term loans of DKK 3,724 million for the three months ended March 31, 2018, compared to nil for the three months ended March 31, 2017; and

- dividend paid of nil during the three months ended March 31, 2018, compared to DKK 602 million during the three months ended March 31, 2017.

Year Ended December 31, 2017 as Compared to Year Ended December 31, 2016

For the year ended December 31, 2017, cash used in financing activities amounted to DKK 2,944 million, a change of DKK 238 million compared to cash generated from financing activities of DKK 3,182 million for the year ended December 31, 2016. Such change was mainly due to the following:

- repayment of long-term loans of DKK 1,860 million for the year ended December 31, 2017, compared to DKK 2,897 million for the year ended December 31, 2016; and
- dividend paid of DKK 802 million during the year ended December 31, 2017, compared to nil for the year ended December 31, 2016.

Year Ended December 31, 2016 as Compared to Year Ended December 31, 2015

For the year ended December 31, 2016, cash generated from financing activities amounted to DKK 3,182 million, a change of DKK 4,420 million compared to cash used in financing activities of DKK 7,602 million for the year ended December 31, 2015. Such change was mainly due to the following:

- cash payment proceeds from long-term loans of nil for the year ended December 31, 2016, compared to DKK 8,484 million for the year ended December 31, 2015;
- repayment of long-term loans of DKK 2,897 million for the year ended December 31, 2016, compared to DKK 8,008 million for the year ended December 31, 2016;
- repayment of bridge bank loan of nil for the year ended December 31, 2016, compared to DKK 11,946 million for the year ended December 31, 2015;
- cash payment proceeds from issuance of hybrid capital of nil for the year ended December 31, 2016, compared to DKK 5,552 million for the year ended December 31, 2015;
- dividend paid of nil during the year ended December 31, 2016, compared to DKK 1,603 million during the year ended December 31, 2015.

Net Working Capital

Our Net Working Capital ("**NWC**") is negative, which means that liabilities included in NWC exceed assets included in NWC. The level of the NWC fluctuates within quarters, however has historically been stable toward the end of quarters, as we have optimized NWC on this basis. The negative NWC is an advantage for us, as this provides a source for short term liquidity.

The negative NWC is mainly driven by excess trade payables in comparison to trade receivables and significant deferred revenue. Deferred revenue is recorded on our balance sheet as a liability, and is included in NWC, and the significant level is due to the fact that subscription revenue from customers is to a large extent paid in advance to services rendered by us.

For the year ended December 31, 2017, change in NWC provided a net cash inflow of DKK 455 million, whereas the year ended December 31, 2016 inflow was DKK 151 million. There is an element of seasonality or intra-year swings within our change in NWC, however, given the factors described above, we expect to continue to receive change in NWC as a source of short-term funding. We typically manage our NWC at the end of quarters and on an annual basis, therefore intra-quarter and intra-year trends may not provide insights into the expected annual impact. As of March 31, 2018, we have had a net cash inflow of DKK 14 million from NWC. Typically, the quarter ended June 30 results in cash outflows for working capital (which may require temporary drawing under our New Revolving Credit Facility), although this typically normalizes over the course of the year. For more information on the expected cash and cash equivalents position and drawing under the revolving credit facility under the Target Facilities Agreement, as adjusted for the Transactions, see "*Capitalization.*"

Capital Expenditures

A significant part of our investments relates to network build out and upgrade to secure enhancement for both fixed-line and mobile traffic, as well as meeting increasing demands for data capacity. Further we invest in information technology, such as Web platforms, aimed at supporting commercial products and services, overall customer management and network development. We also invest substantially in customer equipment such as TV boxes and modems.

The following table shows our capital expenditures for the years ended December 31, 2015, 2016 and 2017 and for the three months ended March 31, 2018 and as a percentage of revenue.

	For the year ended December 31,			For the three months ended March 31,
	2015	**2016**	**2017**	**2018**
		(DKK millions)		
Customer installations	786	749	742	166
Network	2,543	2,506	2,519	580
IT	987	1,097	1,227	243
Capital expenditures	**4,316**	**4,352**	**4,488**	**989**
% of revenue	19.7%	20.7%	22.1%	19.4%

Mobile license payments are not included in our definition of capital expenditure but are included in cash flow capital expenditure (in cash flow statement shown as investment in property, plant and equipment and intangible assets) which differs from capital expenditures as shown in our balance sheet due to timing differences regarding mobile license payments, the regulatory obligation to re-stablish mobile sites that are no longer in use, financial lease additions and non-paid investments arising under agreements with third parties. From a cash flow perspective, we generally pay 20% of the full auction price at the time we successfully win at a spectrum auction. The remaining 80% of the auction price is paid in 10% instalments annually for the next eight years. We acquired a new 1,800 MHz license in 2016 and paid annual instalments on mobile licenses for 2,600 MHz and 800 MHz spectrum during the period under review. Mobile licences are capitalised as intangible assets at an amount corresponding to the present value of the licence payments. The mobile licences are amortised over the estimated useful lives (normally the licence period).

Our capital expenditure in the year ended December 31, 2017 increased by DKK 136 million, or 3.1%, driven by IT development investments to digitalize the customer experience, innovate entertainment offerings and support a simplified digital operating model, as well as cable network upgrades. Furthermore, the increase in investments was driven by the cable network upgrade to enable 1 gigabit broadband speeds for half of all Danish households and increased penetration with YouSee’s TV set-top box. We are also continuing to invest in the Danish mobile network to ensure that we retain our best-in-class mobile network.

Our capital expenditure in the year ended December 31, 2016 increased by DKK 36 million, or 0.8%, was driven by the launch of YouSee’s set-top box and increased IT investments. The increase in IT spending supports our strategic focus on a simplified digital operating model through consolidation of IT systems and the YouSee brand merger. In 2016, we initiated the cable network upgrade that will enable 1 gigabit broadband speeds to half of all Danish households in 2018. The increase in investments was partly offset by fewer investments in the Danish mobile network as large investments were made in 2015.

Consistent with historical strategy to have a best in class network and deliver the best speed, quality and coverage, our expenditures depend upon a variety of factors, including current and anticipated subscriber demand, data capacity development and our own targets relating to a desired mix of subscriber base, which is determined by its evolving business plan. Our capital expenditure plans are also affected by, and updated to reflect, changing general economic conditions.

Pension Plans

We currently operate a number of pension plans, including both defined contribution plans and defined benefit plans. We have defined benefit plans in Denmark (in a separate legal entity: TDC Pension Fund) and in Norway.

In a defined contribution plan, we pay a fixed contribution to a third party on behalf of employees and have no further obligations to the employee. The benefits for the employee ultimately depend on the third party’s ability to generate returns.

In a defined benefit plan, members receive cash payments on retirement, the value of which depends on factors such as salary and length of service and we are obliged to pay a specific benefit 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 our projected future developments in mortality, early retirement, future wages, salaries and benefit levels, interest rate, etc. The defined pension plan assets are estimated at fair value at the balance sheet date.

As of December 31, 2017, our defined benefit plan in Denmark (which was closed to new members in 1990) consisted of projected pension benefit obligations of DKK 24,207 million and pension assets with fair value of DKK 30,959 million, mostly consisting of government and mortgage bonds and a mix of high-yield and investment grade bonds. In 2015, 2016 and 2017, our total pension cost related to our defined benefit plan in Denmark, including domestic redundancy programs recognised in special items, was DKK 128 million, DKK 34 million, and DKK 118 million, respectively.

Other Contractual Commitments

The following table summarizes our spectrum license payments, operating lease obligations as well as capital and purchase commitments as of December 31, 2017. The information presented in this table reflects, in part, management's estimates of the contractual maturities of our obligations, which may differ significantly from the actual maturities of these obligations:

	Less than 1 year	1-5 years	More than 5 years	Total
		(DKK millions)		
Payments due by period:(1)				
Spectrum license payments(2)	126	246	60	432
Operating lease obligations(3)	676	1,779	3,911	6,366
Capital and purchase commitments	804	922	0	1,726
Total	**1,606**	**2,947**	**3,971**	**8,524**

(1) Excludes outstanding debt. See "*Capitalization.*"

(2) Represents payments due for mobile license payments for spectrum acquisition.

(3) 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.

Off Balance Sheet Arrangements

We presently have no off-balance sheet arrangements. See note 6.5 of our consolidated financial statements for 2017, which describes certain contingent liabilities and "*—Other Contractual Commitments*" above.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to financial market and credit risks when buying and selling goods and services denominated in foreign currencies as well as due to its investing and financing activities. As a consequence of our capital structure and financing, we face interest-rate and exchange-rate risks. TDC's Group Treasury identifies, monitors and manages these risks through policies and procedures that are revised on an annual basis, if necessary, and approved by the board of directors.

Our current financial strategy was approved in June 2017 and defines maxima/minima for interest-rate, exchange-rate and counterparty risks as well as maxima/minima for a range of other variables. Together with market values of financial assets and liabilities, these exposures are calculated and monitored monthly. All risk measures are reported to the Group Chief Financial Officer on a monthly basis.

The following sections discuss the significant exposures to market risk. The following discussions do not address other risks that we face in the normal course of business, including country risk and legal risk. We are reviewing the TDC Group's hedging strategy in connection with the Transactions and the changes to our capital structure as a result therefrom, but have set forth below the contractual requirement applicable to the TDC Group pursuant to the terms of the Target Facilities Agreement which will represent the minimum hedging we are required to undertake. Furthermore, we note that in the future our financial strategy and the market risks that we face are likely to change.

Credit Risk

TDC Group is exposed to credit risks principally as a provider 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 risks in relation to financial contracts are handled centrally by Group Treasury. Credit risks arising in relation to financial contracts are governed by the financial strategy that defines a maximum exposure for each counterparty. The maxima 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).

Financial transactions with a potential financial exposure for TDC Group are entered into only with counterparties holding the long-term credit rating of at least BBB+ from S&P or Baa1 from Moody's. 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 counter-parties. However, should one of our counterparties default, we might incur a loss. Credit risks are monitored on a monthly basis.

Liquidity Risk

To reduce refinancing risks, the maturity profile of our debt portfolio was spread over several years. Our committed revolving credit facilities and cash generated by the business activities were deemed sufficient to handle upcoming redemption of debt.

Exchange Rate Risk

We are exposed primarily to exchange-rate risks from NOK, USD and EUR.

For our Danish business, the net exchange-rate exposure relates to payables and receivables mainly from roaming and interconnection agreements with foreign operators as well as equipment and handset suppliers.

Interest Rate Risk

Interest-rate risk emerges from fluctuations in market interest rates, which affect the market value of financial instruments and financial income and expenses.

Target Facilities Agreement Hedging Requirements

Pursuant to the terms of the hedging letter (the "**Hedging Letter**") entered into in connection with the Target Facilities Agreement,

1. the TDC Group is required to enter into hedging arrangements which have the commercial effect of ensuring that the TDC Group has hedged its floating interest rate exposure in respect of a minimum of fifty per cent. (50%) of the aggregate principal amount outstanding under the TLB (the "**Hedging Amount**") at all times during the period from (and including) the date of entry into such hedging arrangements to June 4, 2020 (the "**Minimum Hedging Requirements**");

2. the TDC Group is required to ensure that the Minimum Hedging Requirements are satisfied by November 30, 2018;

3. interest rate hedging in respect of the principal amount at any time outstanding under the TLB may be entered into by way of hedging agreement(s) for any period longer than, and in respect of notional amounts greater than, the Minimum Hedging Requirements and/or to replace any interest rate hedging previously entered into in accordance with the Hedging Letter if:

   (a) that hedging does not cause a breach of clause 4.14 (Total Hedged Amount) of the intercreditor agreement entered into in connection with the Target Facilities Agreement; and

   (b) that hedging is not entered into for speculative purposes;

4. the TDC Group may enter into hedging agreements for non-speculative hedging of interest rate, currency or any other exposure of the TDC Group in the ordinary course of business to the extent it constitutes a Permitted Treasury Transaction (as defined in the Target Facilities Agreement).

Critical Accounting Estimates

The discussion and analysis of our results of operations and financial condition are based on our consolidated financial statements, which have been prepared in accordance with IFRS. The preparation of these consolidated financial statements requires management to apply accounting methods and policies that are based on difficult or subjective judgments, estimates based on past experience and assumptions determined to be reasonable and realistic based on the related circumstances. The application of these estimates and assumptions affects the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates given the uncertainty surrounding the assumptions and conditions upon which the estimates are based. We have summarized below those accounting estimates that require the more subjective judgment of management in making assumptions or estimates regarding the effects of matters that are inherently uncertain and for which changes in conditions may significantly affect the results reported in the consolidated financial statements.

Detailed information regarding accounting policies is provided in Note 2 to our financial statements for the years ended December 31, 2015, 2016, and 2017, included elsewhere in this Offering Memorandum.

Revenue Recognition

Revenue recognition for a telecoms operator is a complex area of accounting that requires management estimates and judgments.

Recognition of revenue depends on whether we act as a principal in a transaction or an agent representing another company. Whether we are considered to be the principal or agent in a transaction depends on an analysis of both the form and substance of the customer agreement. When we act as the principal, revenue is recognised at the agreed value, whereas revenue is recognised as the commission we receive for arranging the agreement when we act as an agent. Judgments of whether we act as a principal or as an agent impact the amounts of recognised revenue and operating expenses, but do not impact net profit for the year or cash flows. Judgments of whether we act as a principal are used primarily in transactions covering content.

When we conclude contracts involving sale of complex products and services, management estimates are required to determine whether complex products or services shall be recognised together or as separate products and services. Management estimates are also used for distributing the transaction price on the individual elements based on the fair value, if judged to be recognised separately. Business customer contracts, for example, can comprise several elements related to mobile phones, subscriptions, leases, etc.

Revenues from non-refundable up-front connection fees are recognised as income over the expected term of the related customer relation-ship, as the establishment of the customer relationship is not judged to constitute a separate service. Management estimates the term of the expected customer relationship using historical customer churn rates. Change of management estimates may have a significant impact on the amount and timing of the revenues and the related expenses for any period. See also Notes 3.4 and 3.5 of our financial statements for the years ended December 31, 2015, 2016, and 2017.

Special Items

In our income statement, special items are presented as a separate item. Special items include income or costs that in management's judgment shall be disclosed separately by virtue of their size, nature or incidence. In determining whether an event or transaction is special, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence of the transaction or event, including whether the event or transaction is recurrent. This is consistent with the way that financial performance is measured by management and reported to the board of directors and assists in providing a meaningful analysis of our operating results.

Intangible Assets

Useful lives

Management estimates useful lives for intangible assets based on periodic studies of customer churn or actual useful lives and the intended use for those assets. Such studies are completed or updated when new events occur that may have the potential to impact the determination of the useful life of the asset, i.e. when events or circumstances occur that indicate that the carrying amount of the asset may not be recoverable and should therefore be tested for impairment. Any change in customer churn or the expected useful lives of these assets is recognised in the financial statements, as soon as any such change has been ascertained, as a change of a critical accounting estimate.

Impairment testing of intangible assets

Intangible assets comprise a significant portion of our total assets. The measurement of the recoverable amount of intangible assets is a complex process that requires significant management judgments in determining various assumptions to be used in the calculation of cash-flow projections, discount rates and terminal growth rates. In addition, management estimates the cost drivers, etc. in the activity-based costing model that is used for allocation of the carrying amount and value in use of the cash-generating units.

The sensitivity of changes in the assumptions used to determine the recoverable amount may be significant. Furthermore, the use of other estimates or assumptions when determining the recoverable amount of the assets may result in other values and could result in required impairment of intangible assets in future periods. The assumptions used for the impairment testing of goodwill are shown in the section Impairment testing 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 October 1, 2017, at October 1, 2016, and at October 1, 2015 respectively.

Impairment testing is an integral part of our budget and planning process, which 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. The business plans approved by management follow the operating segments as described in Note 2.1 of our financial statements for the years ended December 31, 2015, 2016, and 2017. The carrying amounts of Operations and Headquarters and the calculated negative value in use of these cost centers are allocated to YouSee, Online Brands, Business and Wholesale via an activity-based costing model. The value of the TDC brand is not allocated to business lines but is tested for potential impairment against the combined value of the Danish business lines.

Projections for the terminal period are based on general expectations and risks, taking into account the general growth expectations for the telecoms industry in Denmark and Norway. The growth rates applied reflect expectations of relatively saturated markets.

The three-year business plans are based on current trends. The budget period includes cash flow effects from completed restructurings combined with effects of strategic initiatives aimed at improving or maintaining trend lines.

For the impairment testing of goodwill, we use a pre-tax discount rate for each cash-generating unit. In determining the discount rate, a risk premium on the risk-free interest rate is fixed at a level reflecting management's expectations of the spread for future financing.

Goodwill and intangible assets with indefinite useful lives relate primarily to YouSee, Online Brands, Business and Get. The assumptions for calculating the value in use for the most significant goodwill amounts are given below.

Provisions

We have engaged, and may in the future need to engage, in new restructuring activities, which require management to make significant estimates on provisions for onerous contracts and employee layoffs. Such estimates are based on expectations concerning timing and scope, the future cost level for the restructuring, etc. In connection with former large restructurings, management has estimated the cost of contracts for vacant tenancies, including rent costs and operating costs for the contract period reduced by the expected rental income. For each category of tenancy (office, exchange, etc.) and in consideration of the geographical location, the probability of obtaining income from sublease and expected sublet rent rates is judged. The most critical assumptions used in determining the provision relate to the probability of sublease and expected sublet rent rates. The provision is estimated at DKK 630 million (2016: DKK 551 million). The actual amounts may differ from this estimate and may therefore materially impact on future results.

We are expected to vacate and sublet additional tenancies in the future, following further reductions in the number of employees and upgrading to technical equipment that requires fewer square meters.

Defined Benefit Plans

The pension liability regarding defined benefit plans is estimated based on certain actuarial assumptions, the most significant of which relate to discount rates, wage inflation and mortality. The discount rate applied is based on the yield of corporate bonds and may change over the years depending on interest rate developments. Management estimates of actuarial assumptions illustrate current market conditions. Our pension costs related to the Danish defined benefit plan (which was closed in 1990) are expected to amount to DKK 14 million in 2018 compared with DKK 59 million in 2017, excluding costs related to domestic redundancy programs recognised in special items and assuming all other factors remain unchanged. See the Sensitivity analysis in note 3.8 to our consolidated financial statements for 2017 for a statement on the sensitivity of the defined benefit obligation to the discount rate, inflation and mortality.

INDUSTRY OVERVIEW

Industry overview

As the incumbent telecommunications operator in Denmark, we own and operate the majority of the fixed line infrastructure in the country. We provide services both within the consumer, business and wholesale segments. We are the number one player in mobile (includes mobile voice and mobile broadband), broadband, pay-TV and landline voice, with 40%, 52%, 56% and 65% market share by subscribers, respectively, and we have received several awards from the Danish Technological Institute for having the best mobile network.

We also operate in Norway through the cable operator Get. As of December 31, 2017, Get had a 19% market share in pay-TV (second largest B2C operator, excluding partners, behind the incumbent Telenor) and 18% market share in broadband (second largest B2C operator, excluding partners, behind the incumbent Telenor) in Norway.

Denmark

The economy

As of December 31, 2017, Denmark had a population of approximately 5.7 million, approximately 2.8 million households. Denmark benefits from a population with high disposable income, with nominal GDP per capita of approximately €49,900 in 2017, materially above the Eurozone average of €33,200 per capita, according to BMI Research. Denmark's unemployment rate is forecast at 5.5% in 2018, compared to an average of 8.4% in the Euro Area, according to the European Commission.

Average inflation rate was 1.2% in 2017, 0.3% up from the previous year. Economic growth is driven by increased domestic demand, positive acceleration in wages and growth in private consumption, which includes value added telecommunications services such as data usage and pay TV.

In Denmark, approximately 75% of the population is aged below 60 years old, implying potential for growth in digital consumption, driving higher usage and penetration of the internet and smartphones. Smartphones represented 77% of total mobile connections in 2017 and are expected to account for 88% by the end of 2018, according to Ovum.

The Danish Telecommunications market

History

The 1980s and 1990s were characterised by a wave of liberalization in the telecommunications markets across Europe and the rise of new technologies such as mobile phones, cable TV and internet connections. In 1990, the four operators in Denmark were merged by the Danish government under the name "Tele Danmark" (renamed TDC in 2000). In 1994, Tele Danmark conducted an initial public offering of shares listed on the Copenhagen Stock Exchange. The Danish state subsequently reduced its ownership in the company to 51%.

In 1996, the government introduced a price-cap regulation on end-user tariffs alongside interconnection regulation to encourage alternative providers to enter the market.

In 2000, the first Mobile Virtual Network Operator (MVNO) entered the Danish Market. MVNOs are providers of wireless communications services that do not own or directly operate the wireless network but rather rent capacity from mobile network operators (MNOs), such as at TDC, at wholesale rates and sell access to customers at retail prices. The entrance of MVNOs has continued, creating further competition as well as opportunities for market consolidation as they were acquired by MNOs, such as the acquisition of Onfone by TDC in 2011, and more recently, TDC's acquisition of Plenti in 2017.

In 2005, the government liberalized the energy sector and some utilities expanded their business activities by investing into broadband. In 2008, the Danish parliament adopted new regulation regarding the burial of electricity cables, which represented an opportunity for utility operators to add fiber alongside new trenches/collateral burying activity. The retail service to customers was then provided by operators such as Waoo! and Stofa (a cable operator which was acquired by SE, a utility company) on behalf of the energy companies.

In 2015, in order to preserve competition, the European Commission rejected the proposed merger of Telenor and Telia, the number 2 and number 3 players in the mobile market, respectively, by market share.

Current environment

The Danish telecommunications market is estimated to be worth approximately €4.1 billion, including mobile (€1.7 billion), fixed line/broadband (€1.6 billion) and pay-TV (€0.8 billion) based on Ovum revenue data for 2017.

Denmark is ranked number one by the European Commission's Digital Economy and Society Index (DESI) 2017 with a 0.71 score as compared with the European average of 0.52. According to DESI 2017, the country has made progress in the use of digital technologies by enterprises and individuals:

i. Widest 4G coverage, reaching 100% of all households

ii. Highly digital population, with 94% of citizens online

iii. Most intensive European usage of Video on Demand services

iv. #1 country in the use of digital technologies by businesses with widespread cloud computing, e-invoicing and social media applications

v. Extensive delivery of online public services

The rollout of 4G services in the country has been driven by the timely implementation of policies by the regulator with respect to spectrum management practices.

As recently announced by the European Commission, all EU countries will need to re-assign spectrum in the 700 MHz band by 2020 and must make public a 'national roadmap' by June 2018. France and Germany are among the few European countries that have already auctioned this reallocation. This change is important as it aims to support the roll out of 5G. The Danish government has undertaken a cost-benefit analysis of using the 700 MHz spectrum band for mobile broadband and is expected to auction this spectrum in the autumn of 2018. This spectrum band is currently used for TV frequencies and it will be reallocated to 5G and mobile broadband, which we believe would be driving uptake of new technologies such as IoT and further data usage. 5G is the fifth generation of mobile networks. Key benefits of 5G networks include higher data speed, greater capacity and lower latency (i.e. able to process large quantities of data with minimal delay), and improved overall internet usage through more stable and reliable connections. 5G is also expected to open up new applications for mobile data and drive Internet of things (IoT).

TDC and Huawei tested 5G in January 2017, with TDC becoming the first company in Denmark to test 5G and achieve speeds of more than 70 Gbps. This technology is 1,000 times faster than the current average rate of TDC Group's network. Once 5G networks are rolled out, they are expected to be a key growth driver in the mobile market. In the third quarter of 2018, spectrum to support the roll out of 5G networks will be auctioned. The auction will include two different kinds of proposals regarding geographical coverage obligations – one for different areas with limited broadband supply and a second one regarding around 5,000 specific addresses in Denmark.

In Denmark, 91% of households reached download speeds of 100Mbit/s across technologies at December 31, 2017, more advanced than most other European countries. In addition, the government is targeting initiatives to provide broadband services with download speeds of 100Mbps and a minimum upload speed of 30Mbps countrywide by 2020 on a technology-neutral basis. The telecommunications infrastructure in the country will be key to supporting these strategic initiatives.

Another trend that has recently emerged in the telecommunications sectors is convergence, the bundling by the same operator of more than one product across mobile, broadband, landline voice and pay-TV in a single customer package. Depending on the number of services provided, an operator can be classified as single/double/triple/or quad-play. As more providers become fully convergent (offering both landline voice, broadband and mobile services as bundles), they achieve greater customer stickiness, thereby reducing customer churn and increasing cross-sell opportunities.

Regulation

For a description of the regulatory environment in Denmark, see "*Regulation.*"

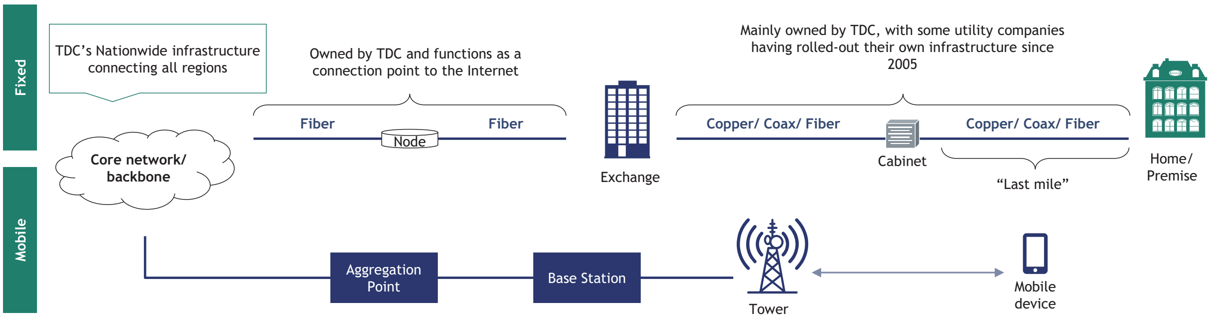
Infrastructure

The Danish telecommunications infrastructure is one of the most developed in Europe, and, TDC, as the incumbent, owns the majority of the network as illustrated in the graph below.

Utility companies such as Syd Energi (Stofa), Eniig and Seas-NVE have rolled-out their own fixed line network using fiber lines to connect from the exchange to a customer's home (FFTH/FTTP).

Fig. 1: Fixed line and mobile infrastructure

Fixed and mobile infrastructure



As the incumbent, TDC must offer access to its fixed line infrastructure to other telecommunications operators. The price for access to TDC's fixed line infrastructure network is regulated through the Long-Run Average Incremental Cost (LRAIC) model. The LRAIC model is developed by the DBA based on EU regulations and recommendations and it sets a ceiling wholesale price for resellers to access telecommunications infrastructure by taking into account the costs that a new and efficient operator incurs in building and maintaining its infrastructure. Therefore, the wholesale of network access represents a secure and long-term revenue stream for the fixed line infrastructure operator, TDC, though not necessarily covering TDC's initial investments.

Denmark has upgraded a large part of its network in recent years (e.g. implementing DOCSIS 3.1 on cable and rolling out fiber) to Next Generation Access (NGAs) networks, which are capable of delivering broadband with significantly higher speed.

As an MNO, TDC has its own portfolio of approximately 3,300 towers and infrastructure that allows the provision of mobile services. In order to compete with TDC, Telia and Telenor formed TT-Network in 2013, an active infrastructure sharing joint venture. Telia and Telenor bid for and own spectrum jointly via TT-Networks.

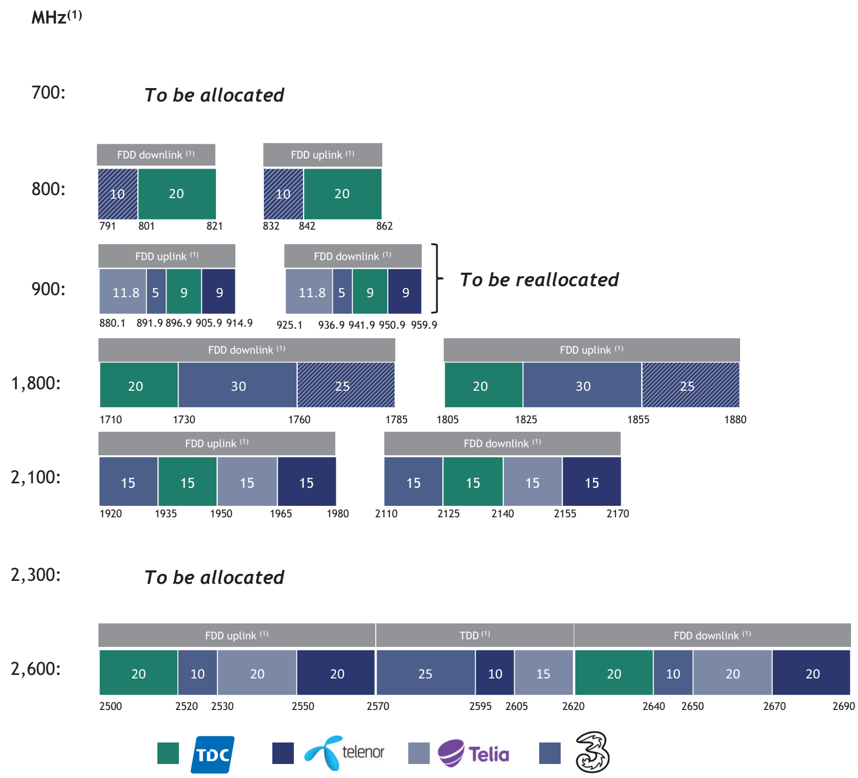
MVNOs, given the nature of their business model, have contractual agreements with MNOs to utilise their mobile infrastructure and spectrum frequencies for a fee. While these contracts allow MNOs to maximise the usage of spare capacity on their networks and infrastructure, the entry of MVNOs into the market creates heightened competition.

Denmark has a balanced spectrum allocation among existing players.

The DEA refarmed the 1,800 MHz band spectrum licenses which were due to expire by the end of 2017. The DEA concluded the auction in September 2016 in which three operators, TDC, Hi3G, and TT-Network secured 1,800 MHz spectrum rights valid for 15 years. The DEA auctioned frequencies in the 800 MHz band (791–821 MHz and 832–862 MHz) in June 2012 in which TDC and TT-Network secured 800 MHz spectrum rights valid for 20 years. The DEA has decided to auction three bands for mobile in the autumn of 2018 (700 MHz, 900 MHz and 2,300 MHz). The auction will include two different kinds of proposals regarding geographical coverage obligations – one for different areas with limited broadband supply and a second one regarding around 5,000 specific addresses in Denmark also with limited broadband supply.

Fig. 2: Spectrum allocation in Denmark

Spectrum allocation in Denmark



Note: (1) FDD = Frequency Division Duplexing; TDD = Time Division Duplexing; SDL = Supplemental downlink

Source: Spectrummonitoring.com

Mobile

Market overview

The Danish mobile market was estimated at DKK 13 billion by subscriber revenue in 2017 and is expected to grow at 1% CAGR between 2017 and 2021, primarily driven by an expected increase of 7% in data revenue, according to Ovum.

The mobile market in Denmark is strongly established and characterized by 118% average penetration rate in 2017, according to Ovum. Unique user penetration was approximately 86% in 2017, in line with 86% across Western Europe, according to Ovum data.

Postpaid clients represent approximately 86% of the total blended subscriber base (90% estimated for 2022), according to WCIS. Similar to other Nordic markets, Denmark benefits from high-income subscribers that are willing to spend on high-speed data services and the concentration of postpaid customers is expected to drive long term recurring revenue as this customer base pays a premium as compared to prepaid, according to Ovum.

As operators develop more advanced networks, they typically seek to bundle different services to reduce churn and stabilise their customer base. This trend points to increasingly enriched data packages, as well as the addition of multimedia streaming services and fixed line network connectivity. Packages tend to be differentiated by the type of user, with tariffs including unlimited data and value-added services (offering premium content such as Spotify and HBO Nordic). Certain offers also include high-range devices that are integrated into the bundle at convenient prices.

In 2018 the Danish market is expected to continue its evolution towards converged services and content-focused high-value services, driving higher ARPU. Furthermore, Danish operators are upselling value-added services to their customers by migrating data subscribers to 4G tariff plans, offering higher data allowances and providing more comprehensive packages.

Fig. 3: Mobile market share (2017)

Operator	Market share
TDC	40%
Telenor	23%
Telia	20%
Hi3G	16%

Sources: Danish Energy Agency

Note: Non-network operators, subscriptions are included in the host network's numbers. Market shares include mobile voice and mobile broadband.

Lycamobile and Lebaramobile are the two largest MVNO players in Denmark, holding a cumulative market share of 4% of the total mobile market according to Ovum. The rest of the market is extremely fragmented, reducing the probability of an MVNO posing a significant threat to existing mobile operators.

ARPU

ARPU (excluding Machine to Machine) in the Danish mobile market is forecast to experience stable growth, increasing from approximately DKK 127 in 2017 to approximately DKK 132 in 2022, according to Ampere. The growth is expected to be driven by Denmark's wealthy population and a strong demand for advanced services among existing clients, allowing operators to explore new avenues for growth and capitalise on consumer loyalty. ARPU growth is also expected to be driven by operators' ability to ensure a competitive network speed paired to a wider product offering and higher value-added services. In addition, customers' upgrades and their need for higher data plans will support ARPU growth, with a strong increase of 6%.

Broadband/landline voice

The Danish broadband/landline voice market was estimated at DKK 12 billion by subscriber revenue in 2017, covering approximately 2.5 million homes. The Danish broadband market has a high penetration rate, with 94% of households having a broadband connection, according to Ovum. Penetration is driven by a stable market, where consumers have wide range of choice in terms of available services and packages.

Triple-play offers are expected to increase the availability of landline voice, which is bundled in ever more packages, driving greater stabilisation (in terms of reduced decline) of the landline voice market.

The Danish broadband/landline voice market is served by four main players (excluding utility companies): TDC, Telia, SE Stofa and Telenor. The rest of the Danish market is very fragmented with a lot of local players with well-developed competition among them.

Fig. 4: Broadband market share by subscribers and landline voice market share by subscribers (2017)

Operator	Broadband market share	Landline voice market share
TDC	52%	65%
Telia	—	6%
SE Kommunikation	13%	6%
Telenor	5%	—
Others	30%	23%

Source: Danish Energy Agency

The fragmented market offers several opportunities for consolidation. In 2016, Telia acquired the remaining 50% of shares in DLG Tele, which offers landline voice and broadband services on TDC's network and mobile services on Telia's network. Other mergers involved the energy utilities providing fiber: Himmerlands Elforsyning and EnergiMidt merged into Eniig, while SE/Stofa absorbed Nyfors.

Operators try to differentiate themselves and improve revenue with more advanced services and new technologies offering high speed broadband. This is part of a move towards convergence and more advanced services and content as consumers start to demand greater broadband speed and capacity to cope with more demanding services such as video streaming or Internet of Things.

Fig. 5: Broadband market by technology by revenue (2017)

Technology	Market share
xDSL	44%
Cable	29%
FTTx	27%
Broadband	1%

Source: Ovum

Broadband ARPU in Denmark was estimated at approximately DKK 286 in 2017, according to Ovum, and is expected to remain broadly stable (decreasing slightly to DKK 280 in 2022), while landline voice ARPU was estimated at approximately DKK 191 and forecast to experience negative growth in line with the broader industry trend for mobile substitution.

Pay TV

Free to air (**FTA**) television consists of delivering content to viewers on a subscription free basis and it is funded by, for instance, advertising revenues or taxes amongst others. On the contrary, pay-TV is usually associated with premium content, which justifies the payment of subscription fees by customers. The pay-TV market in Denmark is estimated to be worth DKK 6 billion by subscriber revenue in 2017, according to Ovum. It is characterised by a high household penetration rate of 89% (and a 99% TV penetration rate) and an average of 2.2 TV sets per house, according to Ovum. The pay-TV market is expected to remain stable in the near term, with household penetration expected to be 87% in 2022 (overall TV penetration of 98%) and the average number of TV sets per household is expected to be 2.3 in 2022, according to Ovum. Pay-TV is predominant among households in Denmark, with a 93% market share in 2017.

Value-added services offered by operators are expected to be the main source of revenue growth. These services include premium à la carte TV offerings, a wider range of available programming and enhanced consumer experiences in existing packages. These exclusive and often tailored propositions are expected to benefit existing operators by increasing customer loyalty, and reducing churn. TDC (including YouSee) is the market leader with 56% share of total pay-TV subscribers in 2017, as per Ampere.

Fig. 6: Pay TV market by subscribers (2017)

Operator	Market share
TDC (including YouSee)	56%
Boxer (SE/Stofa)	24%
MTG	5%
Telenor	3%
Telia	1%
Others	11%

Source: TDC

Ovum estimates pay-TV ARPU was approximately DKK 220 in 2017, and is forecasted to remain stable, expected to increase slightly to DKK 221 in 2022.

Cable is the most widespread pay-TV technology, with 61% market share, followed by IPTV with 21%, DTT with 10%, and DTH with 10%, according to TDC estimates.

The IPTV market is very fragmented in Denmark and TDC has the highest market share of IPTV, retaining approximately 68% as of 2017, followed by Waoo! and other utilities with 26% and by Telia with 6%, according to DEA. In future years, IPTV is expected to gain market share to other platforms both in terms of subscribers and total revenues.

Ovum estimates that at the end of 2016 there were approximately 1.8 million households in Denmark using SVoD services, i.e. approximately 67% of the total households. Examples of SVoD providers include Netflix, HBO Nordic, Viaplay, TV2 Play and Amazon Prime.

SVoD services have grown exponentially in recent years and are expected to continue to grow. SVoD services are experiencing worldwide popularity and have caused traditional pay-TV operators to develop more flexible offerings in terms of content and on-demand access. The high penetration of SVoD and the general need for video streaming supports the demand for high speed broadband access and development of infrastructure that deliver the necessary capacity.

Norway

The economy

Norway has a population of approximately 5.3 million, 2.4 million households and a real GDP per capita of €54,400 in 2017.

Norway's economy is successfully recovering with real GDP growth accelerating to 1.9% in 2017 from 1.0% in the previous year, primarily driven by private consumption and business investments.

Norway is characterised by attractive demographics with 70% of the population below the age of 60 years. This is expected to support growth in digital consumption driving higher usage and penetration of internet and new technologies such as SVoD and IPTV.

The Norwegian Telecommunications market

Norway stands out as one of the most advanced countries in digitalization. The DESI for Norway was 0.69 in 2017, which is considerably higher than the EU average of 0.52.

The Norwegian fixed line market (broadband and landline voice) for 2017 is estimated to be worth approximately NOK 14 billion by subscriber revenue, with the broadband/TV segment accounting for approximately 85% of the market, according to NKOM data.

Regulation

The Norwegian market offers a supportive regulatory environment in terms of continued development in line with the EU's Gigabit society's objectives and ensuring commitment to maintaining Norway's leading position in digital development among European peers. Norway has generally followed the EU's telecommunications regulation and is expected to provide a stable framework for future digital investments. The latest regulation was the removal of roaming charges for users from June 2017 across the EU. In terms of competition, Telenor, the incumbent in Norway, captures a large portion of the market shares in mobile, landline voice and broadband. As a result, Telenor is obliged to provide open access to its fiber network (in addition to the access already provided to DSL lines). In addition, Norwegian regulators are ensuring that bundled offers of all operators are sufficiently broken down into individual components (so that the user is not bound to accept services that he or she did not request) and this has required operators to offer all their services individually as well as in packages.

Broadband/landline voice

The Norwegian broadband market is mature and offers services to 2.4 million households, with 91% penetration rate, which is expected to further increase to 95% by the end of 2022, according to Ovum.

The Norwegian broadband market is highly advanced and is experiencing high growth in the rollout of high speed technologies, helping to drive an expected increase in broadband revenue of 3% CAGR between 2017 and 2022, reaching over NOK 11 billion, according to Ovum. Landline voice revenue on the other hand is expected to be NOK 1.3 billion in 2022, according to Ovum, and to follow the wider industry trend of substitution from landline voice to mobile. Telenor (including via its cable operations Canal Digital), Get/TDC and Altibox (Lyse/Viken) are the main operators in the market, and the rest of the market is highly fragmented and characterised by balanced competition among telecommunications operators and utility companies.

Fig. 7: Broadband market by subscribers (2017)

Operator	Market share
Telenor	40%
Altibox[(1)]	21%
Get/TDC	18%
Others	21%

Source: NKOM

(1) Includes 7% for Viken Fiber, Altibox's biggest partner, Altibox is a partnership comprised of several different legal structures.

Fig. 8: Landline voice market by subscribers (2017)

Operator	Market share
Telenor	63%
Get/TDC	9%
NextGenTel	8%
Others	20%

Source: NKOM

Telenor has made significant investments in its fiber optic networks in order to support consumer demand for higher speed and data capacity. Due to its incumbent position, Telenor is obliged to provide open access to its fiber network (in addition to the access already provided to DSL lines). FTTX is currently the main broadband technology in Norway with approximately 43% of all broadband subscribers using the technology, according to NKOM.

Fig. 9: Broadband market by technology (2017)

Technology	Market share
FTTx	43%
xDSL	26%
Cable modem	29%
Other	2%

Source: NKOM

Broadband ARPU in Norway is forecast to experience modest growth. Based on Ovum estimates, broadband ARPU is forecast to increase from approximately NOK 353 in 2017 to approximately NOK 371 in 2022. Landline voice ARPU is expected to decrease in line with the broader industry trend, from NOK 245 per month in 2017 to an expected NOK 205 in 2022.

Pay TV

Pay TV penetration is approximately 97% in Norway, (compared to overall TV penetration of 99%), according to Ovum. The penetration rate is expected to remain relatively stable, expected to decrease slightly to 95% for pay-TV (and 98% for overall TV) in 2022, according to Ovum. Norway has a very advanced fiber broadband network that has made it possible for IPTV and OTT providers to grow and gain market shares. Pay-TV has a larger market share than FTA TV, with 72% in 2017. According to Ovum, the number of pay-TV sets per household in 2017 was estimated to be 2.3 (expected to remain stable until 2022) and the number of FTA TV sets per household in 2017 was estimated to be 2.3 (expected to increase to 2.5 in 2022).

Strong competition in the pay-TV segment is pushing operators to constantly enrich their offering by bundling their services with premium content. For example, Get added premium content to its basic packages by partnering with MTG's Viasat and HBO Nordic, which allowed the operator to increase revenue and customer loyalty.

Canal Digital (owned by Telenor) had an estimated 44% market share of total subscribers in 2017, according to NKOM. TDC's Get is the second largest player, accounting for approximately 19% of the market, followed by Altibox with 15%, RiksTV with 12% and others with a combined market share of 10%.

Fig. 10: Pay TV market share by subscribers (2017)

Operator	Market share
Canal Digital (Telenor)	44%
Get (TDC)	19%
Altibox(1)	15%
RiksTV	12%
Others	10%

Source: NKOM

(1) Viken Fiber is the biggest Altibox provider with a market share of approximately 5%

Cable is the most widespread pay-TV technology in Norway, with a 41% market share, followed by IPTV with 29%, DTH with 18%, and DTT with 11%, according to Ovum.

According to Ovum, pay-TV ARPU was estimated at approximately NOK 331 in 2017 and is forecasted to increase to approximately NOK 342 in 2022, despite the stable number of subscribers.

REGULATION

TDC is subject to various telecommunications industry specific rules and regulation, which are primarily based on EU directives and regulations.

Denmark has fully implemented the relevant European directives. Danish regulation regarding operation of electronic communications networks and provision of electronic communications services is extensive. The Danish Act on Electronic Communications Networks and Services (the "**Danish Telecom Act**") and the Danish Act on Frequencies (the "**Frequencies Act**") are the two main legal acts in the Danish regulatory framework and cover the overall regulation with respect to end-user aspects, universal services obligations, numbering, and regulation of players with significant market power as well as access to radio frequencies.

The Danish Energy Agency ("**DEA**") and the Danish Business Authority ("**DBA**") are the regulatory supervisory authorities for the telecommunications industry in Denmark. The DBA administers the sector specific competition regulation, whereas DEA administers spectrum auctions and the consumer telecommunications regulation. The state does not undertake extensive direct intervention in the market, with the majority of regulation being driven by the EU.

The most important aspects of the regulatory framework relating to TDC are outlined below:

Universal Service Obligations

Under Danish regulation, citizens have the right to access basic telecommunications services at reasonable quality and at affordable prices, regardless of their geographical location.

TDC has been appointed by the regulators as a universal service provider in several areas, including basic telecommunication service, special universal services for disabled persons and directory enquiry services, including an electronic directory.

TDC must deliver the services covered by the universal service obligation on reasonable terms to anyone who requests such services. TDC may charge for such services in accordance with the principles set out in the Danish Executive Order regarding Universal Service Obligations Services.

Spectrum Licenses (mobile)

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 the DEA is required in order to use radio frequencies. Licenses can either 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 Energy, Supply and Climate will determine the assignment method (auction, public tender or first come, first served) to be applied by the DEA in allocating the license.

Where there is frequency scarcity, but no essential public interest considerations to be met, the DEA will hold an auction of the licenses. Licenses issued through an auction or a public tender process are normally subject to coverage requirements and payment of license fee. The licenses held by TDC are all acquired through auctions and generally include requirements on coverage and payment of license fees. For information regarding TDC's licenses, see "*Business—Licenses*."

The DEA can withdraw existing licenses if the license holder cannot meet the license conditions.

International Roaming (mobile)

The EU Roaming Regulation came into effect in June 2017 and abolished roaming charges for European citizens travelling within the EU, allowing them to pay domestic prices for roaming calls, SMS and data.

EU mobile providers have to comply with a number of obligations stated in the EU Roaming Regulation, such as maximum charges relating to wholesale and retail prices for voice, SMS and data (a fair use limit may be applied, in the case of data). The EU Roaming Regulation has continuously reduced the level of the roaming charges.

Regulation of players having Significant Market Power

The European regulatory framework requires EU Member States to impose certain obligations on providers designated as having Significant Market Power, such as TDC. These obligations are intended to be proportionate to the market failure found in a market where one participant, or more, has Significant Market Power.

According to the Danish Telecom Act, the DBA is required to conduct market analyses on a regular basis for the purpose of assessing whether individual markets are sufficiently competitive. In markets where the DBA has identified a lack of sufficient competition, it designates one or more providers as having Significant Market Power.

The current valid market reviews are partly based on the market review performed by the DBA in 2007 based on the markets defined by the EU Commission recommendation in 2007 (the so-called "old markets") and partly on the market review performed by the DBA in 2014 based on the revised EU Commission recommendation on relevant markets issued in October 2014 (the so-called "new markets").

The DBA is required to impose on providers with Significant Market Power one or more of the following obligations:

- meeting all reasonable requests for access to interconnection
- non-discrimination, including requirement to apply a stand-still period
- transparency in connection with interconnection and new interconnection products
- accounting separation
- price control (the LRAIC method is the pricing method generally used)
- functional separation

The relevant markets, where TDC is currently considered a provider with Significant Market Power are:

- Old Market 1 (OM1): The retail market for fixed network subscriptions (wholesale purchase of PSTN and ISDN subscriptions)
- Old Market 2 (OM2): The wholesale market for fixed network origination
- New Market 1 (NM1): The wholesale market for call termination on individual public telephone networks provided at a fixed location
- New Market 2 (NM2): The wholesale market for voice call termination on individual mobile networks
- New Market 3a (NM3a): The wholesale market for local access provided at a fixed location
- New Market 3b (NM3b): The wholesale market for central access at a fixed location for mass-market products

In certain circumstances and subject to prior consultation with the EU Commission and with the EU Commission's consent, the DBA may impose other obligations than the above-mentioned on providers with Significant Market Power.

TDC is subject to the following Significant Market Power obligations:

	OM 1(1)	NM 1	OM 2(2)	NM 2	NM 3a	NM 3b
Requirement*						
Network access	X	X	X	X	X	X
Price control	X	X	X	X	X	X
Non-discrimination	X	X	X	X	X	X
Transparency	X	X	X	X	X	X
Accounting separation	X		X			
Functional separation						

* The exact obligations imposed are further detailed and described in the relevant market reviews performed by the DBA (additional information can be found on the DBA's website).

(1) A hearing regarding revocation of the obligations concerning OM 1 is currently ongoing.

(2) A hearing regarding revocation of the obligations concerning OM 2 is currently ongoing.

In addition, TDC has voluntarily accepted to give access to other operators via its coax network.

Upcoming legislative Changes

In September 2016, the European Commission submitted a proposal for a directive regarding establishment of the European Electronic Communications Code (the "**EECC**") as part of the EU's Digital Single Market package.

The EECC constitutes a revision and consolidation of the four existing EU telecom directives.

The main purpose of the EECC is to promote the roll-out of high speed broadband by providing necessary incentives to telecom operators to make economically viable investments or co-investments in future network infrastructure.

The EECC will have an impact on the current Danish legislation and is expected to be fully implemented by 2020.

Furthermore, the Danish government has recently reached a political agreement regarding the future principles, initiatives and policies for the telecommunications market. The plan determines the overall aim for the telecommunication policy of the Danish government during the coming years, but has not yet been implemented by way of specific regulation.

The plan incorporates four initiatives to support the government's long-term vision to make Denmark the European frontrunner in the build-out of digital infrastructure to all Danish citizens. An overview of the key initiatives are set out in the table below:

<table>
<tr><td>Vision</td><td colspan="4">Denmark shall be the European frontrunner in the coverage of digital infrastructure and have the best political framework for utilisation hereof.</td></tr>
<tr><td>Fundamental principles</td><td colspan="4">The roll-out of digital infrastructure is to be based on market standards, and the future regulations shall be provider and technology neutral.</td></tr>
<tr><td>Initiatives</td><td>A
To promote a foundation for effective infrastructure rollout so Denmark will become a leader in the 'technology solutions of the future'</td><td>B
To promotes access to the 'digital society' for citizens and companies Denmark with limited government intervention</td><td>C
Simple and predictable framework agreements for the telecommunications industry to make digital infrastructure roll-out more attractive</td><td>D
To promote well-functioning competition and active consumer improving their services and offering reasonable prices</td></tr>
<tr><td>Supportive initiatives</td><td>1. Broad 5G coverage in Denmark

2. Easier access to frequencies available for the 'technology solutions of the future'

3. To improve the possibilities for machine-to-machine learning services in Denmark</td><td>4. Government support to fiber rollout in rural areas (broadband pool)

5. Ambitious coverage requirements in the 700, 900 and 2300 MHz frequency auctions

6. Improved mapping of the broadband and mobile network coverage

7. Clear frameworks for municipality support to broadband and mobile coverage</td><td>8. Well-functioning coordination of Danish telecommunication policies

9. Cheaper and simpler access to set up mobile masts

10. Improved framework for the roll-out of broadband infrastructure

11. Standardizing the municipality case handling

12. Ending the 'Broadband guarantee requirement'</td><td>13. Open utilisation of the outer part of the broadband network

14. Broader choice for broadband customers in new buildings

15. Easier for consumers to switch broadband providers

16. More information about perceived mobile coverage for consumers</td></tr>
</table>

Sources: Danish Ministry of Energy, Utilities and Climate and the Danish government.

BUSINESS

Overview

We are the incumbent operator and a prominent provider of integrated communications and entertainment solutions in Denmark with a leading market position across broadband, pay-TV, mobile and landline voice services based on end-user subscriptions to consumer, business and wholesale customers and the multi-play segment with a focus on premium digital services. We also offer integrated solutions to business customers.

In Norway, we operate as one of the leading fixed line communications providers through the ownership of, Get. Get is one of Norway's leading TV and broadband providers and has one of the country's largest high speed networks for private customers. According to the latest NKOM (National Communications Authority) statistics, Get is the challenger to incumbent Telenor and the second largest provider of both TV and broadband in Norway, excluding partners.

As of March 31, 2018, in retail (which includes three of our business lines, Consumer, Business and Other Operations), we had approximately 1.3 million broadband customers, approximately 1.3 million TV customers, approximately 0.6 million landline voice customers and approximately 2.7 million mobile customers in Denmark predominantly through YouSee, our main brand for consumer services. As the incumbent operator in Denmark, we utilize a fully-owned fixed line network covering nearly 100% of the Danish population via copper phone lines, 48% via coaxial cable and 6% via fiber optic network. Our Danish mobile network provides 3G and 4G coverage to approximately 99.5% of the Danish population making it the most expansive in Denmark by third-party assessment and highly reliable network in terms of coverage and speed. In Norway, we pass a significant portion of Norwegian households with our HFC network. We define homes passed as residential dwellings only.

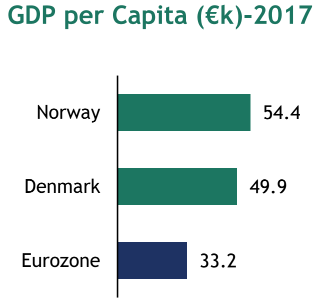
For the twelve month period ended March 31, 2018, we generated revenue of DKK 20,127 million (€2,702 million) and *Pro forma* Adjusted EBITDA of DKK 8,779 million (€1,178 million) (representing an EBITDA Margin of 43%). See "*Summary Consolidated Financial Information of the TDC Group*."

TDC Group's Strengths

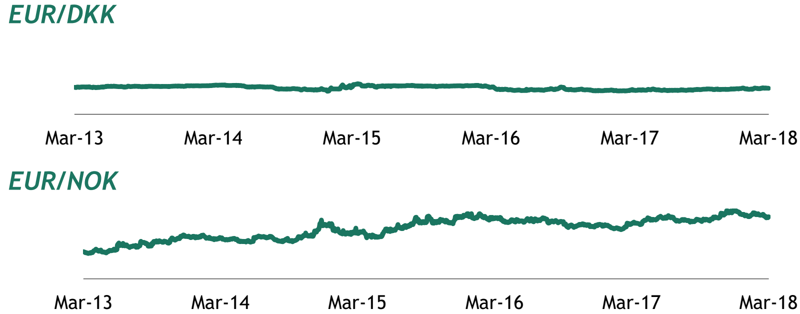
Highly developed Nordic markets with high disposable incomes and supportive telecommunications trends

We operate in Denmark and Norway, two highly developed Nordic markets with strong economic fundamentals reflected by AAA/Aaa ratings (S&P and Moody's, respectively) for both nations. Both countries have populations with high disposable incomes, benefiting from 2017 GDP per capita of €49,900 and €54,400 for Denmark and Norway, respectively, materially above the Eurozone average of €33,200 per capita. The Danish krone is pegged to the Euro with an upper and lower band, but the Danish central bank has been able to maintain a stable DKK/EUR rate at approximately 7.40 to 7.45 through its monetary policy. Denmark and Norway are both constitutional monarchies that have demonstrated stable political landscapes over the last decades, with developed legal systems and leading positions in corruption perception indices (indicating low corruption levels) Denmark and Norway rank #2 and #4, respectively, on the Corruption Perception Index 2017 rankings of Transparency International. Denmark's unemployment rate is forecast at 5.5% in 2018, compared to an average of 8.4% in the Euro Area, according to the European Commission.

The following charts set out the GDP per capita of Denmark, Norway and the Eurozone and the EUR/DKK and EUR/NOK exchange rates for the periods indicated.



Source: BMI Research



Source: Factset.

As in the rest of Europe, Denmark and Norway are experiencing demand for higher broadband speeds, multi-screen viewing, time-shifted content consumption and increased data demand. This is supported by strong uptake of electronic devices including smartphones (approximately 75% of the population in both Norway and Denmark), tablets and connected TVs. Both Denmark and Norway are among the countries with the highest broadband download speeds globally with average speeds over 80 Mbps as of April 2018.

Leading telecommunications network in Denmark incorporating high-speed cable and fiber with a state of the art mobile network

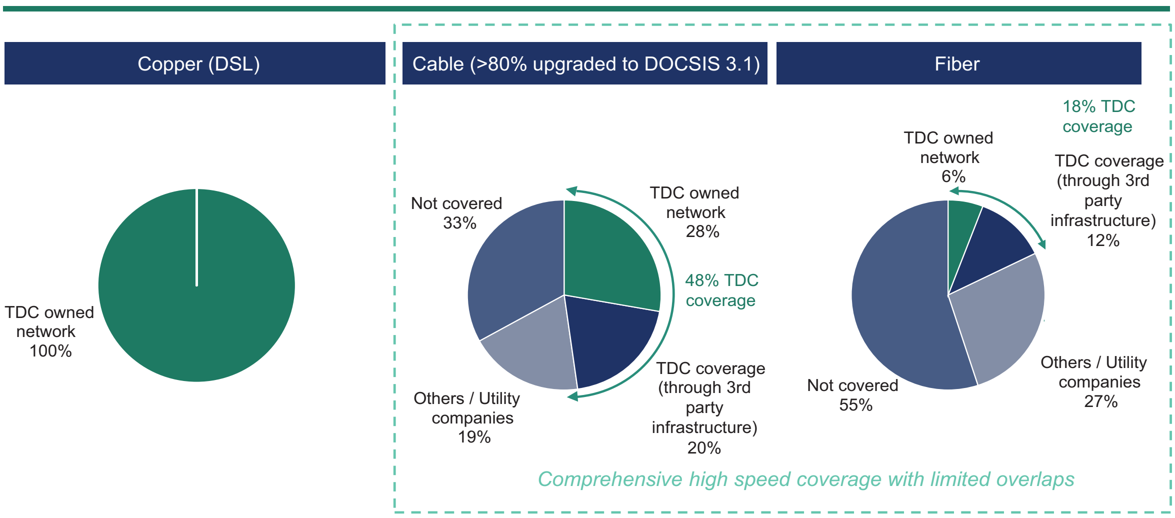
As the incumbent operator in Denmark, we are the owner of the widest and most comprehensive fixed line telecommunications infrastructure in the country and we believe we have a "unique" fixed line infrastructure portfolio in Europe. In addition to our own nationwide copper/DSL network (near 100% population coverage), we own a coaxial cable network in our domestic market. Our coaxial cable network covers approximately 48% of Danish households using both our own network (28%) and third-party infrastructure (20%), such as coaxial cable built by housing associations, antenna associations, and other MDUs, through exclusive contracts.

We also cover 6% of Danish households through our own fiber network and have agreements in place with utility companies (Ewii and Eniig) to utilize their fiber networks thereby increasing our fiber coverage by 12% and reaching approximately 18% of Danish households through fiber.

Given our nationwide multi-technology network, we believe it would be difficult and prohibitively expensive for our competitors to replicate our infrastructure.

The following chart sets forth our network coverage of Danish households by technology as of March 1, 2018.

TDC's network coverage of Danish households by technology (as of March 2018)

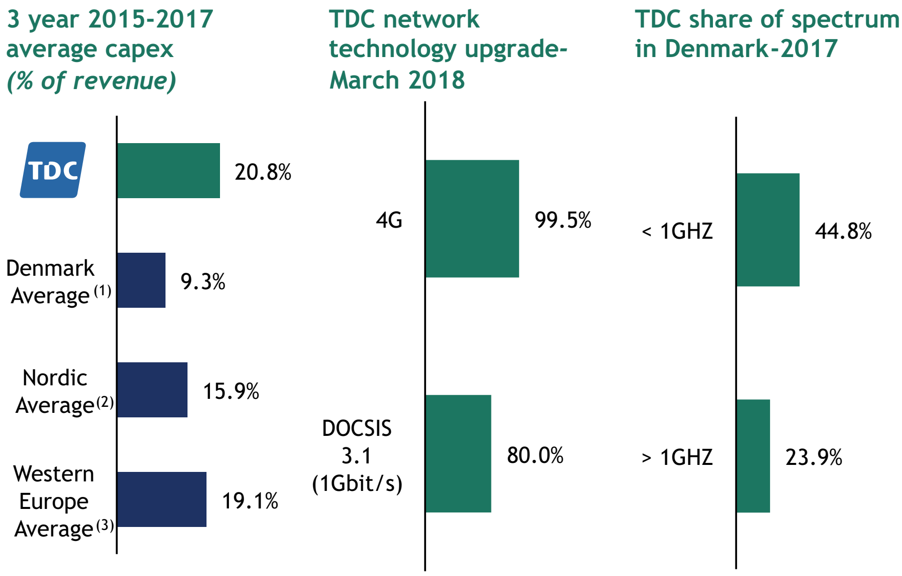


Source: Company data.

We cover approximately 99.5% of the Danish population with our 4G network, making it the most expansive in Denmark (by third-party assessment) and a highly reliable network in terms of coverage and speeds. The maximum theoretical speed provided by 4G+ is greater than 400 Mbps and we are the only operator in Denmark with the ability to achieve this speed on our network. Additionally, we hold a significant share of the Danish mobile spectrum including approximately 45% of bands under 1 GHz and approximately 24% of bands above 1 GHz. We have 2x20 MHz of spectrum in the 800 MHz band and 2x9 MHz of spectrum in the 900 MHz band. Our strong spectrum position in the sub-1 GHz spectrum band is critical for 4G and, potentially in the future, 5G coverage. We also have spectrum in each of the 1,800 MHz, 2,100 MHz and 2,600 MHz bands. Our mobile access network has been consistently rated as the best performing network in Denmark, including by P3 Network Analytics, an international network testing organization, in 2016. In 2017, we were designated as "Denmark's Best Mobile Network" by the Danish Technological Institute for the third consecutive year.

Our fixed line and mobile networks are well-invested compared to our peers in Denmark, the wider Nordic region and Western Europe. Our three-year average capital expenditure as a percentage of revenue was 20.8% compared to an average of 9.3%, 15.9% and 19.1% for a selection of our primary Danish, Nordic and Western European peers, respectively, demonstrating the investment in upgrading and expanding our networks in recent years. Our high recent capital investments have ensured that a high proportion of our fixed line and mobile networks have been upgraded to the latest technologies.

The chart below sets out data relating to three-year average capital expenditures as a percentage of revenue, our network technology upgrade and our share of spectrum in Denmark.



Source: Company data: Competitor websites/press.

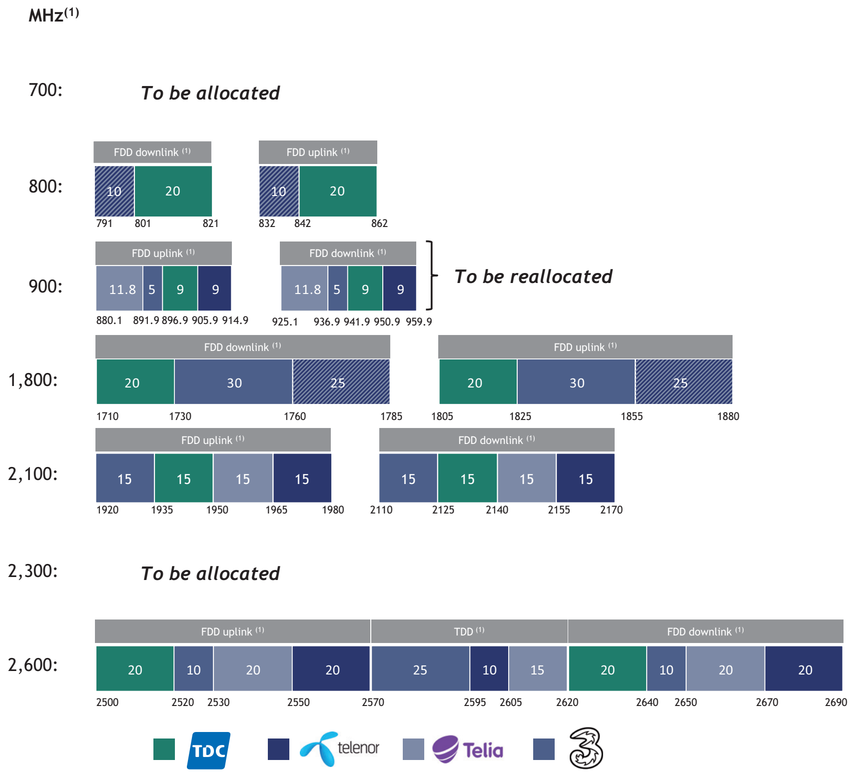
(1) Includes Telenor Denmark (only 2016, 2017), Telia Denmark and Hi3G Denmark, Hi3G DK + SE.

(2) Includes domestic operations of Telenor, Telia and Elisa.

(3) Includes domestic operations of BT, Orange, DT, Telefonica, Telecom Italia.

In 2016, we announced an agreement with Huawei to substantially upgrade our entire coaxial cable network to DOCSIS 3.1, which would enable us to increase our network's data transfer speed from speeds of up to 500 Mbps to speeds of up to at least 1 Gbps. As of March 31, 2018, we have upgraded over 80% of our TDC owned coaxial cable network to DOCSIS 3.1 and plan to reach 100% by the end of 2018.

We have also continued to invest in improving both the coverage and capacity of our mobile network, having installed over 200 new sites over the last two years. We have participated in spectrum auctions in the past and will consider participating in such auctions in the future on a case-by-case basis. In the second half of 2018, the Danish Energy Agency plans to hold a combined spectrum auction for the 700 MHz, 900 MHz and 2,300 MHz bands and we plan to participate. The 700 MHz and 900 MHz bands are particularly important for coverage and for competing in the 4G network over the course of the next five to ten years and potentially in the future 5G network. The chart below sets out spectrum allocation in Denmark.



(1) FDD = Frequency Division Duplexing; TDD = Time Division Duplexing; SDL = Supplemental downlink.

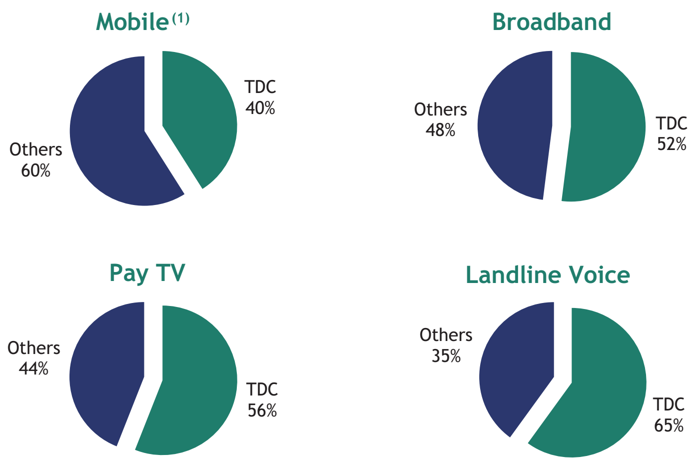
Source: Spectrummonitoring.com.

Fully integrated incumbent telecommunications operator in Denmark with a leading position across products

We are a fully integrated incumbent telecommunications operator in Denmark with a highly resilient business model partly due to our ability to offer full service integrated solutions (including broadband, pay-TV, landline voice and mobile) using primarily our own fixed line (including cable, fiber and DSL) and mobile infrastructure. We benefit from a leading position across B2C and B2B markets. We have a leading market share in B2C broadband, pay-TV, mobile and landline voice, with 1,111,000, 1,281,000, 1,906,000 and 428,000, consumer RGUs, respectively (including DKTV customers for broadband and landline voice) and in the B2B markets for broadband, mobile voice and landline voice with 182,000, 768,000 and 195,000 business RGUs, respectively, all as of December 31, 2017. Our service offering is best in class with broadband speeds of up to 1 Gbps, fully flexible TV packages including streaming services, and a wide range of data packages available in mobile. Our business model makes us highly resilient, with the ability to sell integrated packages to households and businesses, which helps to reduce customer churn and increases the revenue generated per customer. We believe we are significantly better positioned to offer a full bundle of products in Denmark compared to our competitors, and we continue to promote initiatives aimed at offering multiple services per household under the newly unified brand, YouSee (a product of a merger of our household brands, TDC and YouSee). In late 2017, we launched a converged offering, 'YouSee More', which encourages customers to sign up for two or more primary products, including additional services such as household security. Our other retail brands are "Fullrate" and "Telmore". We also provide telecommunications solutions for small, medium and large businesses and organizations as well as the public sector in Denmark under the brands "TDC Erhverv" and "TDC NetDesign."

In the Danish business and consumer markets, we have a market share of 40% in mobile (includes mobile voice and mobile broadband), 52% in broadband, 56% in pay-TV and 65% in landline voice as of December 31, 2017 based on RGUs, and, in the case of landline voice, lines. The charts below set out our market share in the business and consumer markets by product as of December 31, 2017.

Subscriber Market Share (%) - December 2017



(1) Includes mobile voice and mobile broadband.

Source: Danish Energy Agency (excluding pay-TV); Ampere (pay-TV).

Highly recognized and respected brand in Denmark with leading customer service capabilities

Our retail business (primarily, Consumer and Business) benefits from strong brands across all products. Our key consumer brand, YouSee, is positioned within the top-five of Brand Finance's Top-ten Most Powerful Brands in Denmark. Our leading market positions in Denmark in mobile, landline voice, broadband and pay-TV further underscores the strength of our brands among Danish consumers. The charts below set out the rankings for brand recognition in Denmark.

Brand recognition in Denmark(1)

Rank	Brand	BSI Score
1	LEGO	92.7
2	PANDORA	80.2
3	Danske Bank	77.8
4	youSee	75.3
5	TDC	73.4
6	Danfoss	72.3
7	TUBORG	71.4
8	ROCKWOOL	70.9
9	LURPAK	70.4
10	Nykredit	70.3

Leading brands portfolio

youSee TELMORE FULLRATE BLOCKBUSTER

Customer service focus

VINDER AF KUNDESERVICE AWARD 2017 TELMORE

(1) Based on Brand Finance Denmark's Top 10 Most Powerful Brands.

Source: BSI: Brand Strength Index.

We have invested considerably in recent years to improve our customer service, which has resulted in clear improvements of customer experiences since 2016 based on TDC surveys. In addition, the number of calls to our support and billing functions was reduced by 18%, from the end of 2016 to the end of 2017. These improvements in customer experience reflect our focus on better services and the shift to a more digital customer service model.

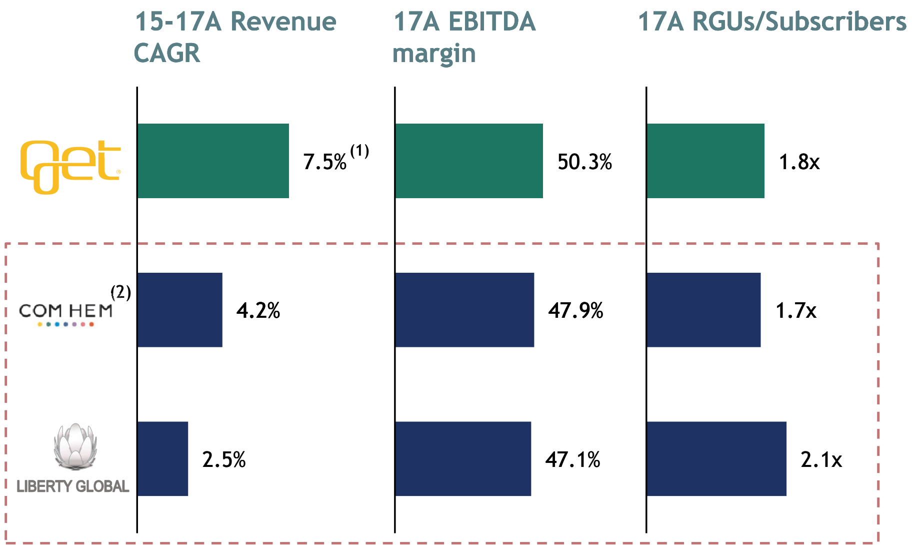
A leading fixed line communications provider in Norway with top brand and service quality

Following the acquisition of Get in 2014, we operate as a leading fixed line communications provider in Norway principally offering broadband, pay-TV, mobile and landline voice products to consumers and businesses. Get currently has 500,000 homes and businesses connected to its cable and fiber based high-speed network. Get owns its own cable and fiber based network in the key regions of Norway, principally in the South including Oslo, with additional coverage via the high-speed networks owned by 24 local partners. Get provides its services across different technologies which enables Get to offer customers a high-quality service. As of December 31, 2017, in Norway, Get had a 19% market share in pay-TV (second largest B2C operator, excluding partners, behind the incumbent Telenor) and 18% market share in broadband (second largest B2C operator, excluding partners, behind the incumbent Telenor).

On April 1, 2017, Get launched an improved TV offering, with the introduction of a new point-based channel selection menu allowing customers to tailor their own TV packages including SVoD services. The new offering contributed to price increases that led to an increase in TV ARPU by NOK 48 in 2017, incorporating in part the increase in content cost and one time gains in the first and second quarters of the year. Get's TV offering incorporates advanced features delivered via set-top boxes and a wide range of applications to streaming devices, smartphones and tablets, both at home and on the go. These features include, among others, (i) flexible TV packages with channel selection and SVoD services; (ii) simultaneous recording of TV content, in a user friendly and streamlined interface; and (iii) transactional and subscription on-demand services.

Get's broadband services offer a wide range of download speeds (up to 500 Mbps) via Get Sky. In 2017, through a targeted investment program, Get improved network stability and user experience on its network through faster speeds and active deployment of new high-speed routers. Get's market positioning is further strengthened by its progress with bundling, providing customers with TV, broadband, landline voice as well as mobile. Our mobile offering was introduced in 2016 through the launch of an MVNO, based on Telia's 4G network, which is aimed at further cross-selling, bundling and churn reduction. Furthermore, Get has launched a "smart security" services targeting MDU customers with a strong offering focused on fire alarm systems, further cementing Get's relationship with these customers.

Leveraging the proven and highly resilient cable business model, Get has a strong growth profile with a revenue CAGR of 7.5% over the three year period ended December 31, 2017. Get's strong EBITDA margin of 50.3% in the year ended December 31, 2017 place it above certain European cable peers. The table below sets out certain metrics for Get as compared to two of its cable peers.



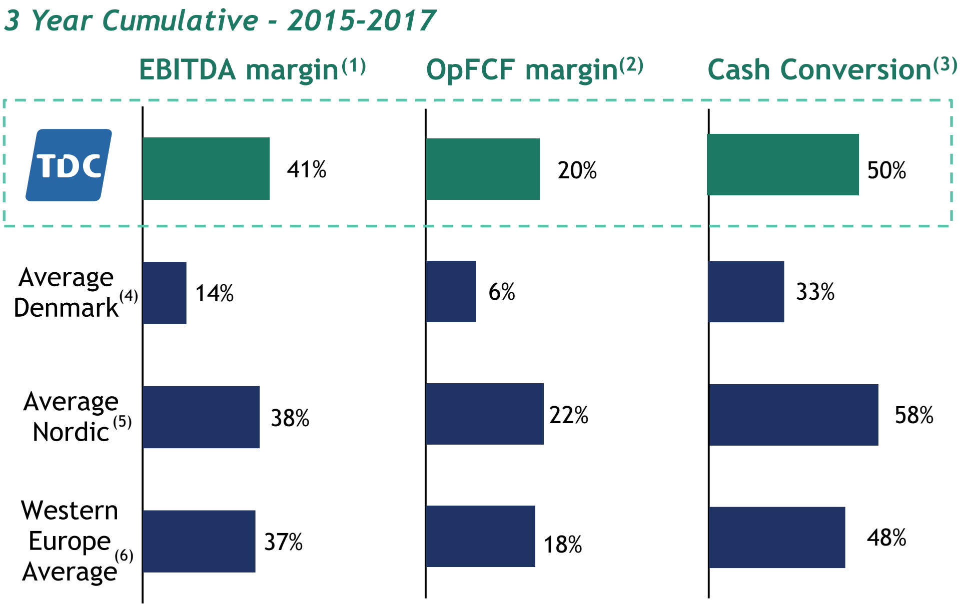
Source: Company data.

(1) In local currency.

(2) Com Hem segment (cable) only. Pro forma for Boxer acquisition, Group revenue CAGR is 1.9% and EBITDA margin is 41.0%.
Note: Peer numbers may not be calculated on a comparable basis.

Strong profitability and cash flow conversion

We have demonstrated strong profitability and cash flow generation compared to other operators in Denmark, the Nordic region and Western Europe more generally. We had one of the highest EBITDA margins among our Nordic and Western European peer groups (41%, 38% and 37%, respectively, as shown in the charts below) on a cumulative three years basis. In the first quarter of 2018, our organic EBITDA growth rate in Denmark was at its highest level since 2010. In January 2016, we announced a cost efficiency program expected to yield a run-rate of DKK 600-700 million (€81-94 million) operating expenditure savings over the period 2015 to 2018. Since 2016, we have worked on simplifying our processes, focusing on the digital experience, consolidating IT systems, optimizing product development, merging YouSee and TDC brands, simplifying the B2B portfolio and other initiatives. For the year ended December 31, 2017, these initiatives yielded DKK 394 million (€53 million) in organic operating expenditure savings, driven by implementing strategic initiatives such as renegotiation of supplier contracts, efficiency improvements in the field force, streamlining of the Danish B2B business and organic employee reductions. We are targeting additional efficiencies with an estimated organic improvement of at least DKK 300 million (€40 million) to be achieved in 2018, with a similar impact expected in the three months ended March 31, 2019. For a further discussion of our operating expenses, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations.*" Despite investing significantly in our network infrastructure over the last three years, we have been able to maintain high operating free cash flow margins of 20% and a strong cash conversion of 50% on average over the past three years.



Source: Company data and competitor reports.

(1) EBITDA margin is defined as EBITDA divided by total revenue.

(2) Operating Free Cash Flow margin is defined as Operating Free Cash Flow divided by total revenue.

(3) Cash conversion is defined as EBITDA less capital expenditure as a percentage of EBITDA.

(4) Includes Telia Denmark, Telenor Denmark and 3 Denmark. Includes 10% EBITDA margin for 3 Denmark in 2017 due to their VAT repayment.

(5) Includes Telenor, Telia and Elisa. Excludes Com Hem and Tele 2.

(6) Includes BT, Orange France, DT Germany, Telefonica Spain and Telecom Italia (Domestic).

Note: Financial numbers calculated based on each company's respective reported financial years. Other companies in the industry in which we operate may calculate these measures differently.

Supportive regulatory environment

We believe that the Danish market offers a supportive regulatory environment for continued development of an infrastructure-based telecommunications business, with a focus on promoting investments in infrastructure and leading technologies. In order to achieve this goal, a political agreement has been established setting out frameworks intended to increase the attractiveness of such investments and incentivize market players to roll-out digital infrastructure initiatives such as making it simpler and cheaper to set up mobile telephony masts; standardizing case handling by individual municipalities; improving the framework for the roll-out of broadband infrastructure and others.

Similarly, the Norwegian market offers a supportive regulatory environment in terms of continued development in line with the EU's Gigabit society's objectives and ensuring commitment to maintaining Norway's leading position in digital development among European peers. Norway has generally followed the EU's telecommunications regulation and is expected to provide a stable framework for future digital investments. The latest regulation was the removal of roaming charges for users from June 2017 across the EU. In terms of promoting greater competition, Telenor, the incumbent in Norway, captures a large portion of the market shares in mobile, landline voice and broadband. As a result, Telenor is obliged to provide open access to its fiber network (in addition to the access already provided to its DSL lines). In addition, Norwegian regulators are ensuring that bundled offers of all operators are sufficiently broken down into individual components (so that the user is not bound to accept services that was not requested) and this has required operators to offer all their services individually as well as in packages.

Capable management team with strong track record

A significant part of the current senior TDC management team has been assembled in the last three years with the objective of executing the TDC Group 2016-2018 Strategy which was announced in January 2016. Our highly experienced senior management team has a breadth of telecommunications experience and has extensive industry experience and a proven track record in their respective areas. The current management team has developed a credible track record of execution based on the TDC Group's 2016-2018 Strategy, including a merger of the TDC and YouSee brands, fixed line and mobile network upgrade and implementation of operating efficiencies. The merger of the TDC and YouSee brands was completed on schedule in the second quarter of 2016. In connection with the Transactions, we will continue to review our strategy and management team and are currently in the process of recruiting a new CEO as our current CEO will be departing in the course of 2018.

TDC Group's Strategies

Maintain and grow leading market positions by developing and managing our telecommunications network through initiatives to improve connectivity

Given our position as a market leader in the telecommunications industry in Denmark, we view the Danish government's target of expanding access to broadband with a minimum download speed of 100 Mbps to all Danish households by 2020 as an opportunity to expand our extensive reach even further. We believe that given our scale and broad local expertise we are well-positioned to invest in and continue to pioneer the development of high-speed connectivity across both fixed line and mobile to establish a faster nationwide network. Moreover, in our efforts to contribute to the Danish government target we intend to cooperate actively with relevant stakeholders, including local utility companies and other industry participants, in part via the continuation of opening up our network infrastructure for use by other telecommunications brands and retailers. Given the high level of recent investments, for example, the 4G rollout investment phase which is coming to a conclusion, we expect to achieve this vision without materially changing the current level of capital expenditure. We also expect that this initiative will give rise to increased consumer choice and will support increased utilization of our network.

Furthermore, we believe our scale will facilitate our goal to exceed the Danish government's target, such that all households have access to 1 Gbps broadband by the mid-2020's. This ambition is a continuation of our previous strategy of providing gigabit speed access to 50% of Danish households. As at March 31, 2018, more than 80% of our own cable networks and all of our fiber networks can offer gigabit broadband speeds. Our strategy is to continue to be a leading provider of broadband access in Denmark and Norway, by creating the best infrastructure for our customers. We achieve this in part by utilizing our cable network for both B2B and B2C customers and implementing fiber solutions across our own and third-party infrastructure to enable gigaspeeds in selected areas where cable is unavailable.

The chart below sets out certain of our strategic initiatives and progress to March 31, 2018, including the target to expand gigaspeed coverage in Denmark as well as improve operating efficiencies.

January 2016 investor day strategic initiatives	Target	Update / progress to March 2018
Brand Merger TDC youSee	By 2016	✓ (Completed in 2016)
Giga speed coverage (>1Gbps)	50% of Danish households by 2018	Can deliver 1 Gbps to 23% of Danish households as at March 31, 2018
Operating expenditure efficiencies	DKK600-700m run-rate by end 2018	Savings of at least DKK300m expected in 2018, resulting in cumulative impact of approximately DKK 600 million

We also hope to continue to deliver a variety of new product solutions to our existing customer base. As our 4G rollout investment phase comes to a conclusion, our 4G network currently covers approximately 99.5% of the Danish population making it the most expansive in Denmark by third-party assessment and highly reliable network in terms of coverage and speed. After adding more mobile sites in 2017 and implementing technologies such as voice over LTE (VoLTE), voice over Wi-Fi, narrow-band internet of things (NB-IoT), we continuously expand and enhance our network to strengthen our brand. We aim to further solidify this competitive advantage through the implementation of newer technologies such as 4x4 MIMO-antennas that can provide 1 Gbps mobile downlink speeds, increased bandwidth for 4G through re-farming, additional mobile sites and strategic partnerships with other telecommunications players. Furthermore, we plan to invest in 5G technology when it is ready for large-scale commercial deployment, and to provide shared access to that network. We tested 5G in January 2017 and became the first company in Denmark to test 5G and achieve speeds of more than 70 Gbps.

Continue to deliver digital solutions to improve customer experience

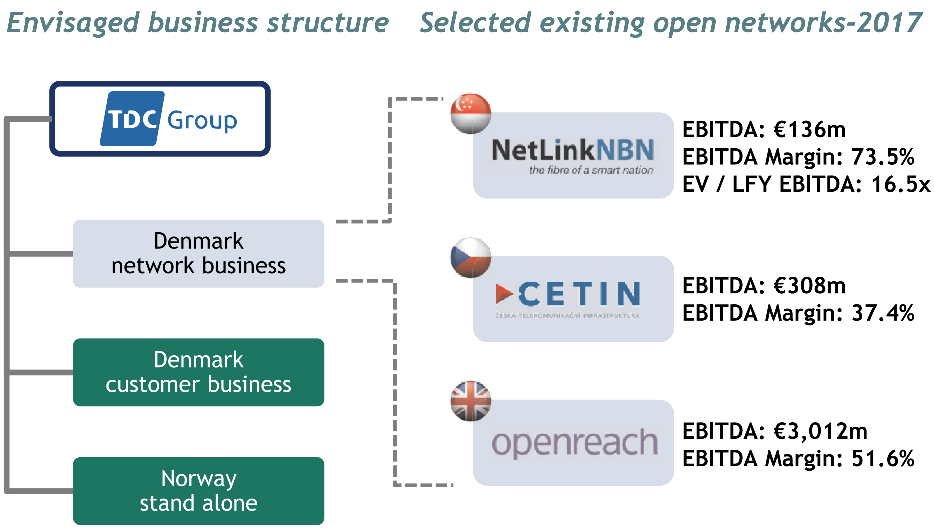
Our strategy remains focused on improving our customer service and product offering to customers and we believe digitalization will be a key driver of this strategy. As society becomes increasingly digitalized, and access to mobile phone and data connections anywhere and anytime has become a fundamental expectation, the demand on digital infrastructure will intensify. Access to mobile telephony and broadband is also promoting productivity by making daily life more convenient and creating new opportunities. Therefore, we are investing in order to further enhance and extend our digital infrastructure, allowing us to provide access to cutting-edge technologies and services. Technological developments may also shorten product life cycles and facilitate convergence of various segments in the telecommunications industry.

To support our digital strategy, we launched "Digital First", a digital transformation program, in 2017. The program has a cross-functional team to bring innovative new solutions to the market and, since February 2018, sits as a separate business line called Digital under Other Operations. Through Digital First in Business, we launched a new online sales flow for mobile subscriptions, including a customized online sales guide to help customers with the decision process. In Consumer, YouSee launched a personal digital onboarding process for broadband subscription and online booking of technician support, which has reduced call volumes to customer support regarding onboarding and provided customers with more flexibility and transparency. We believe digitalization will be a primary driver for enhancing the customer experience, for instance by improving our online distribution channel and expanding our retail footprint. We will continue to implement digital solutions such as digital self-servicing tools to increase the share of customer utilization online. Through these measures, we aim to reduce churn, increase customer loyalty and cross-sell and up-sell opportunities to deliver improved customer satisfaction scores.

Streamline management structure

In order to better facilitate our development and the enhancement of our nationwide network without compromising customer support, we aim to create a separately managed open-network business in the medium to long-term. The aim of this reorganization is to enhance value by enabling all service providers and retailers in Denmark to access our network on a non-discriminatory basis, targeting greater network utilization, greater volumes and improved customer experience. The open-network strategy has several established precedents globally, including among others: NetLink NBN in Singapore which was separated from SingTel and listed on the Singapore Exchange in July 2017; CETIN in the Czech Republic which was spun off from O2 Czech Republic in June 2015; and Openreach, the network division of BT Group plc, in the UK.

To implement this strategy, we plan to formalize our current functional management structure by creating three separately managed business units focusing on the development, strengthening and management of (i) our Danish telecommunications network; (ii) our Danish customer business; and (iii) our Norwegian business. For each of these planned units, we plan to implement a separate management team and independent governance arrangements. This organizational model will allow us to (i) focus on serving our existing customers through the development of new products and continued delivery of premium content, while (ii) simultaneously sourcing new customers via partnerships with other networks and telecommunications retailers without jeopardizing the operational efficiencies achieved through a range of simplification initiatives implemented in 2016 and 2017. We also believe the separation of the business units will allow management to focus on managing and developing the businesses on their own merits and to their full potential through specialization.



Source: Company data; Press.

The business unit managing our Danish telecommunications network will support the ongoing strategy to increase third party utilization of our network infrastructure. We believe the further opening up of our nationwide network infrastructure, to be operated on an open-access basis for use by all other telecommunications brands and retailers, will help improve utilization of the network and thus increase capital efficiency, creating more resilient margins and stable cash flows. We also expect that an open network approach will decrease the risk of regulatory intervention. In addition to opening up our own network for use by other telecommunications retailers and brands, we seek to develop partnerships with other network providers across Denmark in order to utilize their networks for our customers and acquire new customer bases. We aim to do this by entering into contracts with utility companies such as our recent contract with Eniig.

We also expect that revising our organizational structure will facilitate investment in customer service as the management structure will allow increased focus on the service element of our business. Our ambition is to have the highest customer satisfaction in the industry by focusing on six initiatives: (i) better customer experience; (ii) better connections; (iii) better solutions; (iv) best digital service and simplest business; (v) best team and relations; and (vi) best financial and commercial management. In line with our continued focus on providing best-in-class customer experience, we will continue to improve our reputation and brand image and increase digital customer interactions and reduce incoming support and billing calls. Furthermore, we will continue to migrate our small and medium business customers to our common sales force and IT platforms in order to properly capitalize on more efficient data management, personalized onboarding and sales flow of self-service and automation. We expect the continued implementation of our Digital First program will continue to enable operational expenditure savings and improve the customer experience.

Certain characteristics of the Danish fixed line market structure lend it more favorably to a network separation strategy compared to its European peers. Unlike most other European markets, the proportion of alternative fixed line local access infrastructure is lower. The lack of alternative fixed line local access networks, high barriers to entry and maturity of the Danish telecommunications market provides the opportunity to create value and improve our operating profile through separating network and retail assets. The evolution of the Danish market with a relatively lower proportion of commercially viable alternative fixed line local access infrastructures could lead EU and domestic regulators to adopt greater elements of a utility type approach to fixed line local access regulation, recognizing a trade off in some markets between incentivizing investment and introducing new infrastructure competition. Such a regulatory shift could benefit telecommunications wholesale network providers, such as TDC, providing long-term visibility in market structure and greater certainty for planning and investing. Combined with providing infrastructure to all telecommunications operators in Denmark, we could see a reduction in operating risks and an improvement in the visibility and stability of network cash flows.

Invest in promoting the consolidated YouSee brand

In 2016, we decided to merge our premium consumer brands "TDC" and "YouSee" under the "YouSee" brand to improve the customer experience and simplify our business processes. The merger was part of our strategic plan under the guiding principle "Always Simpler and Better", describing our approach to the overall customer experience, as well as how we seek to operate as a streamlined business. Prior to the merger, YouSee provided cable services while IPTV services were branded TDC. The infrastructure did not cater to the offering of triple or quad play given each brand had its own infrastructure including a separate IT network. The merger involved combining IT platforms and backhaul; merging channels, go-to-market-strategy and branding; and offering an integrated portfolio of services with a consistent product roadmap. The merger enabled us to consolidate multiple self-service platforms to deliver a better offering. Through this unified household brand, we believe our customers will benefit from a leading suite of integrated services across mobile, broadband, TV and landline voice covering all of Denmark. We believe the merger will also simplify our operating model, optimize investment and marketing spend and reduce complexity and duplication.

Our strategy for promoting the consolidated YouSee brand is focused on moving towards convergence and more advanced services and content as consumers start to demand greater broadband speed and capacity to cope with more demanding services such as video streaming or IoT. Convergence, the bundling by the same operator of more than one product across mobile, broadband, landline voice and pay-TV in a single customer package, is a proven model to drive higher loyalty in the telecommunications industry. Depending on the number of services provided, an operator can be classified as single-, double-, triple- or quad-play. As more providers become fully convergent (quad-play), they achieve greater customer stickiness, thereby reducing customer churn and increasing cross-sell opportunities. The converged offering YouSee More was launched towards the end of 2017 giving customers access to three to five value added services when a customer has two or more primary YouSee products. We will continue to invest in promoting the consolidated YouSee brand through convergence and the aggregation of services.

While our core strategy remains convergence and aggregation, we have recently started building our own differentiating content position to supplement our core strategy. As part of this position, we have moved into direct licensing of movies and series from studios, including Disney, Fox and Paramount, which is an extension of our current channel partnerships with these providers. We have also moved into commissioning of scripted and non-scripted Danish content. We successfully launched YouSee Comedy, a new digital comedy entertainment universe consisting of a number of original Danish program series as well as licensed content.

We also introduced fully flexible TV packaging in the first quarter of 2018, which includes a point-based selection system also enabling users to select streaming services as part of their YouSee subscription. The introduction of the point based system has motivated a change in the preference of the "flexible TV" customer base towards larger packages. As customers become increasingly loyal to brands as opposed to specific channels, we will continue to invest in new content to promote the YouSee brand and to adapt to changing consumer preferences. We seek to improve the selection of our streaming services which we believe will enhance our position as a content provider of choice in Denmark.

Continue to develop a simplified and efficient operating model

Digital First has enabled us to increasingly focus on improving operational efficiencies throughout our organization and we will continue to focus on this in the future. We believe that this will lead to enhanced profitability and that continued digital innovation will enable us to accomplish this strategy. To simplify the operating model, we have decommissioned a number of IT systems and platforms by for example, the migration of more than one million TDC households to a shared YouSee platform, and the migration of 70% of B2B customers in the small and medium business segment to a new IT platform that has been completed. This simplification will enable operating expenditure efficiencies and will also enable a more comprehensive product offering for our B2B customers. As a consequence of the decision to merge our premium consumer household brands and to substantially simplify the product portfolio in Business, we consolidated our products and services, platforms and IT systems. Further simplification efforts will lead to a simplified digital operating model, which will deliver more efficiency. Increasing digitalization will enable us to replace legacy systems, create agility and reduce costs across our organization. We believe the simplification and consolidation of our IT platforms will also enhance our productivity and streamline our business in a meaningful way.

In addition to opening up our own network for use by other telecommunications retailers and brands, we seek to develop partnerships with other network providers across Denmark in order to utilize their networks for our customers and acquire new customer bases. We aim to do this by entering into contracts with utility companies such as our recent contract with Eniig.

Continue to increase our relevance among our B2B customers

We aim to continue increasing our presence and relevance in the B2B market. Our strategy focuses on cloud-based solutions, improved contract profitability and simplification. As part of this strategy, we acquired the cloud companies Cirque and Adactit in 2016. This has enabled us to offer integrated solutions to our customers with TDC Skype for Business being the first initiative, and we expect to launch additional services with a focus on analytics and security. Skype for Business is a cloud and connectivity solution that combines telephony, video calls, chat, calendar integration, document and screen sharing. We are the leading Danish provider of fully integrated telephony in Skype for Business. We offer this product with mobile voice subscriptions, which is an attractive option for our SME customers. As of March 31, 2018, we had approximately 31,000 users enrolled in Skype for Business and we expect this number to increase in the future. We expect the implementation of cloud-based telecommunications solutions to be the main driver for attracting B2B SME customers and key aspects to delivering the benefits of digitalization. Over time, we expect this will create stronger loyalty in the customer base and enable us to grow the average value per customer. We aim to be the preferred digital solutions partner for the business community and we believe our fully integrated telephony Skype offering positions us as a key differentiator in the market in order to become the preferred digital solutions partner for the Danish business community.

Review the TDC Group business and implement any necessary reorganizations, mergers, demergers and/or M&A activities involving parts of the TDC Group

We will commence a strategic options review of the TDC Group to consider the ideal structure and integration of the TDC Group in view of our strategy to separate our business into three distinct units overseeing each of our telecommunications network, the Danish customer business and the Norwegian business. This structural review may result in the corporate reorganization of the business, including potentially by way of mergers, demergers or other M&A activities involving parts of the TDC Group in the medium to long-term, in every case intended to capitalize on existing operational efficiencies and maximize the potential of each part of the TDC Group.

The review will also focus on identifying areas of network investment opportunity, means of delivering improved customer service as well as reducing churn, and driving long-term sustainable financial performance.

Maintain financial discipline to optimize cost of capital

We aim to continually improve cash flows, by, among other things, targeting EBITDA growth through existing cost savings initiatives and capitalizing on national growth initiatives in the telecommunications industry. Also, we intend to maintain discipline in capital expenses and expect improved cash flows to provide a strong liquidity cushion for our ongoing business needs. We note, however, that increased leverage of TDC following the Transactions will increase cash interest costs going forward. Finally, we expect our Norwegian activities to become tax paying from 2019.

We aim to optimize our cost of capital through efficient management of our capital structure; for example, by refinancing existing indebtedness at the appropriate time at potentially lower rates or funding potential capital needs with the most economical sources of funding. We aim to achieve sustainable financial performance through long-term cash flow generation. We believe that our future network investments in the short- and medium-term will extend the lifetime of the infrastructure and create long-term cash flows. We intend to fund network investments through an appropriate combination of generated cash flow and debt.

Furthermore, our domestic defined benefit plan has a pension surplus under the Danish FSA pension regulation amounting to DKK 2.7 billion (€0.4 billion) as of December 31, 2017. This pension asset demonstrates the strong position of our domestic defined benefit plan and reduces the risk of any future funding requirements by us to meet our obligations under the plan, thereby ensuring our cash flows are not impacted significantly. We maintain a net pension asset of DKK 6,819 million (€915 million), which is recognized on our balance sheet as of March 31, 2018.

Overall, we expect that our strategy will encourage and support innovation and investment in the telecommunications sector, improve customer choice and available product offerings, improve retail competition as well as accelerate the expansion, quality and speed of the network.

History and Development

In 1990, the Danish parliament combined the four existing Danish telecommunications companies to form a single company, Tele Danmark. Tele Danmark was later renamed TDC. TDC was partly privatized in 1994 and fully privatized in 1998.

In 2005, Nordic Telephone Company (“**NTC**”), which comprised five private equity funds, purchased 87.9% of the shares in the TDC Group with the remainder continuing to be publicly held and traded. During the period after the acquisition, from 2006, we embarked on a strategy to concentrate on our core Nordic markets and to streamline our telecommunications operations through strategic in-country consolidation and divestments of our non-Nordic international assets. Between 2010 and 2013, NTC gradually sold off its shares in the TDC Group and fully exited in 2013.

In 2014, we expanded our business by acquiring the leading Norwegian cable TV company Get for NOK 13.8 billion, or €1.7 billion on cash and debt free basis, which represented a multiple of 10.5x pre-synergies and 9.3x post synergies on 2015 estimated EBITDA for Get at the time of the purchase. The Get product portfolio consists of premium TV entertainment services and high-speed broadband through an end-to-end hybrid-fiber network.

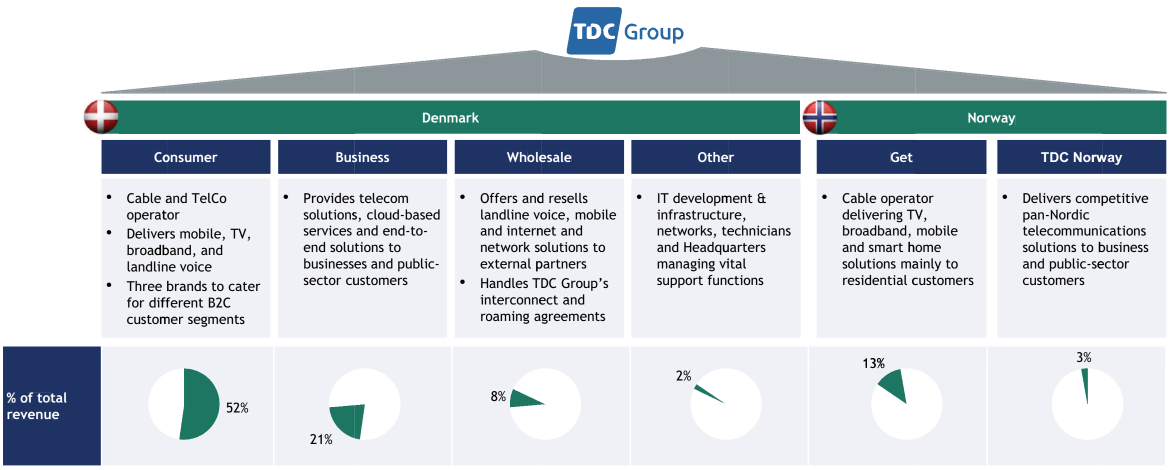
Following the divestment of our Finnish subsidiaries, TDC Oy Finland and TDC Hosting Oy, in 2014 and our Swedish subsidiary, TDC Sverige AB, in 2016, we became focused solely on the Danish and Norwegian markets.

In 2017, we sold our subsidiary, TDC Hosting, to the Danish equity fund Maj Invest Equity as part of our overall strategy to streamline the business.

As of June 8, 2018, the TDC Group was 100% owned by the Consortium through a voluntary takeover offer (which completed on May 4, 2018) and subsequent squeeze-out. See “*The Transactions*.”

Our Operations

We have a functional customer-centric structure with six business lines and more than ten brands. In Denmark, our business lines include Consumer, Business, Wholesale and Other Operations, while our operations in Norway include Get and TDC Norway. The chart below shows each of our business lines and the proportion of our revenue generated by each business line for the twelve months ended March 31, 2018.



Source: Company data.

Our market-driven structure was chosen to emphasize the focus on customer types and needs. Our product range spans all price and value propositions as a result of our wide array of differentiated brands. We distribute our products through an extensive distribution network, including our own shops, dealer networks, direct sales, call centers and websites.

In Denmark, we own and operate the most extensive nationwide telecommunications network, offering telecommunications and entertainment services to residential customers, businesses and other organizations. We also offer access to third parties to our network in Denmark through our Wholesale business line. In Denmark, revenue generated by product in the twelve months ended March 31, 2018 amounted to 28% from internet and network, 27% from mobility services, 24% from TV, 11% from other services and 10% from landline voice.

In Norway, we offer products and services to retail consumers and to businesses. Get, a leading fixed communication provider in Norway, provides residential households with broadband, TV, landline voice and mobile. In Business, Get provides small companies with basic broadband, while TDC Norway provides more advanced data communications solutions to larger corporates and public bodies. In Norway, revenue generated by product in the twelve months ended March 31, 2018 amounted to 40.7% from residential TV, 28.1% from residential broadband, 22.2% from business and 9.1% from other residential services.

Denmark

Consumer

Our Consumer business line delivers services to residential households and has a multi-brand strategy with differentiated brands, with leading market shares across mobile, broadband, landline voice and pay-TV based on end-user subscriptions in terms of RGUs.

The Consumer business line generated total revenue of DKK 10,529 million (€1,413.3 million) for the twelve months ended March 31, 2018, representing 52.3% of our total revenue and 61.8% of revenue generated in Denmark, respectively, for the twelve months ended March 31, 2018.

As of March 31, 2018, the Consumer business line had 1.9 million Mobile RGUs, 1.0 million Broadband RGUs, 1.3 million TV RGUs and 0.4 million Landline Voice RGUs. In the three months ended March 31, 2018, the Consumer business line had Mobile voice ARPU of DKK 121 (€16), Broadband ARPU of DKK 195 (€26), TV ARPU of DKK 263 (€35) and Landline Voice ARPU of DKK 124 (€17).

Through differentiated brands the Consumer business line serves a broad range of segments from the no-frill segment and the mass-to-premium market. The Consumer business line offers a broad range of telecommunications including from traditional landline services such as PSTN and integrated services digital network ("**ISDN**"). These services have developed over time and currently cover VoIP, broadband and TV, all provided in a technology agnostic package that aims to ensure the customer will get the best possible experience based on the infrastructure available at their address by varying between copper, cable and fiber. Furthermore, the Consumer business line offers mobile voice and mobile broadband on Denmark's most extensive mobile network, a position that was achieved after launching a new 4G network and has been maintained through continuous investments and upgrades. Depending on the brand the Consumer business line also offers various value-added services, including telecommunications related services such as visual voicemail, double data and security services as well as convergence focused offerings such as streaming, music, and magazines.

YouSee is our premium brand focused on providing household customers with offerings targeting both individual households or single-dwelling units ("**SDUs**") and organized customers or multiple-dwelling units ("**MDUs**") such as antenna and housing associations. The current YouSee brand is the merger of the former TDC brand based on copper and fiber infrastructure with the YouSee brand based on cable infrastructure. After the merger of the two brands in 2016, we have begun to position YouSee as a provider of entertainment services both at home and away via mobile services, building on Denmark's most extensive network.

YouSee's portfolio is focused on four main products, TV, broadband, mobile and landline voice. The converged offering YouSee More was launched towards the end of 2017 giving customers access to three to five value added services when a customer has two or more primary YouSee products. The value-added services include the ability to donate to Børns Vilkår, access C-more, utilize a security package and stream music. The introduction of YouSee More intends to further enhance YouSee's position as a household brand and reward existing customers with added value. To strengthen YouSee's position in the Danish TV market, where OTT services have been widely adopted, YouSee initiated the first steps toward establishing an integrated entertainment platform merging flow TV, SVoD and exclusive content in late 2017. Exclusive content, such as seasons of Suits and own produced content such as ChriChri (a Danish lifestyle program), were launched side by side with the flow channels as the first step. In February 2018, we introduced a truly flexible TV concept giving the customer the opportunity to mix flow channels and SVoD services within their TV package. The first SVoD services introduced were HBO, Min Bio, Viaplay, Dansk Filmskat and Cmore, and we expect to introduce more services during 2018. YouSee customers with a TV subscription can benefit from their services both when at home using the YouSee set-top box and when out of home using the TV & Film (movie) app. The same flexibility is available for the value-added services the customers have from YouSee More.

Telmore is our mobile-only brand offering mobile voice and mobile broadband. Telmore started as a no-frills brand and subscriptions are predominantly prepaid. In 2014 the subscription Telmore Play was introduced giving customers the option to choose from a range of value added services as part of their subscription. In September 2017, TDC acquired the local MVNO Plenti, which in the three months ended March 31, 2018 was merged with Telmore.

Fullrate offers a full range of telecommunications services including self-service xDSL broadband, TVoIP, VoIP, mobile voice and mobile broadband products. Full rate is positioned as a basic brand for customers requiring high speed and in 2017 further stipulated that position with an increased focus on Wi-Fi services.

Blockbuster is the digital movie rental brand. TDC acquired the rights to use the Blockbuster name in 2014 and launched the beta version of the service in the same year. In 2017, the Blockbuster footprint was expanded to the rest of the Nordics.

Business

Business provides telecommunications solutions, cloud-based services and IT solutions to businesses in Denmark under the brands "TDC Erhverv" and "TDC NetDesign".

Business generated total revenue of DKK 4,353 million (€584.3 million) for the twelve months ended March 31, 2018, representing 21.4% of our total revenue and 25.3% of revenue generated in Denmark, respectively, for the twelve months ended March 31, 2018.

As of March 31, 2018, Business had 0.8 million Mobile RGUs, 0.2 million Broadband RGUs and 0.2 million Landline Voice RGUs. In the three months ended March 31, 2018, Business had Mobile voice ARPU of DKK 108 (€14), Broadband ARPU of DKK 285 (€38) and Landline Voice ARPU of DKK 289 (€39).

Business has a significant position in the Danish business market and provides telecommunications solutions for small, medium and large businesses and organizations, as well as the public sector in Denmark. In the Danish business market, we have a market share of 65% in landline voice, 60% in broadband, 53% in mobile voice, contract based (including TDC owned service providers) and 48% in mobile broadband (including TDC owned service providers as of March 31, 2018 based on end-user subscriptions and RGUs, based on our estimates). Its services include broadband solutions, landline voice, mobile services, convergence products (combined landline and mobile voice), and fiber access. This business line also provides terminal equipment and systems integration services through its brand NetDesign, which is a Danish systems integrator of IP-based communications solutions offering networks, security, video conferencing and voice systems tailored to business customers and other organizations.

In 2017, we were awarded SKI, the supplier contract with the procurement agency for the Danish State and municipalities. This contract covers mobile voice and data services, landline voice services, mobile handset and modems including accessories to the Danish State, pre-registered municipalities and other public organizations. Terms of the new contract are valid as of January 1, 2018 for a period of two years with an option for SKI to extend the contract twice with one year per extension.

Wholesale

Our Wholesale business line offers and resells telecommunications services to other operators and external partners. This business line also manages our interconnect and roaming agreements.

The Wholesale business line generated total revenue of DKK 1,758 million (€236.0 million) for the twelve months ended March 31, 2018, which is 8.4% of our total revenue and 9.9% of revenue generated in Denmark for the twelve months ended March 31, 2018.

As of March 31, 2018, the Wholesale business line had 0.2 million Mobile RGUs, 0.3 million Broadband RGUs, 0.02 million TV RGUs and 0.1 million Landline Voice RGUs. In the three months ended March 31, 2018, the Wholesale business line had Mobile Voice ARPU of DKK 70 (€9), Landline Voice of DKK 65 (€9), Broadband ARPU of DKK 118 (€16) and Landline Voice of DKK 65 (€9).

As a content service provider, the Wholesale business line handles sales, consulting and business development within mobile data services, such as mobile payments, barcodes, telemetrics and mobile marketing. The business line also provides a variety of access services such as full and shared unbundled access to the local loop ("**LLU**"), Bitstream Access Coax ("**BSA Coax**"), Ethernet Bistream Access, Ethernet VPN solutions, virtual unbundled local access (VULA), ISDN services and xDSL coverage. LLU shares copper wire pairs with a telephone subscription, so it is possible to operate broadband on a copper wire pair that is also used for telephony. BSA Coax gives clients access to fast broadband via our coaxial cable network.

Furthermore, the Wholesale business line offers infrastructure services, including traditional leased lines, IP-VPN, wavelengths and IP connectivity. This business line also offers dedicated fiber, including national and international network capacity services, which enables our clients to own infrastructure for purposes of fulfilling their customers' needs in terms of business solutions for establishing networks in housing associations and in relation to tenders for counties and municipalities in which the capacity is unlimited.

Other Operations

Our Other Operations business line consists of three operating segments, Operations, Digital and Headquarters. Operations manages a number of support functions, such as IT operations, procurement, installation and network.

For the twelve months ended March 31, 2018, Other Operations generated total revenue of DKK 516 million (€69.3 million), constituting 2.5% of our total revenue.

The Operations segment focuses on building Denmark's best network, continuously improving our productivity across the entire organization and enhancing customer satisfaction through, for example, improved fault correction and simplified IT systems. Operations generates revenue from third parties mainly from cable installation work in Operations' subsidiary Dansk Kabel TV. The Digital segment was introduced in February 2018 to manage IT development for our Danish business lines. Approximately 500 employees work side-by-side with external consultants and colleagues from Consumer and Business in agile teams developing superior digital customer experiences while rethinking and differentiating our TV and B2B cloud offerings. The Headquarters segment manages support functions and provides internal services for our Danish business lines such as facility management, legal affairs, human resources, communications, strategy (including Mergers and Acquisitions) and finance.

In 2017, we introduced VoLTE/WiFi to improve indoor connectivity. We are also working on the implementation of the next generation 4G/DSL hybrid broadband to improve broadband coverage in rural areas and to increase the lifetime of the DSL customer base, which we expect to be commercially available in YouSee in 2018. In 2017, Operations also launched a new 'Quality-up' program focused on bringing technical fault rates to a new low level. This program is expected to further increase customer satisfaction and reduce operating expenses.

Norway

Our Norwegian operations is conducted through two subsidiaries, Get and the B2B business TDC Norway, and comprised 15.5% of our consolidated revenue for the twelve months ended March 31, 2018.

For the twelve months ended March 31, 2018, Get had revenue of DKK 2,553 million (€342.6 million), constituting 12.7% of our total revenue. For the twelve months ended March 31, 2018, TDC Norway had revenue of DKK 630 million (€84.4 million), constituting 2.8% of our total external revenue.

We acquired Get in 2014. See "*—History and Development*." Get is one of Norway's leading TV and broadband providers and has one of the country's largest high-speed networks for private customers. A total of 500,000 homes and business are currently connected to Get's fiber-based HFC network, and Get has nearly one million RGUs using its services on a daily basis. According to the latest NKOM (National Communications Authority) statistics, Get is the challenger to incumbent Telenor and the second largest operator of TV and the second largest operator of broadband in Norway, excluding partners.

Get delivers innovative services across various fiber technologies, and currently has its own network in various regions of Norway, including Oslo, Asker, Buskerud, Østfold, Bergen, Stavanger, Haugesund, Trondheim and Kristiansand. In addition, Get provides services through 24 high-speed networks owned by local partners. We believe that Get's high-speed national network and an advanced technology platform, positions Get to continue to increase subscribers and revenues and remain an important player in the Norwegian market.

Get's TV offering has advanced features made available through set-top boxes and wide range of applications to streaming devices, smartphones and tablets, at home and on the go. Such features include, among others, (i) flexible TV packages where customers can personalize their offering across linear channels and several SVoD services, (ii) simultaneous recording of TV content, in a user friendly and streamlined interface and (iii) transactional and subscription on-demand services (for example, Get was the first operator in Norway to partner with and include HBO Nordic in the basic tier TV offering).

The majority of our content costs are linked to our core TV products, which include a wide variety of TV channels and video on demand services. Our content costs are typically variable and related to customers selecting one or another channel or service as part of their selected entertainment offering. In addition, we offer our customers a vast selection of premium sports rights via different content providers (for example, Champions League via the channel TV 3+) on a non-exclusive basis.

Our broadband B2C services portfolio in Norway consists of services with a wide range of download speeds through hybrid-fiber coaxial ("**HFC**") and FTTH networks. All of our broadband service offerings include unlimited cloud storage via Get Sky. In 2017, through a targeted investment program, we improved network stability and user experience on our wireless network through faster speeds and active deployments of new high-speed routers.

In addition to its main services, TV and broadband, Get has launched mobile services with an MVNO agreement on the network rated as 'best in Norway' (Telia), and has introduced a 'smart security' service targeting MDU customers with a strong offering focusing on fire alarm systems. We believe that both of these services have the potential to contribute meaningful profit, preserve existing customer relationships to drive down churn and facilitate more effective acquisition of new customers.

Our B2B business in Norway offers a broad portfolio of products including advanced data communication solutions, traditional landline voice, mobile voice and TV services as well as Wholesale services. TDC Norway is a fiber-based B2B operator, which delivers competitive pan-Nordic telecommunications solutions to business (primarily large enterprises) and public-sector customers. TDC Norway has built its own nationwide backbone network, which consists of routers and cables that connect different geographical regions. To reach the end customer address, TDC Norway rents copper or fiber cables from Telenor. TDC Norway also owns a number of fiber access cables.

Network and Infrastructure

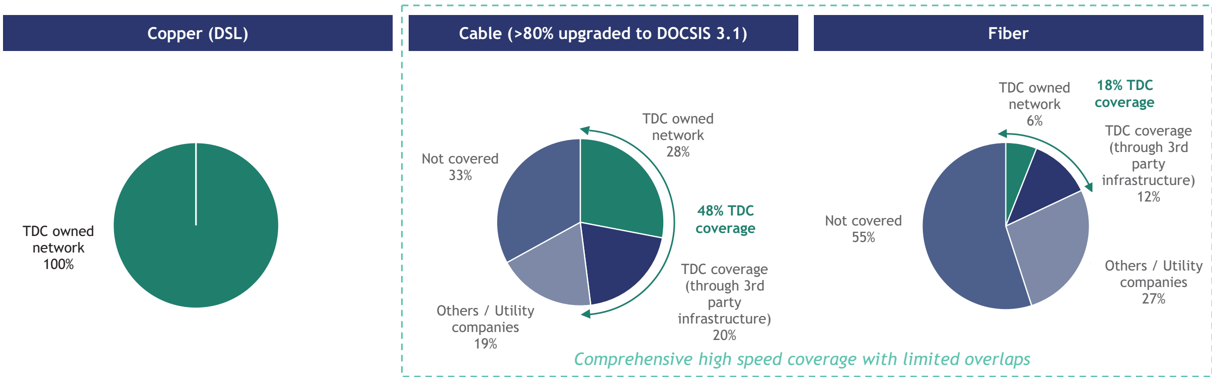
We operate an extensive telecommunications network in Denmark, including fixed voice and mobile access networks, and own a critical part of the telecommunications network infrastructure in Denmark. We also operate and own a fixed line access network in Norway.

Denmark

Our fixed line access network reaches nearly 100% of Denmark's households, including nearly 100% through our copper/DSL network based on our copper lines, 48% through our and third-party owned coaxial cable networks, and 6% through our fiber optic network. All cable infrastructure is buried underground. As of March 31, 2018, we are able to provide approximately 74% of Danish households with data transfer speeds of greater than approximately 50 Mbps and approximately 64% with data transfer speeds of greater than 100 Mbps.

The following chart sets forth the network coverage of Danish households by technology as of March 1, 2018.

TDC's network coverage of Danish households by technology (as of March 2018)



Source: Company data.

We use our copper/DSL network, which covers nearly 100% of the Danish's households, to deliver broadband, IPTV and voice services to our customers.

Our coaxial cable network covers approximately 48% of the Danish population using both our own and third-party infrastructure such as coaxial cable built by housing associations, antenna associations and other MDUs, through exclusive contracts. In 2016, we announced an agreement with Huawei to substantially upgrade all our coaxial cable network to DOCSIS 3.1, which has enabled us to increase our network's data transfer speed from speeds of up to 500 Mbps to speeds of up to at least 1 Gbps. As of March 31, 2018, we had upgraded over 80% of our TDC owned network to DOCSIS 3.1 and plan to reach 100% of the TDC owned network by the end of 2018.

Fixed line access services are delivered from access nodes placed in central offices, shelters (small buildings in the access network) and remote cabinets. The table below gives an overview of the access nodes.

Access technology	Number of nodes	Node size, design criteria
DSL, Remote cabinets	1,743	< 192 ports
DSL, Shelter, Central Office	1,684	n.a.
Coax, HFC	4,580	Design criteria: < 500 Homes Passed Average: 296 Homes Passed Average: 120 Homes Connected (broadband)
FTTH, Shelter	390	< 384 ports
FTTH, Central Office	178	n.a.
Fiber feeder access	1,090	n.a.

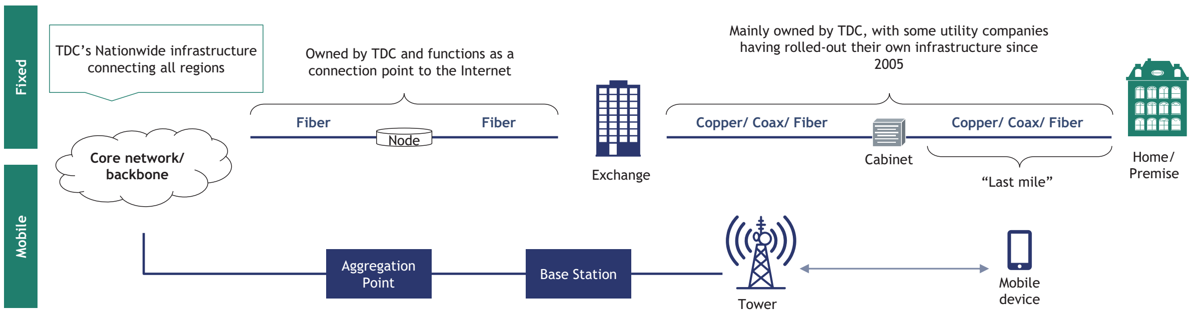
We are actively negotiating with regional Danish utility providers to improve our fiber optic network reach. In October 2014, we entered into a strategic partnership agreement with Ewii, a regional energy provider, to offer our broadband services over Ewii's fiber optic network in the Triangle region of Denmark. As part of the agreement, Ewii retained ownership of and responsibility for expanding its fiber optic network while we operate Ewii's infrastructure, allowing us to gain access to approximately 90,000 households. In November 2017, we signed an agreement with Eniig to offer YouSee and TDC Business products through Eniig's fiber optic network in Central Jutland, thereby increasing our overall coverage and reaching approximately 240,000 households. Under this agreement, we will have access to a state of the art fiber optic network, which we believe will not require significant capital expenditure.

We are generally able to provide faster data speeds to areas that are connected to our coaxial cable and fiber optic networks as compared to areas that are connected to our copper/DSL networks. Certain areas in Denmark, covering in total approximately 15% of Danish homes, have only copper/DSL infrastructure in place and do not have any coaxial cable or fiber optic infrastructure. Our copper/DSL network passes almost all the approximately 2.8 million homes in Denmark, while our fiber network passes 6% of Danish homes. Our cable network, excluding overlap with our fiber network, pass by 26% of Danish homes and we can deliver fiber and cable access on third-party networks to 9% (excluding overlap with our cable network) and 18% (excluding overlap with our owned and our partners' fiber networks) respectively, of Danish homes excluding overlap with our own fiber and cable network. Hence, we provide 59% of households with high speed coverage. We do not generally have overlapping fiber but, based on our internal estimates, approximately 37% of our cable network, overlaps with third-party fiber networks. 27% of Danish homes are only covered by our copper/DSL network but have a third-party alternative from utilities or antenna associations.

We have a nationwide mobile access network. The mobile access network has been consistently rated as the best performing network in Denmark, including by P3 Network Analytics, an international network testing organization, in 2016. In 2017, we were designated as "Denmark's Best Mobile Network" by the Danish Technological Institute for the third consecutive year. Our mobile access network was outsourced to Huawei in 2013.

The figure below shows our hybrid production platform setup.

Fixed and mobile infrastructure



We have a strong spectrum position in the Danish market. In the sub-1GHz spectrum band, we have 2x20 MHz of spectrum in the 800 MHz band and 2x9 MHz of spectrum in the 900 MHz band. As a result, we have 45% of the total spectrum in the sub-1GHz band, which is critical for 4G and 5G coverage. We also have spectrum in each of the 1,800 MHz, 2,100 MHz and 2,600 MHz bands.

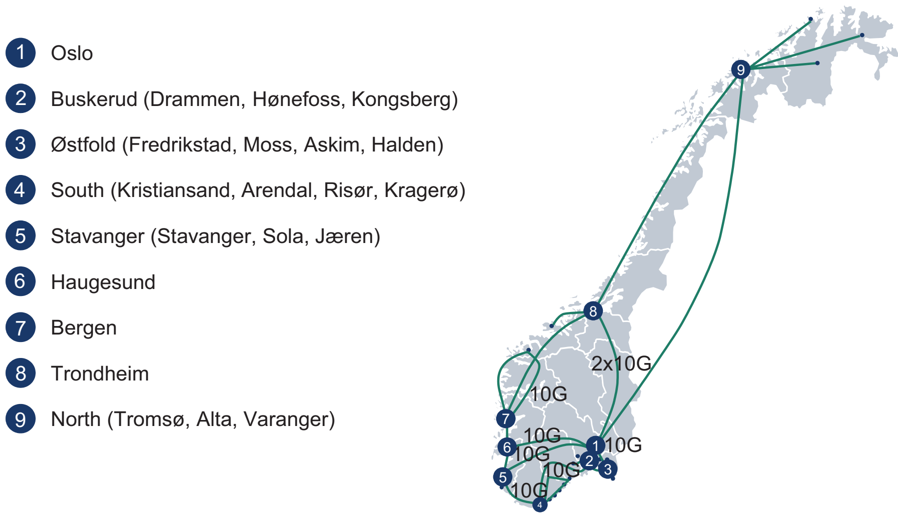
We have continued to invest in improving both the coverage and capacity of our mobile network, having installed over 200 new sites over the last two years. We have participated in spectrum auctions in the past and will consider participating in such auctions in the future on a case-by-case basis. In the second half of 2018, the Danish Energy Agency plans to hold a combined spectrum auction for the 700 MHz, 900 MHz and 2,300 MHz bands and we plan to participate.

Norway

As of March 31, 2018, our network in Norway, excluding our partners, passed by approximately 650,000 Norwegian homes. The network consists of a high capacity national fiber network, telecommunications installations and transmission equipment, as well as HFC and FTTH access networks. All networks are located in Norway and are concentrated towards the major metropolitan areas, such as Oslo, Bergen, Stavanger, Trondheim and Kristiansand. Our Get network is comprised of approximately 14,000 kilometers of cable and fiber infrastructure (including fiber leased from third parties). For our B2B business, our TDC Norway network is comprised of 5,600 kilometers of fiber.

The network and infrastructure are designed to be fully redundant and to provide high capacity. The core network transports approximately 500 Gbps of peak traffic daily, in a mix of all services provided. The fiber-optic infrastructure is partly owned by us, partly by Get's partners and partly leased from third parties. We have a fully owned metro-fiber network in Oslo. In other parts of Norway, we have entered into fiber lease agreements with backbone network providers in areas where we do not own any backbone network. Our most important backbone provider is Broadnet, with approximately 95% of our backbone fiber links. In areas where neither we nor our local partners have their own network, we have acquired rights to use third party local and regional networks through leasing and fiber swap agreements. We own the majority of the equipment needed for our core operations. Our network has 14 main national points-of-presence, which are also referred to as hubs. In addition, several smaller points-of-presence are used due to disperse geography in the South and Trondheim region.

The map below shows an overview of our network in Norway.



The entire network is monitored and operated from the network operations center (the "**NOC**") at our headquarters in Oslo. The NOC is operated on a 24/7 basis. The NOC is also the base for all content distribution. We have regional technical operations of approximately 100 technicians who handle first line technical support and who provide 24/7 on-call technical support. We maintain spare-parts supplies for all critical equipment in regional depots and have SLAs in place with vendors to ensure rapid response time for network outages. All of this contributes to maintaining high service availability throughout the backbone and access networks.

We have a hybrid production platform with a unique service delivery design that allows the same TV service platform to deliver any high-speed access infrastructure. Signals are produced as SPTS, transported as IPTV and then delivered to customers over broadcast for HFC or Multicast IPTV to FTTH. For our current set-top boxes, the same headend and middleware platform is used, giving the same user interface and experience, regardless of access technology. The technology platform is developed in partnership with leading technology providers. This design also allows us to easily interconnect with our partners at the hub in closest proximity to its network. For new service platforms, Get is extending its agnostic service delivery by moving key components of its video platform into the cloud. In addition to providing great scalability, this also increases the agility and time to market for our video service delivery.

The hybrid nature of our production platform allows us to adopt an access-agnostic network approach to delivering our products and services, with a focus on delivering the services in an all-IP manner. Our current deployed platforms include OTT, HFC, G-PON (fiber), P2P Ethernet (fiber) and RF-Overlay (fiber). Legacy platforms, such as DSL or acquired Ethernet networks, have either been discontinued or are in the process of being migrated to one of these three standards.

The HFC plant is 97% two-way and 100% EuroDOCSIS 3.0 compliant, running 16-32 downstream channels and four upstream channels in the network. Significant investments have been made to upgrade the physical networks, upgrade the cables, replace the amplifiers and to integrate fiber deeper into our network. By fall 2018, the network is expected to be at full 862 MHz spectrum bandwidth capacity. We are investing significantly to integrate fiber deeper into our network and we are continuously reducing our node size and service groups. Our target is to reach 150 homes per service group.

Our hubs have been upgraded with DOCSIS 3.1 ready equipment and the network is ready for launching DOCSIS 3.1 services in June 2018, pending availability of modems.

With the exception of legacy set-top boxes with return path for VoD services, the absolute majority of our broadband CPE is on EuroDOCSIS 3.0 compliant CPE. Current top speeds on the network are download speeds of up to 500 Mbps to substantially all homes passed, and our broadband network has been successfully tested for speeds of up to 1 Gbps on both DOCSIS 3.0 and DOCSIS 3.1.

Recognizing the importance of Wi-Fi in the customer broadband experience, since 2016 Get has invested heavily in optimized Wi-Fi CPE to our installed base. Get deploys state of the art 11.ac Wi-Fi in our DOCSIS 3.0 CPE in addition to leading Mesh- Wi-Fi from AirTies.

Sales and Marketing

Distribution

We sell our products through our extensive distribution network which includes both B2C and B2B brand stores. Additionally, we work with partners and suppliers such as content and IT service providers, to develop and maintain our network and provide international connectivity.

In Broadband, TV and selected mobile broadband products (high usage subscriptions), we provide a modem or a set-top box as part of the subscription. In the sales portfolio, the CPE is included in the monthly subscription. We still have TV customers in our legacy portfolio paying a separate fee for the set-top-box.

In our Wholesale business line, we require that the wholesale providers use our CPE. The wholesale providers rent our CPE.

In respect of mobile voice, we sell handsets to our consumer and business customers. Handsets are sold either including a subscription or to customers that already have a subscription with us. In both Consumer and Business, we subsidize handset sales. For the Consumer business line, we offer options to finance the handset. We use a third party for the financing apart from YouSee Online sales where the financing is done by us. We expect financing in YouSee Online to be transferred to a third-party provider in late 2018.

Marketing and Branding

We market our various brands through offline and online advertising campaigns.

YouSee

In 2016, we decided to merge our premium brands in the consumer segment “TDC” and “YouSee” under the “YouSee” brand to simplify our business processes and improve the customer experience.

At the end of 2017, we launched the converged offering "YouSee More", providing customers with two or more primary products with additional benefits. The converged offer provides a broad catalog of value added customized services, including, for example, online magazines, YouSee Music, security package and SVoD services. Customers in the program have the flexibility to choose their own benefits and switch them online. Since the launch in late 2017, 45% of customers with the opportunity to enter the program have joined YouSee More. As of March 31, 2018, more than 100,000 customers had signed up for YouSee More.

YouSee has also become increasingly digitalized enhancing the functionalities accessible through applications and online self-service on "mit YouSee". One of the first larger improvements was making the broadband and TV product onboarding more interactive through the app. Other improvements included the ability to easily switch between TV channels and SVoD services and buying add-on services such as international call packages. The marketing of YouSee is focused on both traditional campaigns through TV, radio, press and billboard advertisements, where we target specific pools of customers depending on segment and product or a specific regional area to address customer demand for better accessibility and new digitalized marketing through paid search, social media activities and direct mail. We have also put a significant focus on the branding of "YouSee" to increase customer loyalty, launching several new activities during the last years building on "YouSee's" position as an entertainment and household brand, with exclusive content, concerts, meet and greet opportunities and cooperation with organizations such as Børns Vilkår and Grøn Koncert & Muskelsvindsfonden for events. By combining branding and marketing activities with high quality services and a customer oriented self-service platform, we aim to make YouSee the number one entertainment and telecommunications provider.

Online Brands (Telmore, Fullrate, Blockbuster)

Fullrate

While being a full telecommunications provider with broadband, TV, mobile broadband and mobile on B2C and B2B, Fullrate is positioned as a Broadband company, which is also the primary focus of marketing. Fullrate also cross-sells additional products.

Historically, Fullrate was positioned as a basic no-frills product range company. This resulted in declining sales, partly also due to increased competition in the broadband market with new-comer Hiper aggressively targeting the same no-frills segment with lower prices and higher speed than Fullrate.

In 2017, Fullrate implemented a large brand re-positioning and changed its focus from the no-frills segment to technology interested consumers. The new market position was formulated as "Fullrate takes responsibility for your experience". Initial focus has been on supporting the WiFi experience.

As part of the re-positioning Fullrate changed its corporate visual identity and logo and implemented a new communication strategy.

Telmore

Telmore is mainly focused on B2C towards standard mobile subscriptions and streaming services, as well as providing mobile broadband. Telmore has created different segments based on defined demographics to target Telmore customers. Telmore offers mobile first solutions which also taps into segments concerning cable cutters and cable nevers.

With the launch of Telmore Play in 2014, Telmore repositioned its marketing strategy to modernize the brand and target the 25-50 year old segment, focusing on young families and consumers in their middle 30s. At the time of launch, streaming was primarily popular with the younger demographic. As streaming and the use of data is now used by a much broader demographic, and without much brand consideration and awareness Telmore will reposition its marketing strategy again (this summer), targeting a broader audience both geographically and demographically.

With the repositioned market strategy, Telmore would be repositioned from discount to value for money and away from the low-price positioning of Oister, a brand of Hi3G, and CBB, a brand of Telenor.

TDC Erhverv, TDC Net Design

In Business, we use different marketing strategies to reach corporate customers depending on the nature and size of a customer's business. For large corporate customers and SMEs, the Business advertising strategy focuses on television (starting from October 2017), press, radio, billboards and digital advertising. The marketing efforts in Business are also customized and institutional in nature and include one on one meetings and local presentations, as well as presentations at exhibitions.

Customer Service and Retention

Since 2017, all customer support functions have been insourced to enable us to provide a better customer experience. Following the insourcing of YouSee's support and billing call center in 2017, the full customer service value chain are in-house.

We have recently introduced several new initiatives to enhance our digital platform. In 2017, we launched "Digital First", a digital transformation program. The program has a cross-functional team to bring innovative new solutions to the market and, since February 2018, sits as a separate operating segment called Digital under our Other Operations business line. Through Digital First in Business, we launched a new online sales flow for mobile subscriptions, including a customized online sales guide to help customers with the decision process. In Consumer, YouSee launched a personal digital onboarding process for broadband subscriptions and online booking of technician support, which has reduced call volumes to customer support regarding onboarding and provided customers with more flexibility and transparency.

Credit Management and Billing

Our prepaid card customers purchase SIM cards and scratch cards and mobile terminals directly from retailers and dealers, who purchase them from us or a distributor. We bill these retailers and distributors shortly after delivering these products and we generally have no direct billing relationship with our prepaid mobile customers (except for our online shop customers).

Our post-paid mobile, landline voice, internet and TV customers purchase subscriptions from retailers, TDC owned shops, sales call centers and online. We bill our post-paid customers directly in monthly, quarterly or annually billing cycles. Post-paid customers can purchase mobile terminals and accessories in cash or based on a fixed payment plan over a period of up to 24 months.

Other operators, service providers and MVNO's purchase fixed line and mobile products from our Wholesale business line. We bill our wholesale customers on a monthly or quarterly basis. Wholesale customers are required to make deposits to reduce credit risk.

We perform credit evaluations on our post-paid consumer, corporate and wholesale customers and monitor customer collections and payments. We manage fraudulent behavior by monitoring alarms internally. External fraud protection is managed in cooperation with traffic carriers. We maintain a provision for estimated credit losses derived from a statistical model mainly based on an aged debtor list.

Information Technology Systems

Our information technology systems cover the following functional areas:

- customer contact and interaction, including call center support systems (Computer Telephony Integration and Automatic Call Distribution), interactive voice response units, case management, self-service (websites & applications) and eCommerce;
- business support, including CRM, order management, CPQ, billing, collection and receivables management, fraud management, interconnect billing and reconciliation, loyalty, commissioning, trouble ticketing, Service Level Agreement management and revenue assurance systems;
- operations support and mediation, including provisioning (fixed line, cable & mobile), fieldforce management, network inventory (logical & physical), network planning, network monitoring, network performance management, traffic data collection and mediation systems;
- prepaid and intelligent network, including the prepaid charging systems and related service nodes;
- TV platform supporting both classic flow-TV, IPTV and OTT TV & VOD;
- decision support, including data warehousing, analytics, data mining and business reporting systems;
- VAS, including VAS service nodes (Multimedia Messaging Service Center, Short Message Service Center), service delivery platforms, voice mail, smart roaming and several service specific delivery platforms;
- enterprise resource planning, including the systems supporting our internal processes (general ledger, warehouse, logistics, treasury, etc.);
- infrastructure services, including systems, databases, storage, backup, desktop, intranet, internal IP networking and company email;

- information security, including systems to manage the compliance to Privacy Decree, Regulatory security obligations, technological security; and
- robotics automation systems.

Our information technology systems are undergoing a significant digital transformation process in order to efficiently support the needs of the business post-acquisition. This transformation includes providing a unified ICT application stack to serve the multi-brand model, support a premium wholesale business, and to allow new business enablement for omnichannel customer interaction, digital customer journeys and to improve automation by embedding analytics within corporate processes.

The long-term evolutionary path of our information technology systems is based on a medium to long term plan, revised yearly, with the objective of maintaining full alignment of information technology with our strategy and our priorities of efficiency, effectiveness and speed of execution.

Our information technology systems are both installed within our own data center facilities and public cloud facilities and operated by our staff, as well as external vendors.

Licenses

We are not required to have a general license to operate our business in Denmark and Norway.

We rely on certain spectrum licences to operate our mobile network in Denmark. These licenses are generally awarded in public auctions for a limited time. The next auction is expected to take place in the autumn of 2018 and will cover the spectrum ranges 700 MHz, 900 MHz and 2,300 MHz.

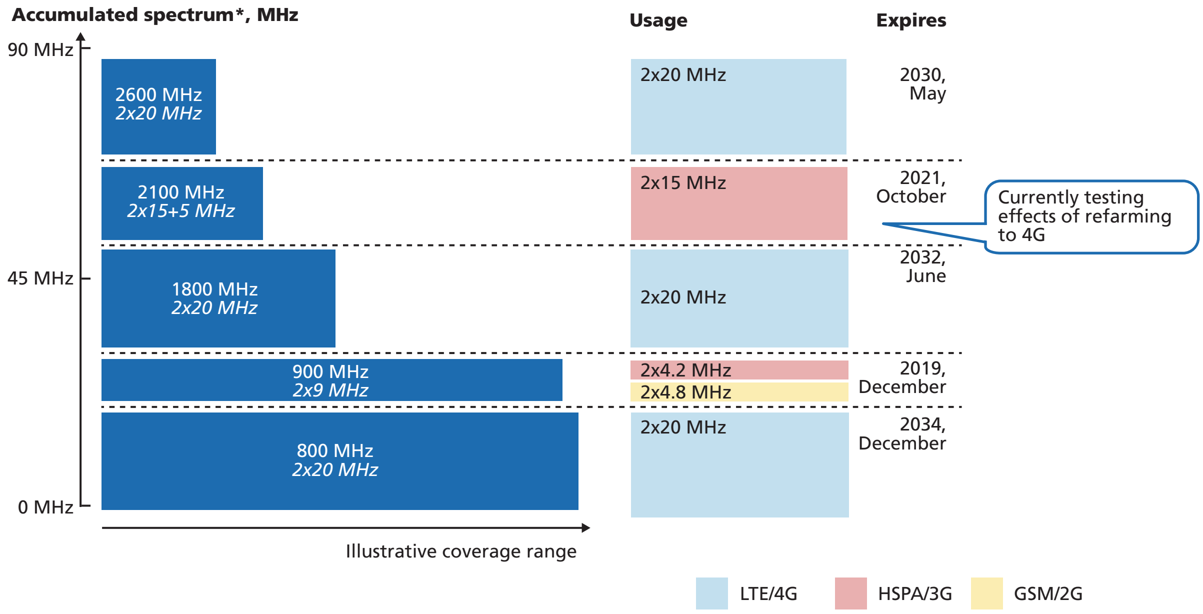
We plan to participate in this auction to obtain new licenses for 700 MHz, 900 MHz and 2,300 MHz spectrum for mobile. The auction will include two different kinds of proposals regarding geographical coverage obligations; one for different areas with limited broadband supply and a second one regarding up to around 5,000 specific addresses in Denmark.

The minimum perceived download/upload speed in the covered areas will be at least 50/5 Mbps regarding the license for the 2,300 MHz frequency band (specific address) and at least 30/3 Mbps regarding the license for the 700 MHz and 900 MHz frequency band (areas with limited broadband supply).

The following table sets out the spectrum bands in which we operate, the usage level and the expiry date.

TDC currently has 5 spectrum allocations with a total of 2x84 MHz + 5 MHz

Distribution of TDC's spectrum



For information relating to spectrum contract payments, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditures*."

Certain Contracts Relating to the Operations of Our Business

The following is a summary of certain contracts relating to the operation of our business:

Wholesale contracts

We are, as the Danish incumbent, considered to hold Significant Market Power (SMP) in certain wholesale markets. Accordingly, under the relevant Danish and EU regulation, we are subject to extensive access and non-discrimination requirements and are required to publish reference offers for a number of wholesale products.

We enter into wholesale contract complexes whereby we provide various broadband, mobile and other telecommunications voice products and infrastructure access to other providers of such services, either in the form of wholesale products for resale or as various wholesale inputs to the provision of such telecommunications services, i.e. in the form of access to networks and infrastructure (for example, raw copper/fiberband). Products and services provided in our wholesale contracts include, for example, VULA, ethernet VPN, co-location, access to raw copper network, BSA coax, and landline voice for resale.

Our wholesale contract complexes consist of a brief framework agreement, a longer set of general terms and conditions, and, depending on the customer, a number of addendums/supplements, each covering a specific product. All of these contracts contain, in the general terms and conditions, an obligation that we will provide access to wholesale products to all customers on non-discriminatory terms.

The framework agreements, general terms and conditions and individual addendums/supplements may, unless specified in a specific addendum/supplement, be terminated with 6 months notice by either party.

Retail contracts

We enter into retail contracts for the provision of various broadband and telecommunication products and services to consumers and businesses as end users. Our retail contracts generally cover mobile telephony products and services, broadband, data communication, amongst other products and services.

SKI contract

Following a public tender we won two contracts with the Danish Government and the Danish Municipalities procurement service (*Staten og Kommunernes Indkøbsservice*) ("**SKI**"). The government and the municipalities that have chosen to opt in are the customers to the two contracts, respectively. Under the contracts, they generally have a purchase obligation to acquire all products and services needed within the following product groups offered from us: fixed line and mobile telephony, broadband, mobile phones, mobile phone equipment, mobile modems and associated services.

The contracts commenced on January 1, 2018 and are effective until December 31, 2019 and may be renewed for a period of up to 24 months. The contracts will all terminate at the latest on December 31, 2021.

Agreements with Utility Companies

We have entered into access contracts with utility companies, including Ewii and Eniig, whereby each of these utility companies provide us with access to their fiber network.

Contract with Ewii

We have entered into a framework agreement with Trefor Bredbånd (now Ewii Fibernet), which commenced in October 2014 and will terminate on 31 October 2020 with a possibility for renewal.

Under the framework, a wholesale agreement has been entered into regarding access to the fiber network owned by Ewii Fibernet for the purpose of resale to end customers.

The agreement is non-exclusive and does not in any way restrict our or Ewii Fibernet's ability to compete with each other, and Ewii Fibernet is not restricted from entering into fiber network and access agreements with other parties.

Our access or use of the fiber network is not restricted under the agreement.

Contract with Eniig

We have entered into a wholesale agreement with Eniig Fiber on 31 August 2017. The contract is non-cancellable for both parties until 1 July 2028 with a possibility of renewal.

The agreement covers delivery of communication net and telecommunication services, including access to the fiber network owned by the Eniig group and fiber network owners with whom Eniig Fiber has entered into agreements for the purpose of resale to end customers.

The agreement is non-exclusive and does not in any way restrict our or Eniig Fiber's ability to compete with each other, and Eniig Fiber is not restricted from enter into fiber network and access agreements with other parties.

Our access or use of the fiber network is not restricted under the agreement.

For a summary of our spectrum licences, see "—*Licenses*."

Legal Proceedings

We are subject to various legal proceedings arising in the ordinary course of business. We do not expect that the potential outcome of the current proceedings will have a material adverse effect on the business.

Environmental Matters

We are subject to a broad range of environmental laws and regulations. These laws and regulations impose increasingly stringent environmental obligations regarding, among other things, radiation emissions, the protection of employee health and safety, noise and historical and artistic preservation. See "Risk Factors — We are subject to significant government regulation and supervision, which could require us to make additional expenditures or limit our revenues and otherwise adversely affect our business, and further regulatory changes could also adversely affect our business".

Our objective is to comply in all material respects with applicable environmental and health control laws, and all related permit requirements.

Employees

As of March 31, 2018, we had 7,953 FTEs, of which TDC A/S and Telco ApS had 6,490 FTEs comprising 59 senior managers, 549 middle managers and 5,882 office staff. We had an additional 800 FTEs following the insourcing of our call centers.

Telco ApS and TDC A/S in Denmark currently has the following number of FTEs covered by collective agreement terms:

- 3,747 employees covered by the collective agreement with the Danish Metalworkers' Union.
- 1,035 FTEs covered by a collective agreement with the academic societies.
- 974 FTEs are covered by a collective agreement with the Managers Association at TDC.

We expect up to 255 FTEs' of the TDC Group in Denmark to be involved in redundancy programs in 2018.

Property and Leases

The Other Operations business line manages the majority of our office premises and floor space in Denmark.

Our principal properties consist of numerous telecommunications installations, including exchanges of various sizes, most of which are located in Denmark. We also have numerous computer installations, which are located principally in Copenhagen and Aarhus.

Intellectual Property

We own or have obtained the right to use the various brands and product names used within our operation.

Insurance

The TDC Group, including TDC 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, our Danish operations maintain insurance covering workers compensation, group accident insurance, motor vehicle insurance and business travel insurance. Based on a risk analysis, our policy has been to not insure our underground, air and sea cables.

We believe that our current insurance policies provide adequate coverage for our business, including protection for the nature and amount of risks we face. Our foreign subsidiaries have motor vehicle and personnel-related insurance in place locally. These are not controlled by our central insurance management function.

MANAGEMENT

The Issuer

DKT Finance ApS, a private limited liability company (*anpartsselskab*) incorporated under the laws of Denmark (registered under company registration no. (CVR) 39 18 70 43) and with its registered address at c/o Plesner Advokatpartnerselskab, Amerika Plads 37, 2100 Copenhagen, Denmark. The overall management of the Issuer vests with its board of directors. The members of the board of directors can be contacted at the Issuer's business address.

Board of Directors

The following table sets out the names, ages and positions of the members of the board of directors of the Issuer:

Name	Age	Position
Nathan Luckey	38	Executive Manager
Martin Bradley	46	Director
Ulrik Pallisø Bornø	36	Deputy Chairman
Peter Tind Larsen	38	Deputy Chairman
Arthur Rakowski	60	Director
Ulrik Dan Weuder	49	Deputy Chairman

Nathan Luckey (Executive Manager)

Nathan Luckey has served on the Board of Directors of the Issuer since February 2018. He currently serves as Managing Director at MIRA, head of European Communications Infrastructure Team. He is also a member of the Board of Directors of DKT Holdings ApS, DK Telekommunikation ApS, TDC A/S, Arqiva Group Limited, Ceské Radiokomunikace a.s., Towercom a.s., Inea S.A. and Russian Towers. Mr. Luckey holds a BS in Engineering and a Bachelor of Business from the University of Technology, Sydney, Australia.

Martin Bradley

Martin Bradley has served on the Board of Directors of the Issuer since February 2018. He currently serves as Senior Managing Director at Macquarie Infrastructure and Real Assets (MIRA), head of European Utilities and Networks team and as member of the Board of Directors of DKT Holdings ApS, DK Telekommunikation ApS and TDC A/S. He is also a member of the Board of Directors of Cadent Gas Limited and Elenia Oy. Mr. Bradley holds a BA in Finance from Loughborough University, United Kingdom.

Ulrik Pallisø Bornø

Ulrik Pallisø Bornø has served on the Board of Directors of the Issuer since February 2018. He currently holds a position as Director in the Direct Infrastructure Investments team at PKA AIP A/S.

Additionally, Ulrik is a Deputy Chairman of the Board of Directors of DKT Holdings ApS and DK Telekommunikation ApS. He is also a member of the board of directors in Burbo Bank Extension offshore wind farm and has before that held board positions in Tees Renewable Energy Plant, Walney Extension Offshore Wind Farm and Anholt Offshore Wind Farm. Mr. Pallisø Bornø holds a Masters Degree in Applied Economics and Finance from Copenhagen Business School, Copenhagen, Denmark.

Peter Tind Larsen

Peter Tind Larsen has served on the Board of Directors of the Issuer since February 2018. He currently holds a position as Head of Alternative Investments at PFA Asset Management A/S. Additionally, he serves as Deputy Chairman of the Board of Directors of DKT Holding ApS and DK Telekommunikation ApS and as a member of the Board of Directors of Walney Extension Offshore Wind Farm and PFA Infrastruktur Holding ApS. Mr. Larsen holds a PhD in Finance and an MSc in Economics and Management from Aarhus University, Denmark.

Arthur Rakowski

Arthur Rakowski has served on the Board of Directors of the Issuer since February 2018. He currently serves as Chairman of Investor Solutions Group, an MEIF Investment Committee Member and a Member of Macquarie's MEIF funds Investment Committee. He is also a Member of the Global Capital Committee of the British Private Equity Association (BVCA). His other management duties include serving as a member of the Board of Directors of DKT Holdings ApS, DK Telekommunikation ApS, TDC A/S, DCT Gdansk, Green

Investment Group and Macquarie Infrastructure and Real Assets (Europe). He is also a member of the board of directors of the East London Business Alliance. Mr. Rakowski holds a Bachelor of Commerce, Finance degree from the University of New South Wales, Australia.

Ulrik Dan Weuder

Ulrik Dan Weuder has served on the Board of Directors of the Issuer since February 2018. He currently serves as Head of Global Direct Investments at ATP, in which capacity he is responsible for alternative investments. Mr. Weuder serves as CEO for Kastrup Airports Parent ApS, Copenhagen Airports Denmark Holdings ApS, Copenhagen Airports Denmark ApS, ATP TIM GP ApS, ATP Timberland Invest K/S, ATP Infrastructure II ApS and ATP Infrastructure III GP ApS. He serves as chairman of the board in ATP Infrastructure Spain ApS and ATP Infrastructure II ApS. He is also a board member of TDC A/S, Redexis Gas, S.A., ATP Infrastructure III GP ApS, Lincoln Topco Pte. Limited, APR Energy Limited and JJ X-Ray Holding A/S and Deputy Chairman of Københavns Lufthavne A/S, DKT Holdings ApS and DK Telekommunikation ApS. Mr. Weuder holds a Master of Science in Economics from Copenhagen University, Denmark.

The Target

TDC A/S, a public limited liability company incorporated under the laws of Denmark (registered under company registration no. (CVR) 14 77 39 08) and with its registered address at Teglholmsgade 1, 2450 Copenhagen, Denmark. The board of directors is responsible for the overall management of the Target, supervising the day-to-day management carried out by Target's corporate management team. The board of directors of Target is comprised of ten (10) members of which six (6) members are shareholder-elected and four (4) members are employee representatives. The members of the board of directors can be contacted at the Target's business address.

Corporate Management Team

The Corporate Management Team, consists of the Group CEO, Group CFO, one (1) Senior Executive Officer and six (6) Executive Vice Presidents (whereof six (6) are registered as directors with the Danish Business Authority). Together, these members handle the day-to-day management of TDC Group. They are appointed and/or dismissed by the board of directors of TDC A/S. Following the Transactions, the Consortium may make further changes to management personnel, see "*Risk Factors—Risks Relating to Our Industry and Our Business—The loss of certain key personnel, or the inability to recruit high quality personnel, could harm our business*." The following table sets out the names, ages and positions of the members of the corporate management of TDC:

Name	Age	Position
Pernille Erenbjerg(1)	50	CEO and President
Stig Pastwa	51	CFO
Gunnar Evensen	56	Senior Executive Officer
Louise Knauer	34	Senior Executive Vice President
Marina Lønning	51	Senior Executive Vice President
Michael Moyell Juul	44	Senior Executive Vice President
Jaap Postma	43	Senior Executive Vice President
Andreas Pfisterer	46	Senior Executive Vice President
Jens Aaløse	51	Senior Executive Vice President

(1) Pernille Erenbjerg will step down as Group CEO and President at latest by the end of 2018.

Pernille Erenbjerg

Pernille Erenbjerg has served as Group Chief Executive Officer and President since 2015. She also serves as a member of the Board of Directors and the Audit Committee of Nordea Bank AB, as a member of the Board of Directors, Chairman of the Audit Committee and as a member of the Nominating and Corporate Governance Committee of Genmab A/S. Ms. Erenbjerg holds an MSc in Business Economics and Auditing (1992) from Copenhagen Business School and State Authorised Public Accountant (1994) with deposited licence.

Stig Pastwa

Stig Pastwa has served as Chief Financial Officer since 2016. He also serves as Chairman of the Boards of Directors of Chr. Olesen & Co. A/S and as member of the Board of Directors of Global Knowledge Inc., Apleona GmbH and Hedeselskabet. Mr. Pastwa holds a Graduate Diploma in Business Administration (1995) from Copenhagen Business School.

Gunnar Evensen

Gunnar Evensen has served as Senior Executive Vice President of TDC Group and CEO of Get and TDC Norway since 2015. Mr. Evensen holds an MBA (1988) from BI Norwegian Business School, Oslo.

Louise Knauer

Louise Knauer has served as Senior Executive Vice President of Group Strategy and Chief Strategy Officer since 2016 and as Senior Executive Vice President of Group Data, Security and Wholesale and Group Chief Data and Security Officer since 2017. She is not registered with the Danish Business Authority as a director. She also serves as a member of the Board of Directors of Solar A/S. Ms. Knauer holds a BSc in Business Administration and Commercial Law (2006) from Copenhagen Business School and an MSc in Finance and Strategic Management (2008) also from Copenhagen Business School.

Marina Lønning

Marina Lønning has served as Senior Executive Vice President of TDC Business since 2016. Mrs. Lønning holds an MSc in Economics and Business (1991) from Aarhus School of Business, Aarhus University.

Michael Moyell Juul

Michael Moyell Juul has served as Senior Executive Vice President of Online Brands since 2016 and acting Chief Digital Officer since 2018. He is not registered with the Danish Business Authority as a director. Mr. Juul holds an MSc in Economics (1991) from the University of Copenhagen.

Jaap Postma

Jaap Postma has served as Senior Executive Vice President of YouSee since 2016. Mr. Postma holds an MSc in Economics (1998) from University of Groningen, the Netherlands.

Andreas Pfisterer

Andreas Pfisterer has served as Senior Executive Vice President of Operations and Chief Technology and Information Officer since 2017. Mr. Pfisterer holds an MSc in Computer Science Engineering (1995) from European Business School, Wiesbaden, London, San Diego and an MSc in Economics/Business Administration (1995) from Fernuniversität, Hagen/Germany.

Jens Aaløse

Jens Aaløse has served as Senior Executive Vice President of Channels since June 2013, as Senior Executive Vice President of Stakeholder Relations and Chief Customer Officer since 2016 and as Senior Executive Vice President of Group People and Stakeholder Relations and Group Chief People Officer since 2018. He currently serves as Chairman of the Board of Directors of Omnicar Holding AB, Vice chairman of the Board of Directors at Dansk Erhverv, and as a member of the Boards of Directors of Topdanmark A/S and FDM Travel A/S, member of the Central Board of the Danish ICT Industry Association (IT-branchen). Mr. Aaløse holds a BSc in Business Administration from Copenhagen Business School.

PRINCIPAL SHAREHOLDERS

Ownership of the Issuer

The Issuer, DKT Finance ApS is a private limited liability company (*anpartsselskab*), formed on December 22, 2017.

The Consortium

As of the date of this Offering Memorandum and on the Completion Date, the Issuer is, and since completion of the Acquisition on the Completion Date, the Group has been, indirectly owned by a consortium comprising ATP HoldCo, MIRA HoldCo, PFA HoldCo and PKA Holdco, with MIRA HoldCo having a 50% shareholding and each of ATP HoldCo, PFA HoldCo and PKA Holdco holding a 16.7% shareholding.

MIRA

As of the date of this Offering Memorandum, MIRA HoldCo is managed by MIRAEL.

MIRAEL is part of the MIRA division of the Macquarie Asset Management Group, the asset management arm of Macquarie Group, a diversified financial group providing clients with asset management, banking, advisory and risk and capital solutions across debt, equity and commodities. Founded in 1969, Macquarie Group employs 13,966 people in 27 countries.

MIRA pioneered infrastructure as a new asset class for institutional investors. For more than 20 years it has been investing in and managing the assets that people use every day — extending beyond Infrastructure to real estate, agriculture and energy. MIRA's dedicated operational and financial experts work where MIRA's funds invest and the portfolio companies operate.

As at September 30, 2017, MIRA has assets under management of more than €94 billion invested in 137 portfolio businesses, approximately 300 properties and 4.5 million hectares of farmland.

MIRA manages 50 funds globally, including MEIF5, a €4 billion fund focused on investment opportunities in utilities, transportation, communications infrastructure and renewable energy throughout Europe.

ATP

ATP HoldCo is a wholly-owned subsidiary of Arbejdsmarkedets Tillægspension ("**ATP**"), an independent, self-governing regulated pension fund established by statutory law under the laws of Denmark registered in the Danish Business Authority's central business register (CVR) under registration number 43405810, having its registered office at Kongens Vænge 8, DK-3400 Hillerød, Denmark. Denmark's largest pension fund as well as one of Europe's largest, established in 1964 with a view to ensuring a larger basic pension for large proportions of the Danish population – a supplement to state retirement pension. It is funded by mandatory contributions for more than 5 million members and has no shareholders, with profits serving members.

ATP has total assets under management of more than €103 billion, and a long track record of direct investments and active shareholder participation. Flagship infrastructure investments include Copenhagen Airport (27% stake), Dong Energy, now Ørsted, and Eastlink.

PFA Pension Fund

PFA HoldCo is 100% owned by PFA Pension, Forsikringsaktieselskab a public limited liability company (*aktieselskab*) incorporated under the laws of Denmark registered in the Danish Business Authority's central business register (CVR) under registration number 13594376, managed and advised by PFA Asset Management A/S, a public limited liability company (*aktieselskab*) incorporated under the laws of Denmark registered in the Danish Business Authority's central business register (CVR) under registration number 32671888, each having its registered office at Sundkrogsgade 4, DK-2100 Copenhagen Ø, Denmark.

PFA Pension was founded in 1917 as an independent company by a number of labor organisations, with the sole purpose of ensuring a financially secure future for its customers' employees and their families. Today, PFA Pension provides pension and insurance products to approximately 1.2 million people from a wide range of the largest companies and organizations in Denmark. PFA Pension achieved a positive return of investments of DKK 25.2 billion in 2017.

PFA Pension, Forsikringsaktieselskab is a wholly owned subsidiary of PFA Holding A/S which is a public limited company incorporated under the laws of Denmark. With its subsidiaries PFA Holding A/S forms the largest commercial pension fund in Denmark, with more than DKK 500 billion of assets under management.

PFA Pension has made significant direct investments in recent years as part of its alternative investments portfolio across private equity, infrastructure and credit including investments into Walney Extension Offshore Wind Farm, the world's largest off-shore windfarm, Danish Ship Finance, the leading Copenhagen based dedicated ship finance institution, and Avantor, a vertically integrated global player in manufacturing and supply chain solutions for the life sciences, advanced technologies and research industries. Most recently, PFA Pension led a consortium of Danish pension companies in the DKK 11.6 billion share acquisition in Nykredit A/S constituting the largest ever unlisted equity investment by institutional investors in Denmark.

PKA Pension Funds

PKA HoldCo is 100% owned by (i) Pensionskassen for Sygeplejersker og Lægesekretærer, a pension fund under the laws of Denmark registered in the Danish Business Authority's central business register (CVR) under registration number 71971511, (ii) Pensionskassen for Socialrådgivere, Socialpædagoger og Kontorpersonale, a pension fund under the laws of Denmark registered in the Danish Business Authority's central business register (CVR) under registration number 71974316 and (iii) Pensionskassen for Sundhedsfaglige, a pension fund under the laws of Denmark registered in the Danish Business Authority's central business register (CVR) under registration number 71973514, each having its registered office at Tuborg Boulevard 3, 2900 Hellerup, Denmark; advised by PKA AIP A/S (PKA Alternative Investment Partners A/S) ("**PKA AIP**"), a public limited liability company (*aktieselskab*) incorporated under the laws of Denmark registered in the Danish Business Authority's central business register (CVR) under registration number 34224129, having its registered office at Rosenborggade 1B, DK-1130 Copenhagen K, Denmark and managed by Pensionskassernes Administration A/S (PKA A/S) ("**PKA Administration**"), a public limited liability company (*aktieselskab*) incorporated under the laws of Denmark registered in the Danish Business Authority's central business register (CVR) under registration number 16265845, having its registered office at Tuborg Boulevard 3, DK-2900 Hellerup, Denmark. The PKA pension funds are managed by PKA Administration. PKA is one of the largest pension service providers for labor market pension funds in Denmark. PKA Administration manages the assets on behalf of the individual pension fund based on the investment policy stipulated by the board of each one. The benefits are retirement pensions, spouse pensions, child pensions, disablement pensions, lump sum retirement pensions and group life insurance benefits.

PKA is fully owned by their approximately 300,000 members, who are primarily civil servants within certain healthcare professions. Membership is mandatory and determined as part of collective labor market agreements mandating a fixed percentage of contributions. Overall, PKA manages total assets of €38 billion and has a dedicated alternative investment arm, PKA AIP, which focuses on long term infrastructure investments with €2.7 billion invested in Danish and foreign infrastructure. PKA AIP has ambition to invest €5.5 billion in infrastructure by 2020. Flagship infrastructure investments include Walney Extension Offshore Wind Farm, Tees Renewable Energy Plant, and the Burbo Bank Extension wind farm.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Issuer

Proceeds loan agreement relating to Bridge Facilities Agreement

On February 12, 2018 the Issuer entered into an intercompany proceeds loan agreement with Bidco for a nominal amount of up to €3,000 million, under which interest may be capitalized in accordance with its terms. In connection with the Offering, the existing proceeds loan will be refinanced and replaced, in part with new proceeds loans. See "*The Transaction*" and "*Description of the Notes—The Proceeds Loans.*"

Shareholder Loans

The Parent Guarantor currently has outstanding loans from its shareholders (which are in turn loaned to the Issuer). For further information, see "*Description of Certain Financing Arrangements—Shareholder Loans*."

TDC Group

Related Parties

The pension fund TDC Pensionskasse located in Copenhagen, Denmark, is a related party. The Danish companies in TDC Group have one lease contract with the pension fund, TDC Pensionskasse. The lease contract is interminable until December 31, 2018. In addition, annual contributions are paid to the pension fund. TDC A/S has issued a subordinated loan to the pension fund.

Related parties also include TDC Group's joint ventures and associations with Group companies. TDC Group has the following additional transactions and balances with related parties:

	As of December 31	
	2016	**2017**
	(DKK in millions)	
TDC Pensionskasse:		
Rental expense	(3)	(3)
Investment advisory fees	16	16
Interest income of subordinated loan and other income	3	2
Debt regarding lease agreements and other payables	(20)	(7)
Subordinated loan	149	149
Other receivables	3	3
Joint ventures and associates:		
Income	—	2
Expenses	(14)	(4)
Receivables	—	3

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following is a summary of the material terms of the Group's principal financing arrangements in addition to the Indenture after giving effect to the Transactions. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. Capitalized terms used in the following summaries and not otherwise defined in this Offering Memorandum have the meanings ascribed to them in their respective agreements.

New Revolving Credit Facility

The Group (being DKT Holdings ApS and its restricted subsidiaries) expects to enter into a €100 million super senior revolving credit facility (the "**New Revolving Credit Facility Agreement**" and the facility thereunder the "**New Revolving Credit Facility**") on or prior to the Issue Date with, among others, Barclays Bank PLC, BNP Paribas Fortis SA/NV, Deutsche Bank AG, London Branch, HSBC Bank plc, Nordea Danmark, filial af Nordea Bank AB (publ), Citigroup Global Markets Limited, J.P. Morgan Securities plc, Danske Bank A/S and Nykredit Bank A/S, as mandated lead arrangers. The New Revolving Credit Facility will have a total commitment of €100 million and will mature 54 months after the Issue Date, or if earlier, six months prior to the maturity date of the Notes. Subject to any prior cancellation and prepayment of the facility, the total commitment shall be automatically and irrevocably reduced and cancelled on the date falling 36 months after the date of the New Revolving Credit Facility Agreements by an amount such that the total commitment will be equal to €50 million.

Borrowings under the New Revolving Credit Facility will be available to fund, among other things, all amounts outstanding under the revolving facility (the "**Bridge Facility**") made available under bridge facility agreement entered into on February 12, 2018 (as amended and/or restated from time to time, the "**Bridge Facility Agreement**"), the Group's general corporate and working capital purposes (including capital expenditures) but will not be able to be drawn for the purpose of redeeming, defeasing or repurchasing any of the Notes and may be drawn in euros and any of pounds sterling, U.S. dollars, Danish kroner and Norwegian kroner and such other currency meeting specified conditions. The New Revolving Credit Facility will be made available to the Issuer as the borrower.

Repayments and prepayments

Repayments of loans drawn under the New Revolving Credit Facility and related interest payments will be due and payable at the end of the interest period for each loan. The applicable interest period is selected in the relevant utilization request and will either be one, three or six months, provided that the first interest period in respect of any loans converted on a "cashless" basis from loans under the Bridge Facility Agreement shall end on the last day of the then current interest period in respect of those loans under the Bridge Facility Agreement. There is no clean down requirement.

If it becomes unlawful in any applicable jurisdiction for a lender to perform its obligations under the New Revolving Credit Facility Agreement (or becomes unlawful for any affiliate of a lender for that lender to do so) such lender under the New Revolving Credit Facility Agreement will have the right to cancel its commitments. Each borrower under the New Revolving Credit Facility Agreement shall repay the relevant lender's reduced and cancelled participation in any utilizations made to that borrower on the last day of the interest period after the Issuer has been notified or if earlier, the date specified by the relevant lender in the notice delivered to the agent (being no earlier than the last day of any applicable grace period).

On a change of control or sale of all or substantially all of the assets of the Group (pursuant to the terms of the New Revolving Credit Facility Agreement), the lenders may request, by not less than ten business days' notice to the Issuer, cancellation of its commitments and may declare all outstanding amounts owed to it due and payable provided that such request is made within 30 days of the occurrence of the applicable event. The Issuer may, upon being so notified by the lenders, request that the commitments of the relevant lenders is transferred at par to another person willing to accept such transfer in accordance with the terms of the New Revolving Credit Facility Agreement. The New Revolving Credit Facility will not be portable.

Additionally, if any member of the Group repays, prepays, purchases, defeases, redeems, acquires or retires (the "**Notes Repurchase**") any Notes and certain other replacement debt ("**Notes Repurchase Debt**") other than to the extent funded with new equity or subordinated shareholder debt, the proceeds of any listing, any permitted refinancing, amounts which would otherwise be permitted to be returned to investors or where no cash payment is payable by the Group and, as a result of such Notes Repurchase (the "**Specified Notes Repurchase**") when taken together with any other Notes Repurchase previously effected or of which will be effected on the same date as such Specified Notes Repurchase, the aggregate principal amount of the Notes Repurchase Debt outstanding immediately following such Specified Notes Repurchase is not in excess of or equal to 50%, or following the reduction in total commitments in respect of the New Revolving Credit Facility to €50 million referred to above, 75%, in each case, of the aggregate principal amount of the Notes Repurchase Debt as at the Issue Date (the "**Prepayment Threshold**"), commitments are required to be cancelled and outstanding loans prepaid in a pro rata amount (less any prior prepayments and cancellations of commitments required to be made pursuant to a Notes Repurchase) equal to the proportion that the amount by which the Prepayment Threshold exceeds the principal amount of the Notes Repurchase Debt immediately following such Specified Notes Repurchase bears to the amount of the Prepayment Threshold.

Interest

Loans under the New Revolving Credit Facility will bear interest at a rate equal to the aggregate of EURIBOR or CIBOR in respect of loans drawn in DKK, NIBOR in respect of loans drawn in NOK and LIBOR in respect of loans drawn in currencies other than euro, DKK or NOK and a margin of 4.00% per annum.

Guarantee and security

The New Revolving Credit Facility will be (subject to certain Agreed Security Principles set forth in the New Revolving Credit Facility Agreement) guaranteed by the Parent Guarantor and secured on a *pari passu* basis by the same collateral that secures the Notes as further described in the section entitled "*Description of Notes—Security*."

Representations and warranties

The New Revolving Credit Facility Agreement contains certain customary representations and warranties, subject to certain customary materiality, actual knowledge and other qualifications and exceptions, and with certain representations and warranties being repeated, including, among others: (i) status; (ii) power and authority; (iii) binding obligations; (iv) no conflict with other obligations; (v) validity and admissibility in evidence; (vi) governing law and enforcement; (vii) insolvency; (viii) no filing or stamp taxes; (ix) no default; (x) no misleading information; (xi) accuracy of original financial statements; (xii) no litigation; (xiii) no breach of laws; (xiv) *pari passu* ranking; (xv) legal and beneficial ownership; (xvi) shares that are subject to security are fully paid and constitutional documents, or any other agreements entered into, are not restricted or inhibited; (xvii) intellectual property; (xviii) accuracy of group structure chart; (xix) pensions; and (xx) sanctions, anti-money laundering and anti-bribery.

Covenants

The New Revolving Credit Facility Agreement contains certain of the same incurrence covenants and related definitions (with certain adjustments) that apply to the Notes (although there is no flexibility to incur incremental facilities under the New Revolving Credit Facility Agreement), including with respect to restricted payments. In addition, the New Revolving Credit Facility also contains certain affirmative and negative covenants. Set forth below is a brief description of such covenants, all of which are subject to customary materiality, actual knowledge or other qualifications, exceptions and baskets.

Affirmative covenants

The affirmative covenants include, among others: (i) providing certain financial information, including annual audited and quarterly financial statements and compliance certificates; (ii) authorisations, (iii) compliance with laws; (iv) *pari passu* ranking; (vi) pensions; (vii) intellectual property; (viii) sanctions, anti-money laundering and anti-bribery; (ix) further assurance; (x) no change of COMI; and (xi) conforming changes to the Senior Secured Notes.

Negative covenants

The negative covenants in the New Revolving Credit Facility Agreement are substantially the same as the negative covenants in the Indenture (with certain adjustments).

Financial covenant

The New Revolving Credit Facility Agreement contains a springing total net leverage covenant (subject to certain equity cure rights) of 9.68:1, tested quarterly on a last-twelve month basis (starting with the last-twelve month period ending on June 30, 2019) if all loans made or to be made under the New Revolving Credit Facility or the principal amount outstanding for the time being of that loan exceed 40% of the total commitments under the New Revolving Credit Facility Agreement on the applicable quarter date.

Events of default

The New Revolving Credit Facility provides for some of the same events of default (including in relation to insolvency), with certain adjustments, as the Indenture. In addition, the New Revolving Credit Facility will contain certain standard events of default, the occurrence of which would allow a majority of the lenders to cancel commitments, accelerate all outstanding loans, accrued interest and other amounts and declare them immediately due and payable and to enforce the lenders' rights under the New Revolving Credit Facility and certain other related documents. These events of default include, among other events and subject in certain cases to materiality, grace periods (and clean up periods in respect of the Acquisition and any future acquisitions), thresholds and/or other qualifications: (i) non-payment of amounts due under the applicable finance documents; (ii) failure to satisfy covenants, undertakings and other obligations under the applicable finance documents; (iii) inaccuracy of a representation or statement when made or deemed to be made; (iv) breach of financial covenant (subject to certain equity cure rights); (v) unlawfulness and invalidity of an Obligor, (vi) material obligations of an Obligor under the applicable finance documents are not or cease to be legal, valid, binding and enforceable; (vii) failure of any member of the group or shareholder creditor (other than a secured party) to comply with its obligations under the Intercreditor Agreement (as defined below); and (viii) repudiation or rescission of any applicable finance document or any transaction security.

Governing law

The New Revolving Credit Facility will be governed by English law provided that the information undertakings, covenants, events of default and New York law definitions shall follow the equivalent information undertakings, covenants, events of default and New York law definitions in the Indenture and shall be interpreted in accordance with the laws of the State of New York.

Intercreditor Agreement

To establish the relative rights of certain of the Group's creditors (but excluding creditors in respect of the notes issued by the Target under the euro medium term note programme described below under the section entitled "**Notes**"), creditors under the Target Facilities Agreement and other creditors of the Target under the Group's financing arrangements, the Issuer, DKT Holdings ApS ("**Holdco**") and any issuer of Future Senior Subordinated Debt (the "**Group**") (other than, for the avoidance of doubt, Bidco or any of its subsidiaries) (collectively, the "**Debtors**"), third party chargors (collectively, the "**Third Party Chargors"**), the lenders under the New Revolving Credit Facility, Deutsche Bank AG, London Branch as agent for the New Revolving Credit Facility (the "**Senior Agent**"), Deutsche Bank AG, London Branch as security agent for the New Revolving Credit Facility and the Notes and certain hedging arrangements (the "**Security Agent**"), and the Trustee, among others, will enter into an intercreditor agreement (the "**Intercreditor Agreement**"), to govern the relationships and relative priorities among: (i) the lenders under the New Revolving Credit Facility and any Other Credit Facility Debt to share in the proceeds of enforcement of Security on a super senior basis to the Notes; (ii) the holders of senior secured notes that may be issued from time to time, including the Notes, and those party to any indentures or other documents governing such senior secured notes; (iii) the lenders or other creditors under any other loan, credit or debt facility, notes, indentures or other debt instrument which are permitted under the terms of the New Revolving Credit Facility, certain Other Credit Facility Debt and the Notes to share in the Security on a *pari passu* basis with the Notes; (iv) the hedge counterparties to the Group's hedging arrangements (each a "**Hedging Bank**"); (v) the lenders or other creditors under any loan, credit or debt facility, notes, indentures or other debt instrument which are permitted under the terms of the New Revolving Credit Facility, certain Other Credit Facility Debt and the Notes to share in the Security on a senior subordinated basis to the Notes; and (vi) the creditors of certain subordinated shareholder debt and certain intragroup debt. The lenders, holders, hedge counterparties and other creditors referred to in (i) to (iv) above being the "**Priority Creditors**" and the indebtedness owing to those Priority Creditors under the documents referred to in (i) to (iv) above, being the "**Priority Debt**" and the lenders, holders, hedge counterparties and other creditors referred to in (ii) to (v) (inclusive) (in the case of (iv), only to the extent such hedging arrangements (x) do not constitute Super Senior Hedging Liabilities (as defined below) or, (y) following the full and final discharge of all Super Senior Lending Liabilities (as defined below), are being taken into account for the purpose of determining the relevant creditor instructing group (as detailed in "*—Security Enforcement*" below) being the "**Senior Secured Creditors**".

General

By accepting a Note, the holder thereof will be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement. The following description is a summary of certain provisions, among others, contained in the Intercreditor Agreement that relate to the rights and obligations of the holders of the Notes and the other creditors party thereto. It does not restate the Intercreditor Agreement in its entirety nor does it describe provisions relating to all classes of debt. As such, you are urged to read the Intercreditor Agreement because it, and not the discussion that follows, defines certain rights of the holders of the Notes and certain other creditors. In this discussion, capitalized terms have the meaning given to them in the Intercreditor Agreement unless the contrary is otherwise stated or the context otherwise requires.

Ranking and priority

The Intercreditor Agreement provides that the Group's liabilities under the Group's indebtedness shall rank in right and priority of payment in the following order:

- *first*, liabilities under and in respect of (i) the New Revolving Credit Facility (the "**RCF Liabilities**"); (ii) any other super senior credit facility which is permitted to be incurred under the terms of the other debt documents (the "**Other Credit Facility Liabilities**" or the "**Other Credit Facility Debt**" and together with the RCF Liabilities, the "**Super Senior Lending Liabilities**"); (iii) the Group's senior secured notes (including the Notes) (the "**Senior Secured Notes Liabilities**" or the "**Senior Secured Notes**"); (iv) any future *pari passu* loan, credit or debt facility, notes, indentures or other debt instrument (the "**Future *Pari Passu* Liabilities**" or the "**Future *Pari Passu* Debt**"); (v) hedging arrangements (the "**Hedging Liabilities**"); (vi) amounts owing to the Trustee (the "**Trustee Liabilities**"); and (vii) amounts owing to the Security Agent *pari passu* and without any preference between them (collectively, the "**Priority Liabilities**");

- *second*, liabilities under and in respect of any senior subordinated loan, credit or debt facility, notes, indentures or other debt instrument issued (or borrowed) by Holdco, the Issuer or any wholly owned finance subsidiary of Holdco which is not a subsidiary of the Issuer, including any guarantee provided by a member of the Group with respect to any notes of an issuer that is not a member of the Group and the proceeds of which are down-streamed to Holdco ("**Future SPV Notes**"), *pari passu* between themselves and without any preference between them ("**Future Senior Subordinated Liabilities**" or "**Future Senior Subordinated Debt**" and together with the Priority Liabilities, the "**Secured Debt**");

- *third*, liabilities under and in respect of certain intragroup debt, *pari passu* between themselves and without any preference between them including any amounts owed by the Debtors to Bidco or any of its restricted subsidiaries (the "**Intra-Group Liabilities**"); and

- *fourth*, liabilities under and in respect of certain shareholder debt (the "**Shareholder Liabilities**").

The Intercreditor Agreement permits any obligor party to a hedging agreement and the relevant hedge counterparty to agree that any amount of the Hedging Liabilities incurred under hedging agreements in respect of interest rate or currency hedging that relates to indebtedness permitted to be incurred by the Group will be treated on a super senior basis upon the distribution of proceeds arising from the enforcement of any Transaction Security as described in the section entitled "*—Application of amounts recovered*" below (the "**Super Senior Hedging Liabilities**" and together with the Super Senior Lending Liabilities, the "**Super Senior Liabilities**").

The Intercreditor Agreement provides that Transaction Security created pursuant to the Transaction Security Documents (as defined below) will rank and secure (to the extent Transaction Security is expressed to secure such liabilities):

- first, the Priority Liabilities *pari passu* and without any preference between them (but only to the extent that such Transaction Security is expressed to secure those liabilities); and

- second, the Future Senior Subordinated Liabilities *pari passu* and without any preference between them (but only to the extent that such Transaction Security is expressed to secure those liabilities),

provided that the application of proceeds received from the enforcement or realisation of Transaction Security shall be applied as set out below in the section entitled "*—Application of amounts recovered*."

The Intra-Group Liabilities and the Shareholder Liabilities shall not be secured by any of the Transaction Security.

Permitted payments

The Intercreditor Agreement provides that prior to a Secured Acceleration Event that is continuing (as defined below), the members of the Group and Third Party Chargors, as applicable, may make payments in relation to the Super Senior Lending Liabilities, the Senior Secured Notes Liabilities and any Future *Pari Passu* Liabilities, in each case in accordance with their respective governing documents and subject to, in the case of payments of the Senior Secured Notes Liabilities in accordance with the New Revolving Credit Facility and in the case of payments of Future *Pari Passu* Liabilities, any restrictions contained in the documents governing the Super Senior Lending Liabilities and the Senior Secured Notes Liabilities. Following the occurrence of an acceleration event with respect to the Super Senior Lending Liabilities, the Senior Secured Notes Liabilities or the Future *Pari Passu* Liabilities (a "**Secured Acceleration Event**" and together with the occurrence and continuation of an acceleration event with respect to the Future Senior Subordinated Liabilities, an "**Acceleration Event**"), no Third Party Chargor or member of the Group may, subject to certain exceptions, make any payment in respect of Super Senior Lending Liabilities, Senior Secured Notes Liabilities or Future *Pari Passu* Liabilities except from enforcement proceeds or recoveries distributed in accordance with the payment waterfall described in "*—Application of amounts recovered*" below. The restriction in the foregoing sentence shall not apply where: (a) the Majority Super Senior Creditors and the Majority Senior Secured Creditors agree otherwise or (b) the relevant distribution or dividend is out of any Debtor or Third Party Chargor's unsecured assets (pro rata to each unsecured creditor's claim) and made by a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer appointed in respect of any Debtor or Third Party Chargor or any of its assets.

Prior to a Secured Acceleration Event, any member of the Group, Debtors and Third Party Chargors may make payments in respect of the Hedging Liabilities, as agreed under the governing documents of those arrangements so long as those payments are not otherwise prohibited by the Intercreditor Agreement. Following the occurrence of a Secured Acceleration Event that is continuing no Third Party Chargor, Debtor or any member of the Group may, subject to certain exceptions, make any payment in respect of Hedging Liabilities except from enforcement proceeds or recoveries distributed in accordance with the payment waterfall described in "*—Application of amounts recovered*" below. The restriction in the foregoing sentence shall not apply where: (a) the Majority Super Senior Creditors and the Majority Senior Secured Creditors agree otherwise or (b) the relevant distribution or dividend is out of any Debtor or Third Party Chargor's unsecured assets (pro rata to each unsecured creditor's claim) and made by a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer appointed in respect of any Debtor or Third Party Chargor or any of its assets.

The Debtors may make payments in respect of certain Intra-Group Liabilities, so long as no Secured Acceleration Event has occurred subject to customary exceptions.

The Debtors or any other members of the Group may make payments in respect of certain Shareholder Liabilities from time to time and the Intra-Group Lenders may accept or agree to accept such payment at any time if: (i) the payment is not prohibited by the terms of any document governing the Super Senior Lending Liabilities, the Senior Secured Notes Liabilities, the Future *Pari Passu* Liabilities or the Future Senior Subordinated Liabilities; or (ii) the Majority Super Senior Creditors and the Majority Senior Secured Creditors (or following the discharge of all the Priority Debt, a majority of the Future Senior Subordinated Creditors) has given written consent to the payment being made.

Prior to the discharge of all Priority Debt, neither the Issuer nor any Debtor or Third Party Chargor may make payments in respect of the Future Senior Subordinated Debt Liabilities without the consent of the Majority Super Senior Secured Creditors (as defined below) and Majority Senior Secured Creditors (as defined below) except for, amongst others, the following:

1. if:

    (a) the payment is of:

    - any of the principal or capitalised interest of the Future Senior Subordinated Liabilities which is either (1) not prohibited from being paid by the New Revolving Credit Facility or any other super senior credit facility, the Indenture or any Future *Pari Passu* Debt finance document or (2) is paid on or after the final maturity of the Future Senior Subordinated Liabilities (provided such maturity date is no earlier than that contained in the relevant Future Senior Subordinated Debt Documents as of the first day of incurrence of any Future Senior Subordinated Debt); or

    - any other amount (which is not an amount of principal or capitalised interest and default interest on the Future Senior Subordinated Liabilities) accrued, due and payable in cash in accordance with the terms of the relevant debt documents for the Future Senior Subordinated Debt, additional amounts payable as a result of the tax gross up provisions relating to the Future Senior Subordinated Debt Liabilities or amounts in respect of currency indemnities in the relevant debt documents for the Future Senior Subordinated Debt;

(b) no notice delivered pursuant to the terms of the Intercreditor Agreement blocking payments in respect of the Future Senior Subordinated Debt Liabilities (a "**Payment Blockage Notice**") is outstanding; and

(c) no payment default under the New Revolving Credit Facility and no payment default of €100,000 or more in respect of the Senior Secured Notes Liabilities or Future *Pari Passu* Liabilities is continuing (a "**Senior Payment Default**");

provided that no payment of principal may be made in respect of any proceeds loan relating to any Future SPV Notes ("**Future SPV Notes Proceeds Loan**") unless such payment is otherwise permitted by the Secured Debt Documents and is made to facilitate the making of a payment in respect of the Future SPV Notes which was previously on-lent, directly or indirectly, to Holdco under a Future SPV Notes Proceeds Loan, or

2. if the Majority Super Senior Creditors and the Majority Senior Secured Creditors (each as defined below) give prior consent to that Payment being made;

3. costs, commissions, taxes, consent fees and expenses incurred in respect of (or reasonably incidental to) the Future Senior Subordinated Debt documents (including in relation to any reporting or listing requirements under the Future Senior Subordinated Debt documents);

4. costs, commissions, taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of the Future Senior Subordinated Debt in compliance with the Intercreditor Agreement, the New Revolving Credit Facility, the Indenture and any Future *Pari Passu* Debt Document;

5. in respect of any Future Senior Subordinated Debt issued in the form of notes, certain customary costs and expenses payable to the Future Senior Subordinated Debt Representative; or

6. Trustee Liabilities.

Prior to the discharge of all the Priority Debt, if a Senior Payment Default has occurred and is continuing, all payments in respect of the Future Senior Subordinated Debt Liabilities (other than certain very limited exceptions) are suspended.

Prior to the discharge of all the Priority Debt, if an event of default (other than a Senior Payment Default) under the finance documents in respect of the Priority Debt (a "**Senior Default**") has occurred and is continuing and the Future Senior Subordinated Debt Representative (as defined below) has received a Payment Blockage Notice from the Senior Agent, the Trustee or the representative of the Future *Pari Passu* Debt representing Future *Pari Passu* Debt (as the case may be) (the "**Relevant Representative**") specifying the event or circumstance in relation to the relevant Senior Default; all payments in respect of the Future Senior Subordinated Liabilities (other than those consented to by the Majority Super Senior Creditors (as defined below) and Majority Senior Secured Creditors (as defined below) and certain specified exceptions) are suspended until the earliest of:

(i) the date on which there is a waiver, remedy or cure of such Senior Default;

(ii) the first business day falling 179 days after receipt by the Future Senior Subordinated Debt Representative of the Payment Blockage Notice;

(iii) the date on which the Relevant Representative which issued the Payment Blockage Notice (and, if at such time an event of default is continuing in relation to the Priority Debt (other than the debt in respect of which the notice was given), the Relevant Representative in respect of that other debt) delivers a notice to Holdco, the Security Agent and the Future Senior Subordinated Debt Representative cancelling that the Payment Blockage Notice;

(iv) the date on which the Security Agent or Future Senior Subordinated Debt Representative takes any Enforcement Action that which it is permitted to take in accordance with the Intercreditor Agreement;

(v) the date on which the relevant event of default is no longer continuing and, if the Priority Debt has been accelerated, such acceleration has been rescinded (and, if such acceleration consisted solely of declaring the relevant debt payable on demand, such rescission can be effected by the relevant majority creditors in respect of the relevant debt);

(vi) the date on which the Super Senior Liabilities and the Senior Secured Liabilities have been fully discharged and there is no obligation to provide further financial accommodation to any Debtor; and

(vii) if a Standstill Period (as defined below) is in effect at any time after delivery, of a Payment Blockage Notice, the date on which the Standstill Period expires.

No Payment Blockage Notice may be served by a Relevant Representative unless 365 days have elapsed since the delivery of the immediately prior Payment Blockage Notice. No Payment Blockage Notice may be served in respect of a Senior Default more than 60 days after the date that the Relevant Representative received notice of that Senior Default.

If a Payment Blockage Notice ceases to be outstanding or the relevant Senior Default or Senior Payment Default ceases to be continuing (by being waived by the relevant creditors/creditor's representative or remedied) the relevant Debtor or Third Party Chargor may then make those payments it would have otherwise been entitled to pay under the Future Senior Subordinated Debt and if it does so promptly any event of default under the Future Senior Subordinated Debt caused by such delayed payment shall be waived and any notice commencing a Standstill Period which may have been issued as a result of such non-payment shall be waived. A Senior Payment Default is remedied by the payment of all amounts then due.

Following the discharge of all the Priority Debt, payments in respect of Future Senior Subordinated Liabilities may be made in accordance with their terms.

Restrictions on Enforcement by the Future Senior Subordinated Debt; standstill

Prior to the discharge of all the Priority Debt, neither the creditors of any Future Senior Subordinated Debt (the "**Future Senior Subordinated Creditors**") nor the creditor representative of the Future Senior Subordinated Creditors (the "**Future Senior Subordinated Debt Representative**") may take enforcement action with respect to the Future Senior Subordinated Debt (including any action against the Issuer or the guarantors of the Future Senior Subordinated Debt (if any)) or direct the Security Agent to enforce or otherwise require the enforcement of any relevant Transaction Security Document without the prior consent of or as required by the relevant creditor instructing group (as detailed in "*—Security enforcement*" below), except if (1) an event of default has occurred under the Future Senior Subordinated Debt resulting from failure to pay principal at its original scheduled maturity or (2):

(a) an event of default under the debt documents for the Future Senior Subordinated Debt is continuing;

(b) the Senior Agent, the Trustee and the other representatives of the Priority Debt have received notice of the specified event of default from the Future Senior Subordinated Debt Representative;

(c) a Standstill Period (as defined below) has elapsed; and

(d) the relevant event of default is continuing at the end of the Standstill Period,

provided that in the case of (b) only, no such action may be taken if the Security Agent is acting in accordance with the instructions of the relevant creditor instructing group (as detailed in "*—Security enforcement*" below) to take steps for enforcement and such action might reasonably likely adversely affect such enforcement.

A "**Standstill Period**" shall mean the period starting on the date that the Future Senior Subordinated Debt Representative serves an enforcement notice on the Senior Agent, the Trustee and the representative of any Future *Pari Passu* Debt until the earliest of:

(a) the first business day falling 179 days after such date;

(b) the date on which the Security Agent takes enforcement action (including the enforcement of any Transaction Security permitted to be enforced under the terms of the Intercreditor Agreement), provided that (x) the Future Senior Subordinated Debt Representative and holders of Future Senior Subordinated Debt may only take the same enforcement action against the same entity as is taken by the Security Agent and may not take any other action against any other member of the Group or Third Party Chargor and (y) if the Security Agent has notified the Future Senior Subordinated Debt that it is taking or has been instructed by an Instructing Group to take any enforcement action, no Future Senior Subordinated Creditor may take any enforcement action where such action might be reasonably likely to adversely affect such enforcement action or the amount of proceeds to be derived therefrom;

(c) the date on which an insolvency event occurs in respect of any Debtor or Third Party Chargor owing Future Senior Subordinated Liabilities against whom enforcement action is to be taken (other than as a result of any action taken by a Future Senior Subordinated Creditor);

(d) the date on which a default under the Future Senior Subordinated Debt occurs for failure to pay principal at the original scheduled maturity of the Future Senior Subordinated Debt; and

(e) the expiry of any other Standstill Period which was outstanding at the date that the current Standstill Period commenced (other than as a result of a cure, waiver or permitted remedy thereof).

If an Event of Default ceases to be continuing then (provided the relevant parties are made aware of such fact) any relevant enforcement process (including any requirement of consultation relating to enforcement) relying solely on that Event of Default shall cease to continue.

Hedging

Pursuant to the Intercreditor Agreement, persons entering into any hedging transaction with any Debtor will be entitled to share in the Transaction Security provided that they have acceded to the Intercreditor Agreement as a hedge counterparty.

Non-security enforcement

No creditor of Shareholder Liabilities shall take any enforcement action until after the date on which all Priority Liabilities and Future Senior Subordinated Liabilities have been fully discharged and there is no obligation to provide further financial accommodation to any Debtor (the "**Final Discharge Date**") unless it is following the occurrence of an insolvency event in relation to any member of the Group and such enforcement action is permitted by the Intercreditor Agreement.

No creditor of Intra-Group Liabilities shall take any enforcement action (other than rights of set off to enable permitted intra-group payments) prior to the Final Discharge Date unless it is following the occurrence of an insolvency event in relation to any member of the Group and such enforcement action is permitted by the Intercreditor Agreement.

With respect to Hedging Liabilities, the Intercreditor Agreement provides that a hedge counterparty may, to the extent is able to under the relevant hedging agreement, terminate, reduce or close-out hedging prior to its stated maturity if any of the following has occurred: (i) any of the Secured Debt (other than the Hedging Liabilities and the Trustee Liabilities) has been accelerated or the Transaction Security has been enforced; (ii) an illegality, tax event, tax event upon merger or force majeure event; (iii) occurrence of an insolvency event that is continuing in relation to any Debtor that is party to a hedging agreement or in relation to any member of the Group; (iv) the Majority Super Senior Creditors and Majority Senior Secured Creditors (in each case, excluding the hedge counterparties) give their prior written consent; (v) if the hedge counterparty and the relevant Debtor agree and no default is continuing under any document governing the Secured Debt (other than the Hedging Liabilities); (vi) there is an interest rate or exchange rate hedge excess; (vii) if the hedge counterparties cease to be secured under the Transaction Security without their consent; or (viii) a payment default has been continuing under the relevant hedging agreement for more than 14 days.

Security enforcement

The Intercreditor Agreement provides that the Security Agent may refrain from enforcing the Transaction Security unless the Security Agent receives enforcement instructions from the relevant creditor instructing group. Any instructions provided by a relevant creditor instructing group must be in accordance with the security enforcement principles provided in the Intercreditor Agreement ("**Qualifying Instructions**").

Instructions in relation to the enforcement of the Transaction Security may be delivered to the Security Agent by any of (i) the creditors representing in aggregate 66⅔% or more of the aggregate super senior credit participations of the creditors of the Super Senior Liabilities (the "**Majority Super Senior Creditors**"), or (ii) the creditors representing more than 50% of (A) the aggregate senior secured credit participations of the creditors of the Senior Secured Notes Liabilities and the Future *Pari Passu* Liabilities and (B) the aggregate senior secured credit participations of the creditors of the Hedging Liabilities that are not Super Senior Hedging Liabilities (the "**Majority Senior Secured Creditors**"). If the Majority Super Senior Creditors or the Majority Senior Secured Creditors wish to instruct the Security Agent to commence enforcement of any Transaction Security, the creditor representative(s) (each a "**Creditor Representative**") of the relevant creditor instructing group shall notify the Security Agent and the creditor representative of each other creditor of the Priority Liabilities.

Following delivery of proposed enforcement instructions, the Creditor Representatives of the Majority Super Senior Creditors and the Majority Senior Secured Creditors will consult with each other in good faith as to the manner of enforcement for a period of five business days with a view to coordinating the instructions to be given by the relevant creditor instructing group and agreeing the strategy for enforcement unless: (i) the Majority Super Senior Creditors and the Majority Senior Secured Creditors otherwise agree; (ii) an insolvency event has occurred in relation to any Third Party Chargor, Debtor or any other member of the Group and the Transaction Security has become enforceable as a result; (iii) one of the relevant Creditor Representatives determines in good faith that no consultation period or, as the case may be, a shorter consultation period is necessary in order to avoid impairing the value which would be realized on enforcement of the Transaction Security to an extent that would prevent the discharge of the Super Senior Liabilities in full; or (iv) have a material adverse effect on the Security Agent's ability to enforce the Transaction Security (the "**Consultation Period**"). In circumstances where (iv) applies, any instructions delivered by a Creditor Representative must be limited to those necessary to protect or preserve the interests of the relevant creditor instructing group on behalf of which it acts as a Creditor Representative and the Security Agent will act in accordance with the instructions first received.

After the expiry of the Consultation Period:

- If the Majority Super Senior Creditors and/or the Majority Senior Secured Creditors have agreed on an enforcement strategy, the Security Agent shall be instructed to implement the same.
- If the Security Agent has received conflicting security enforcement instructions, the Security Agent, subject to certain exceptions, will act on the instructions of the Majority Senior Secured Creditors provided that those instructions are Qualifying Instructions.
- If the Security Agent is required to act on the instructions of the Majority Senior Secured Creditors and Majority Super Senior Creditors and either (i) enforcement has not commenced within three months of the end of the Consultation Period; (ii) the Super Senior Liabilities have not been irrevocably repaid in full in cash within six months of the end of the Consultation Period; or (iii) at any time (whether before or after the expiry of the Consultation Period) (I) an insolvency event has occurred in relation to any Third Party Chargor, Debtor or other member of the Group or (II) the Majority Super Senior Creditors (x) determine in good faith that a delay in issuing instructions in respect of Enforcement could reasonably be expected to have a material adverse effect on the ability to effect a Distressed Disposal or on the expected realisation proceeds of any Enforcement and (y) deliver Qualifying Instructions in respect of Enforcement to the Security Agent before the Security Agent has received any instructions from the Majority Senior Secured Creditors and the Security Agent has not commenced enforcement of the Transaction Security, then the Security Agent shall act on the enforcement instructions of the Majority Super Senior Creditors provided that such instructions are Qualifying Instructions.

If the Majority Super Senior Creditors or Majority Senior Secured Creditors (acting reasonably) consider at any time that the Security Agent is enforcing the Transaction Security in a manner which is not consistent with the security enforcement principles, the Creditor Representatives of the other Super Senior Creditors and Senior Secured Creditors shall consult with the Security Agent for a period of 10 days (or such lesser period as the relevant Creditor Representatives may agree) with a view to agreeing the manner of enforcement, provided that the Creditor Representatives are not obliged to consult in this circumstance more than once in relation to each enforcement.

Security enforcement principles

- The Intercreditor Agreement includes security enforcement principles with the aim of maximizing, so far as is consistent with prompt and expeditious realization of value from enforcement of the Transaction Security, the recovery by the creditors of the Priority Liabilities and (to the extent the Transaction Security is expressed to secure the same) the Future Senior Subordinated Liabilities (the "**Security Enforcement Objective**").

  The Transaction Security will be enforced and other action as to enforcement will be taken such that either:(a) to the extent the instructing group is the Majority Super Senior Creditors, all proceeds of enforcement are received by the Security Agent in cash or cash equivalent investments (or substantially all in cash or cash investments); or

  (b) to the extent the instructing group is the Majority Super Senior Creditors, either all proceeds from enforcement are received by the Security Agent in cash or cash equivalent investments or sufficient proceeds from enforcement are received in cash or cash equivalents to ensure that when the proceeds are applied in accordance with the order of application set forth below under "*—Application of amounts recovered*", the Super Senior Liabilities are repaid and discharged in full (unless the Majority Super Senior Creditors agree otherwise).

- Enforcement must be prompt and expeditious and, subject to the terms of the Intercreditor Agreement, the time frame for the realisation of value from the enforcement of the Transaction Security will be determined by the relevant creditor instructing group provided that it is consistent with the Security Enforcement Objective.

Where proposed enforcement of Transaction Security is over (a) assets other than shares in a member of the Group, where the aggregate book value of such assets exceeds €5,000,000 (or its equivalent) or (b) over some or all of the shares in a member of the Group over which Transaction Security exists,

- the Security Agent shall if instructed by the Majority Super Senior Creditors or the Majority Senior Secured Creditors obtain an opinion from a reputable internationally-recognized (a) investment bank, (b) accounting firm or (c) other third party professional firm which is regularly engaged in providing valuations of businesses or assets similar or comparable to those charged under the Transaction Security to be enforced to opine as expert: (1) on the optimal method of enforcing the Transaction Security so as to achieve the Security Enforcement Objective and maximize the recovery of any such enforcement; (2) that the proceeds received from any such enforcement represent fair value from a financial point of view after taking into account all relevant circumstances; and (3) that such sale is otherwise in accordance with the Security Enforcement Objective. Such opinion save as to manifest error will be conclusive evidence that the Security Enforcement Objective has been met. If enforcement is conducted by way of a public auction, no financial adviser shall be required to be appointed.

The Security Enforcement Principles may be amended, varied or waived with the prior written consent of the Majority Super Senior Creditors, the Majority Senior Secured Creditors and the Security Agent.

Turnover

The Intercreditor Agreement provides that if any Primary Creditor (as defined below) receives or recovers or otherwise realizes the proceeds of any enforcement of any Transaction Security or any other amounts which should otherwise be received, recovered or realized by the Security Agent pursuant to the payment waterfall described in "*—Application of amounts recovered*" below (whether before or after an insolvency event) and in addition if any creditor of Future Senior Subordinated Debt or any Shareholder Creditor (as defined below) receives or recovers any payment or distribution not permitted under the Intercreditor Agreement or applied other than in accordance with the "*—Application of amounts recovered*" described below that it shall (subject to certain prior actual knowledge qualifications in the case of the notes trustees):

- in relation to receipts or recoveries not received or recovered by way of set-off, (i) hold that amount on trust for the Security Agent and separate from other assets, property or funds and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Application of amounts recovered

Subject to the rights of creditors mandatorily preferred by law applying to companies generally, all amounts received or recovered by the Security Agent in connection with the realisation or enforcement of all or part of the Transaction Security shall be held by the Security Agent on trust pursuant to the Intercreditor Agreement shall be applied in the following order of priority:

- *first*, in or towards payment of (i) *pari passu* and pro rata any sum owing to the Security Agent, any receiver, any delegate and then (ii) *pari passu* and pro rata to each Creditor Representative (other than a Creditor Representative that is a Hedging Bank) for application towards fees, costs and expenses and any receiver, attorney or agent appointed by such Creditor Representative;

- *second*, *pari passu* and pro rata, in or towards payment of all costs and expenses incurred by or on behalf of the Secured Creditors of the Super Senior Liabilities in connection with the realization or enforcement of the Transaction Security or any action taken at the request of the Security Agent;
- *third*, *pari passu* and pro rata as between themselves in or towards payment of the Super Senior Liabilities;
- *fourth*, *pari passu* and pro rata as between themselves in or towards payment of the Senior Secured Notes Liabilities, the Future *Pari Passu* Liabilities and any Hedging Liabilities that are not Super Senior Hedging Liabilities;
- *fifth*, *pari passu* and pro rata as between themselves in or towards payment of the Future Senior Subordinated Liabilities; and
- *sixth*, after the Final Discharge Date, in payment of the surplus (if any) to the relevant Debtor, Third Party Chargor or other person entitled to it.

Non-Distressed Disposals

In circumstances where a disposal or certain other specified transactions are not being effected pursuant to a Distress Event (as defined below) (a disposal effected pursuant to (x) a Distress Event, (y) circumstances where the Transaction Security has become enforceable or (z) enforcement of the Transaction Security, in each case, being a "**Distressed Disposal**") and are otherwise permitted by the terms of the Indenture and the debt documents for the Secured Debt, the Intercreditor Agreement will provide that the Security Agent is authorized and instructed (i) to release the Transaction Security or any other claim in respect of the liabilities secured by the Transaction Security; (ii) if the relevant asset consists of shares in the capital of a Debtor, to release the Transaction Security or any other claim in respect of the liabilities secured by the Transaction Security over the assets of that Debtor and the shares in and assets of any of its subsidiaries and (iii) execute and deliver or enter into any release of the Transaction Security or any claim described in paragraphs (i) and (ii) and issue any certificates of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable.

Distressed Disposals

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement will provide that the Security Agent is authorized: (i) to release the Transaction Security, or any other claim over that asset; (ii) if the asset which is disposed of consists of shares in the capital of a Debtor or Third Party Chargor, to release (a) that Debtor, Third Party Chargor and any subsidiary of that Debtor or Third Party Chargor (as applicable) from all or any part of its liabilities (including, for the avoidance of doubt, any borrowing, guaranteeing or other liabilities) to the Priority Creditors or Future Senior Subordinated Creditors or others or otherwise in connection with the Transactions ("**Primary Liabilities**") or other liabilities it may have to a creditor of Shareholder Liabilities (a "**Shareholder Lender"**), a creditor of Intra- Group Liabilities (an "**Intra-Group Lender**") or other Debtors and Third Party Chargors; (b) any Transaction Security granted by that Debtor, Third Party Chargor or any subsidiary of that Debtor or Third Party Chargor over any of its assets; and (c) any other claim of a Shareholder Lender, Intragroup Lender, or another Debtor or Third Party Chargor over that Debtor or Third Party Chargor's assets or over the assets of any subsidiary of that Debtor or Third Party Chargor; (iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor or Third Party Chargor, to release (a) that holding company and any subsidiary of that holding company from all or any part of its Primary Liabilities and Other Liabilities; (b) any Transaction Security granted by any subsidiary of that holding company over any of its assets; and (c) any other claim of a Shareholder Lender, Intragroup Lender or another Debtor over the assets of any subsidiary of that holding company; and (iv) if the asset which is disposed of consists of shares in the capital of a Debtor or Third Party Chargor or a holding company of a Debtor or Third Party Chargor, to provide, for (1) the transfer of liabilities to another Debtor or Third Party Chargor and/or (2) at the discretion of the Security Agent (provided that it is acting in accordance with the Security Enforcement Principles) the disposal, to third parties, of creditor's claims against that Debtor or Third Party Chargor or holding company (which may include claims against the Issuer).

Where borrowing liabilities in respect of any Priority Debt would otherwise be released pursuant to the terms of the Intercreditor Agreement (including as stated in paragraph (i) to (iv) above), the primary creditor concerned may elect to have those borrowing liabilities transferred to Holdco (or its immediate holding company after the relevant Distressed Disposal), in which case the Security Agent will be irrevocably authorized (at the cost of the relevant Debtor or Holdco (or its immediate holding company after the relevant Distressed Disposal) and without any consent, sanction, authority or further confirmation from any creditor under the Intercreditor Agreement, Debtor or Third Party Chargor) to execute such documents as are required to so transfer those borrowing liabilities.

If a Distressed Disposal is being effected such that the claims of the holders of the Future Senior Subordinated Debt against the Issuer, any guarantees in respect of the Future Senior Subordinated Debt and/or Transaction Security securing the Future Senior Subordinated Debt will be released, it is a condition to the release that either:

(a) the Future Senior Subordinated Debt Representative has approved the release on the instructions of the Future Senior Subordinated Debt Required Holders (as defined below); or

(b) each of the following conditions are satisfied:

(i) the proceeds of such sale or disposal are in cash or cash equivalent investments (or substantially in cash or cash equivalent investments);

(ii) all present or future obligations owed to the secured parties under the Priority Debt documents by a member of the Group, all of whose shares pledged in favor of the Secured Parties are sold or disposed of pursuant to such enforcement action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and such obligations are not assumed by the purchaser or one of its affiliates), and all Transaction Security in respect of the assets that are sold or disposed of is simultaneously and unconditionally released concurrently with such sale; and

(iii) such sale or disposal (including any sale or disposal of any claim) is made:

(A) pursuant to a public auction in accordance with the terms of the Intercreditor Agreement; or

(B) where an internationally recognized investment bank or an internationally recognized firm of accountants selected by the Security Agent has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view taking into account all relevant circumstances (although there shall be no obligation to postpone any such sale, disposal or transfer in order to achieve a higher price) including the method of enforcement and the circumstances giving rise to such sale, provided that the liability of such investment bank or internationally recognized firm of accountants in giving such opinion may be limited to the amount of its fees in respect of such engagement.

Application of Proceeds of a Distressed Disposal

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities) shall be paid to the Security Agent for application in accordance with the provisions set forth under *"—Application of amounts recovered"* above as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of liabilities has occurred, as if the disposal of liabilities had not occurred.

Option to purchase: Senior Secured Noteholders and Future Pari Passu Creditors

Following:

(a) an Acceleration Event; or

(b) the enforcement of any Transaction Security, (each, "**Distress Event**"),

the Senior Secured Notes Trustee and Future *Pari Passu* Debt Representative (the "**Purchasing Senior Secured Creditors**"), may at the direction and the expense of such Senior Secured Noteholders and Future *Pari Passu* Creditors that wish to do so, acquire or procure the acquisition of all (but not part only) of the rights and obligations of the Lenders under the New Revolving Credit Facility (or their affiliates) and all their exposures in respect of any Hedging Agreement by way of transfer under the New Revolving Credit Facility and Hedging Agreements if it gives not less than ten days prior written notice and prior to giving such notice, obtains the necessary approvals from the Purchasing Senior Secured Creditors.

Following a Distress Event, the holders of the Future Senior Subordinated Debt shall have an option to purchase all (but not part) of the Priority Debt at par plus accrued interest and all other amounts owing in respect of such Priority Debt, with such purchase to occur all at the same time.

Voting and amendments

Voting in respect of the New Revolving Credit Facility, the Senior Secured Notes and/or Future *Pari Passu* Debt will be in accordance with the relevant documents.

Except (i) for amendments of a minor, technical or administrative nature which may be effected by the Security Agent (ii) amendments and waivers to the security enforcement principles, which may be effected as described above in "—*Security enforcement principles*" and subject to the paragraph below, amendments to or waivers and consents under the Intercreditor Agreement shall require the written agreement of:

(a) the Majority Super Senior Creditors;

(b) the Senior Secured Notes Required Holders and the Future *Pari Passu* Debt Required Holders (each defined below);

(c) the Majority Future Senior Subordinated Creditors

(d) the Security Agent; and

(e) Holdco.

provided that to the extent an amendment, waiver or consent only affects one class of secured party, and such amendment, waiver or consent could not reasonably be expected to materially adversely affect the interests of the other classes of secured party, only written agreement from the affected class shall be required. Notwithstanding the paragraph immediately above, an amendment or waiver relating to provisions dealing with (i) the definition of Instructing Group, (ii) ranking and priority or subordination, (iii) turnover of Receipts, (iv) redistribution, (v) enforcement of Transaction Security, (vi) disposal proceeds, (vii) application of proceeds, (viii) amendments and waivers, (ix) governing law and (x) jurisdiction, shall not be made without the written consent of each of:

(a) the Credit Facility Lenders;

(b) the Trustee;

(c) the Future *Pari Passu* Debt Representative;

(d) each Hedging Counterparty (to the extent that the amendment or waiver would adversely affect such Hedging Counterparty);

(e) the Future Senior Subordinated Debt Representative; and

(f) Holdco.

Prior to the discharge of all the Priority Debt, the Future Senior Subordinated Creditors, Debtors and Third Party Chargors may not without the consent of the majority lenders (under the New Revolving Credit Facility or Other Credit Facility Debt) amend or waive the terms of the debt documents of the Future Senior Subordinated Debt to the extent that it would result in them being inconsistent with the agreed major terms for such Future Senior Subordinated Debt.

Definitions

The Intercreditor Agreement shall provide that:

(a) "**Future Senior Subordinated Debt Required Holders**" means in respect of any direction, approval, consent or waiver, the Future *Pari Passu* Creditors of the principal amount of Future *Pari Passu* Debt required to vote in favour of such direction, consent or waiver under the terms of the relevant Future *Pari Passu* Debt Documents or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Future *Pari Passu* Debt, in accordance with the relevant Future *Pari Passu* Debt Documents. For the avoidance of doubt, in determining whether the Future *Pari Passu* Creditors of the required principal amount of Future *Pari Passu* Debt have concurred in any direction, waiver or consent, Future *Pari Passu* Debt owned by any Debtor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with any Debtor, will be considered as though not outstanding;

(b) "**Future *Pari Passu* Debt Required Holders**" means in respect of any direction, approval, consent or waiver, the Future *Pari Passu* Creditors of the principal amount of Future *Pari Passu* Debt required to vote in favour of such direction, consent or waiver under the terms of the relevant Future *Pari Passu* Debt Documents or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Future *Pari Passu* Debt, in accordance with the relevant Future *Pari Passu* Debt Documents. For the avoidance of doubt, in determining whether the Future *Pari Passu* Creditors of the required principal amount of Future *Pari Passu* Debt have concurred in any direction, waiver or consent, Future *Pari Passu* Debt owned by any Debtor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with any Debtor, will be considered as though not outstanding;

(c) "**Primary Creditors**" means the creditors with respect to Super Senior Liabilities, the Senior Secured Creditors and the Future Senior Subordinated Creditors;

(d) "**Senior Secured Notes Required Holders**" means, in respect of any direction, approval, consent or waiver, the holders of the noteholders of the principal amount of Senior Secured Notes required to vote in favour of such direction, consent or waiver under the terms of the Indenture or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Senior Secured Notes, in accordance with the Indenture. For the avoidance of doubt, in determining whether the holders of the Senior Secured Notes of the required principal amount of Senior Secured Notes have concurred in any direction, waiver or consent, Notes owned by any Debtor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with any Debtor, will be considered as though not outstanding, except that for the purpose of determining whether the Trustee will be protected in relying on any such direction, waiver or consent, only Notes that the Trustee knows are so owned will be disregarded;

(e) "T**ransaction Security**" means the security created or expressed to be created in favor of the Security Agent under or pursuant to the Transaction Security Documents; and

(f) "**Transaction Security Documents**" means: each "Transaction Security Document" as defined in (i) the New Revolving Credit Facility, any other super senior credit facility and/or a document governing any Future *Pari Passu* Debt; (ii) any other document entered into at any time by any member of the Group or Third Party Chargor creating any security in favor of any of the secured parties as security for any of the secured obligations; and (iii) any security granted under any covenant for further assurance in any of the documents set out in paragraphs (i) and (ii) above, which in each case, to the extent legally possible and subject to the Agreed Security Principles, is created in favor of (A) the Security Agent as trustee for the relevant secured parties in respect of their liabilities; or (B) in the case of any jurisdiction in which effective security cannot be granted in favor of the Security Agent as trustee for the secured parties, the relevant Secured Parties in respect of their Liabilities or the Security Agent under a parallel debt structure for the benefit of the relevant Secured Parties or under a joint and several creditor structure.

Governing law

The Intercreditor Agreement is governed by English law.

Target Facilities

On May 29, 2018, the Target entered into a term and revolving facilities agreement between, among others, Barclays Bank PLC, BNP Paribas Fortis SA/NV, Deutsche Bank AG, London Branch, HSBC Bank plc, Nordea Danmark, filial af Nordea Bank AB (publ), Citigroup Global Markets Limited, J.P. Morgan Securities plc, Danske Bank A/S, and Nykredit Bank A/S as arrangers and Barclays Bank PLC as agent (the "**Agent**") (the "**Target Facilities Agreement**"). The Target Facilities Agreement provides term loan facilities of up to €3,951 million (comprising of two facilities, B1 and B2 (the "**TLB**") (of which up to €3,900 million is expected to be drawn) and revolving loans of up to €500 million (collectively, the "**Target Facilities**").

The final maturity date for the TLB is June 4, 2025 and the final maturity date for the revolving facility is June 4, 2024, provided that, in each case, if the Notes have not been refinanced with loans, notes or other instruments with a maturity falling after the above final maturity date for the TLB (or redeemed) on or prior to the date falling 90 days prior to its maturity date (the "**Springing Maturity Date**"), the final maturity date in respect of the initial term loans and the revolving facility under the Target Facilities will be the Springing Maturity Date. Any amounts made available under incremental term loans shall mature at such time as agreed in any such incremental term loan agreement.

As of June 11, 2018, €1,059,534,399.77 was outstanding under the TLB and €2,840,465,600.23 was available. As of June 11, 2018, no amounts were outstanding under the revolving loans and there were no amounts outstanding under letters of credit, €50 million was made available by way of an ancillary facility with Danske Bank A/S and €450 million was available under the revolving facility.

Purpose

Borrowings funded under the term loan facilities may be made to:

(a) in the case of facility B1, refinance the existing indebtedness of the Group under (i) a €500 million facility agreement maturing September 2019; (ii) a €250 million facility agreement maturing February 2020; (iii) a DKK 750 million multi-option facility agreement maturing 20 December 2018; (iv) a €500 million finance contract dated 30 June 2014 between the Company as borrower and EIB as lender; (v) a €500 million finance contract dated 31 August 2017 between the Company as borrower and EIB as lender maturing 22 February 2024; (vi) one or more credit line or money market agreements between the Company as borrower and Nordea Danmark as lender up to €125 million in aggregate (vii) any notes or other debt securities issued by the Group under its Euro Medium Term Note program; (vii) the €750 million hybrid bonds issued by members of the Group; and (viii) any finance leases or other local facilities of the Group (together, "**Target Group Financial Indebtedness**"); and

(b) in the case of facility B2 (on and from the date such facility is committed), fund the payment of a dividend to Bidco for Bidco to make dividends or other legally permissive upstream payments to DKT Finance ApS for the purpose of prepaying debt (on a EUR for EUR basis (or, to the extent part of the Bridge Facility has been redenominated into USD, on a USD for USD basis) taking into account any foreign currency movements) of DKT Finance ApS prior to July 31, 2018

in each case, together with related fees, costs or expenses.

Borrowings under the revolving facility may be made to: (a) pay a dividend to Bidco for the purpose of servicing interest costs and certain mandatory prepayments and fees, costs and expenses in respect of certain outstanding indebtedness of DKT Finance ApS (including the Notes) (b) finance permitted acquisitions, capital expenditure requirements, refinance Target Group Financial Indebtedness, and payment of fees, costs and expenses, provided that during the period where the term loan facilities are available to be drawn the revolving facility may not be applied towards any payment specified in the funds flow statement for the Transactions except for financing or refinancing any working capital requirements or any amount which is due as a result of any termination of any hedging arrangements.

The revolving facility may be drawn by way of ancillaries entered into bilaterally between any revolving facility lender and a member of the Group, established and drawn in place of the revolving facility commitments of that lender. As at the Issue Date, the Target has entered into a €50 million ancillary facility with Danske Bank A/S which may be used by way of overdrafts and/or letters of credit.

The final maturity date of the Danske Bank A/S ancillary facility is the same as the final maturity date for the revolving facility. Indebtedness incurred by way of overdrafts will accrue interest at rate equal to the aggregate of the margin applicable to the revolving facility together with DANSKE BOR for the relevant currency from time to time. Letters of credit will accrue commission computed at a rate agreed between the Target and Danske Bank A/S from time to time. As at May 29, 2018 letters of credit were outstanding under the Danske Bank A/S ancillary facility in an aggregate amount of DKK 92,700,854.33 and NOK 13,781,822.50.

Repayments and prepayments

Repayments of revolving facility loans drawn under the Target Facilities and related interest payments will be due and payable at the end of the interest period for each loan. The applicable interest period is selected in the relevant utilization request and will either be one, three or six months subject to certain exceptions. There is no clean down requirement. Any term loans drawn in USD under the term loan facilities made available under the Target Facilities in connection with the Transactions will be subject to amortization of 1% of the principal amount of such loans per annum.

If it becomes unlawful in any applicable jurisdiction for a lender to perform its obligations under the Target Facilities Agreement (or becomes unlawful for any affiliate of a lender for that lender to do so) such lender under the Target Facilities will have the right to cancel its commitments. Each borrower under the Target Facilities Agreement shall repay the relevant lender's participation in any utilizations made to that borrower on the last day of the interest period after the Issuer has been notified or if earlier, the date specified by the relevant lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period).

On a change of control or sale of all or substantially all of the assets of the Target (and Bidco from the date of its accession to the Target Facilities) and its restricted subsidiaries (the "**Group**") (pursuant to the terms of the Target Facilities Agreement), the lenders may request, by not less than five business days' notice to the Issuer, cancellation of its commitments and may declare all outstanding amounts owed to it due and payable provided that such request is made within 30 days of the occurrence of the applicable event. The Target Facilities are not portable.

Prepayments of the Target Facilities are also required (subject to customary exceptions) in respect of:

(a) any listing proceeds and insurance proceeds received by the Group;

(b) any excess cashflow of the Group in any financial year (commencing with the first full financial year ending after the date on which the Target Facilities are first drawn) subject to (x) a total net leverage ratio based ratchet and (y) other customary exceptions (including a de minimis amount in any financial year of €105 million);

(c) to the extent the Group undertakes a standalone refinancing of any financial indebtedness of Get and its subsidiaries (upon designating such entities as unrestricted subsidiaries), part of the proceeds of such refinancing shall be required to be applied in prepayment of the Target Facilities to ensure that the total net leverage of the Group, i.e. excluding, for the avoidance of doubt, the Notes (pro forma for the designation of Get and its subsidiaries as unrestricted subsidiaries) is 4.10:1 or less.

Interest

Loans under the term loan facility will bear interest at a rate equal to the aggregate of EURIBOR or LIBOR and a margin of 3.50% per annum subject to the operation of a leverage-based margin ratchet. Loans under the revolving facility will bear interest at a rate equal to the aggregate of EURIBOR (or LIBOR in respect of loans drawn in USD, CIBOR in respect of loans drawn in DKK, NIBOR in respect of loans drawn in NOK and LIBOR in respect of loans drawn in currencies other than euro, DKK or NOK) and a margin of 3.00% per annum, subject to the operation of a leverage-based margin ratchet.

Incremental facilities

The Target Facilities Agreement contemplates, subject to certain conditions thereof, the incurrence of additional incremental uncommitted revolving facilities ("**Incremental Facilities**") in a maximum aggregate amount not to exceed the sum of (i) a cash capped incremental facility amount of €675 million incurred for any purpose; (ii) €200 million capital expenditure incremental facility to be used to (1) finance or refinance capital expenditure including (without limitation) in relation to the Group's fiber roll-out program and (2) finance its other general corporate and working capital purposes (and to be available for a period of four years from when they are committed); and (iii) an unlimited amount, so long as on a *pro forma* basis after giving effect to the incurrence of any such Incremental Facility (and after giving effect to any Permitted Acquisition consummated concurrently therewith and all other appropriate *pro forma* adjustment events), the total net leverage is equal to or less than 4.10:1 (in each case after giving effect to the transactions but excluding, in relation to any such Incremental Facility incurred to refinance existing Target Financial Indebtedness, any amounts incurred to fund any break costs or prepayment fees or penalties in connection with the refinancing of such Target Financial Indebtedness). Such Incremental Facilities will be secured and guaranteed on a *pari passu* basis with the Target Facilities and rank *pari passu* in right of payment and security with the Target Facilities (including with respect to mandatory prepayments).

Guarantee and security

The Target is the original borrower and a day one guarantor.

The Target will grant security over its present and future collateral as described in the security agreement, which includes security over bank accounts, shares in Get and intra-group receivables and shares in US Newco within 90 days of June 4, 2018. Following the completion of the Acquisition, US Newco has acceded as an additional borrower and additional guarantor and granted security over certain assets pursuant to a general security agreement on June 8, 2018 and Bidco will accede as an additional guarantor and will grant security over the shares in the Target, bank accounts and intra-group receivables within 90 days of June 4, 2018 or in the case of security over the shares in the Target, 30 days after the later of the above deadline and the de-registration of such shares from the relevant clearing system. Additional guarantors (including Get if required) will accede to the Target Facilities Agreement as guarantors and security providers to the extent required to comply with the guarantor coverage test.

Representations and warranties

The Target Facilities Agreement contains certain customary representations and warranties, subject to certain customary materiality, actual knowledge and other qualifications and exceptions, and with certain representations and warranties being repeated, including, among others: (i) status; (ii) binding obligations, (iii) no conflict with other obligations; (iv) power and authority; (v) validity and admissibility in evidence/authorisations; (vi) governing law and enforcement; (vii) insolvency; (viii) no default; (ix) accuracy of information; (x) financial statements; (xi) no litigation; (xii) no breach of laws; (xiii) no overdue taxation filing, (xiv) good title to assets; (xv) intellectual property; (xvi) shares that are subject to security are fully paid and constitutional documents, or any other agreements entered into, are not restricted or inhibited; and (xvii) sanctions, anti-money laundering and anti-bribery.

Affirmative covenants

The affirmative covenants include, among others: (i) providing certain financial information, including annual audited and quarterly financial statements and compliance certificates; (ii) authorisations, (iii) compliance with laws; (iv) taxation; (v) holding companies; (vi) pensions; (vii) intellectual property; (viii) further assurance; (ix) guarantor coverage test to ensure that guarantors account for at least 80% of the Consolidated EBITDA of the Group; (x) sanctions, anti-money laundering and anti-bribery; (xi) restrictions on dealings with assets; (xii) no change of COMI; (xiii) *pari passu* ranking, (xiv) dealings on arms' length basis, (xv) insurance and (xvi) ratings.

Negative covenants

Subject in each case to certain exceptions, the Target Facilities Agreement also contains negative covenants and restrictions including, amongst other things, restrictions on: (i) mergers; (ii) change in nature of business; (iii) acquisitions; (iv) granting security; (v) guarantees and indemnities; (vi) the declaring of or payment of dividends (other than any permitted payments); (vii) incurrence of indebtedness (other than permitted financial indebtedness); (viii) the provision of loans and guarantees; (ix) restriction on the designation and re-designation of unrestricted subsidiaries; and (x) disposal of assets which do not comply with the asset sales covenant and related prepayment requirements (including restrictions on disposals of any network infrastructure assets located in Denmark which exceed €250 million in aggregate over the life of the Target Facilities (together with (x) the value of such assets owned by all unrestricted subsidiaries at the time of their designation as such and (y) the value of all such assets which have been transferred to unrestricted subsidiaries pursuant to permitted investment baskets)). The Target Facilities Agreement also contains positive covenants such as for maintaining credit ratings, mandatory periodic reporting of financial and other information and for notification upon the occurrence of any default and certain other events.

Permitted Financial Indebtedness

The Target Facilities Agreement permits the incurrence of certain types of permitted financial indebtedness, including (amongst other items) financial indebtedness:

(a) under finance or capital leases or vendor finance of vehicles, plant, equipment or computers, **provided that** the aggregate capital value of all such items so leased under outstanding leases by members of the Group (excluding any leases referred to in the definition of Target Group Financial Indebtedness) does not exceed the greater of (i) EUR 110,000,000 (or its equivalent in other currencies) and (ii) ten per cent. (10%) of Consolidated EBITDA (as defined in the Target Facilities Agreement), as set out in the most recently available financial statements for the Group in each case, at any time;

(b) under finance or capital leases or vendor finance in relation to real estate and other assets (including real estate and other assets not otherwise referred to in paragraph (a) above) **provided that** the aggregate capital value of all such items so leased under outstanding leases by members of the Group does not exceed (i) the greater of EUR 120,000,000 (or its equivalent in other currencies) and (ii) ten and a half per cent. 10.5% of Consolidated EBITDA, as set out in the most recently available financial statements of the Group, in each case, at any time;

(c) which is (1) pari passu in right of payment and secured on a pari passu basis with the Target Facilities ("**Additional Pari Passu Debt**"); or (2) acquired indebtedness which is incurred or assumed pursuant to a permitted acquisition and which is incurred under arrangements in existence at the date of acquisition but not incurred or increased in contemplation of, or since, that acquisition ("**Acquired**

Debt") **provided that** no material event of default is continuing or would result from the incurrence of such indebtedness and further **provided that**:

(i) in respect of any Additional Pari Passu Debt (which does not constitute Acquired Indebtedness), the Group's total net leverage, calculated on a pro forma basis for the incurrence of the relevant Financial Indebtedness and the intended usage of the proceeds thereof, in respect of the most recently-ended period for which quarterly financial statements have been delivered pursuant to the terms of the Target Facilities Agreement (the "**Specified Testing Period**") would not exceed 4.10:1; or

(ii) in respect of any Acquired Indebtedness, the Group's total net leverage for the Specified Testing Period calculated on a pro forma basis for the incurrence of the relevant financial indebtedness (taking into account any pro forma adjustments in respect of the relevant permitted acquisition) would not exceed the higher of (x) 4.10:1 and (y) the Group's actual total net leverage for such Specified Testing Period prior to making the relevant permitted acquisition; plus

(iii) in the case of paragraph (i) above only, an aggregate amount equal to the amount capable of being incurred under the cash capped incremental facility at such time (which was €675 million as at the date of the Target Facilities Agreement),

(d) not permitted by the other paragraphs of the definition of permitted financial indebtedness and the aggregate outstanding principal amount of which does not exceed the greater of (i) EUR 170,000,000 (or its equivalent in other currencies) and (ii) fifteen per cent. (15%) of Consolidated EBITDA, as set out in the most recently available financial statements of the Group, at any time;

(e) arising under vendor financing arrangements entered into by any member of the Group in respect of the purchase from any vendor of telecommunications equipment or related assets, the aggregate principal amount of which under all such arrangements does not exceed the greater of (i) EUR 140,000,000 and (ii) twelve per cent. (12%) of Consolidated EBITDA, as set out in the most recently available financial statements of the Group, at any time; and

(f) arising under a standalone refinancing of any financial indebtedness of Get and its subsidiaries (upon designating such entities as unrestricted subsidiaries such designation being subject to, amongst other things, no event of default being outstanding at that time (or resulting from such designation) and pro forma total net leverage of the Group equal to or less than 4.10:1), part of the proceeds of such refinancing shall be required to be applied in prepayment of the Target Facilities to ensure that the total net leverage of the Group (pro forma for the designation of Get and its subsidiaries as unrestricted subsidiaries) is 4.10:1 or less.

Permitted Payments

The Target Facilities Agreement permits certain dividends, distributions and other upstream payments by the Target including (without limitation):

(a) any payment:

(i) in an aggregate amount not exceeding EUR 565,000,000 over the life of the Target Facilities;

(ii) in any amount for so long as the Group's total net leverage (pro forma for such payment and taking into account any concurrent incurrence and/or (p)repayment of any financial indebtedness of the Group) is equal to or less than 4.10:1; and/or

(iii) funded by any Available Amount (as defined below) for so long as the Group's total net leverage (pro forma for such payment and taking into account any concurrent incurrence and/or (p)repayment of any financial indebtedness of the Group is equal to or less than 4.60:1 (where the "Available Amount" means the aggregate of (a) 50% of Consolidated EBITDA (as defined in the Target Facilities Agreement) from September 30, 2019 less (i) capital expenditure except where this is funded by incurrence of indebtedness, (ii) interest, (iii) scheduled repayments of term loans under the Target Facilities and (iv) tax; (b) net proceeds of certain disposals insurance and listing proceeds retained by the Group; and (c) the proceeds of the issuance of Capital Stock by the Target or new subordinated shareholder loans made to the Target, in each case following initial utilization of the Target Facilities and excluding any equity cure amounts;

provided that no "event of default" is continuing or would result from the making of such payment;

(b) any payment:

(i) to any of the members of the Consortium or their respective affiliates or advisors for corporate finance, investment, M&A and transaction advice provided to the Group on bona fide arms' length commercial terms; and

(ii) of monitoring or advisory fees to the members of the Consortium or their respective affiliates and directors'/managers' fees (or directors'/managers' costs and expenses, including customary salary, bonus and other benefits),

provided that no event of default is continuing or would result from the making of such payment and the aggregate of all such payments does not exceed EUR 25,000,000 (or its equivalent in other currencies) in aggregate for the Group in any financial year (increasing each year in line with the Retail Price Index);

(c) any payment or declaration of a dividend, return of capital, capital contribution or other distribution, redemption, repurchase, defeasance, retirement, reduction or payment in respect of share capital in amounts necessary (after deducting the amount of any dividends required to be paid to minority shareholders of the Company pro rata to their respective shareholdings) to fund (directly or indirectly):

(i) scheduled interest payments in respect of indebtedness of the Issuer, provided that "scheduled interest payments" for the purposes of this sub-paragraph (i) shall be limited to interest payable under or in respect of:

(A) the Bridge Facilities Agreement in the form of such document as at the date of this Agreement;

(B) the Notes and the New Revolving Credit Facility; and

(C) any financial indebtedness permitted to be incurred pursuant to the Indenture;

(ii) any hedging payments or costs (excluding termination or close-out payments or costs) incurred in connection with indebtedness of the Issuer;

(iii) the repayment, prepayment or redemption of the principal amount of any indebtedness of the Issuer in accordance with any provision where the relevant creditor is entitled to require the repayment, prepayment or redemption of such amount as a result of illegality, increases costs, tax gross-up:

(iv) the payment of ordinary course fees, costs, expenses payable to (or on behalf of) any paying agent, notes trustee and/or security trustee or collateral agent in connection with indebtedness of the Issuer;

(d) any payment funded with the net proceeds of any disposal by the Group for so long as the Group's total net leverage (pro forma for such payment and taking into account any concurrent incurrence and/or (p)repayment of any financial indebtedness of the Group) is equal to or less than 4.10:1 **provided that** no "event of default" is continuing or would result from the making of such payment; and

(e) any payment funded with the net proceeds of any stand-alone refinancing of Get, provided that prior to any such payment being made, the sufficient proceeds of such refinancing have applied in prepayment of the Target Facilities to ensure that the Group's total net leverage (pro forma for the designation of Get and its subsidiaries as unrestricted subsidiaries) is 4.10:1 or less provided that no default is continuing or would result from the making of such payment.

Financial covenant

The revolving facility (and the capital expenditure facility if committed) shall benefit from a total net leverage financial covenant. The Group's total net leverage ratio on the last day of any fiscal quarter must not exceed 7.30:1 subject to this ratio level being adjusted commensurately if the term loan facility B2 is not established and drawn or is established and drawn in a lesser amount (subject to certain equity cure rights). The total net leverage shall only be tested when any revolving loans or revolving commitments (including all cash borrowings or letters of credit issued under ancillary facilities drawn to support cash drawings under third party facilities) exceed 40% of the total commitments under the revolving credit facility on the applicable quarter date.

Events of default

The Target Facilities Agreement contains certain standard events of default, the occurrence of which would allow a majority of the lenders to cancel commitments, accelerate all outstanding loans, accrued interest and other amounts and declare them immediately due and payable and to enforce the lenders' rights under the Target Facilities Agreement and certain other related documents. These events of default include, among other events and subject in certain cases to materiality, grace periods (and clean up periods in respect of the Acquisition and any future acquisitions), thresholds and/or other qualifications: (i) non-payment of amounts due under the applicable finance documents; (ii) failure to satisfy covenants, undertakings and other obligations under the applicable finance documents; (iii) inaccuracy of a representation or statement when made or deemed to be made; (iv) breach of financial covenant (subject to certain equity cure rights) but such breach shall only be an event of default in respect of the term loans if an acceleration event has occurred in respect of such breach; (v) insolvency; (vi) unlawfulness and invalidity of an Obligor, (vii) cessation of Business of the Group; (viii) failure of any Group Company or Holding Company of a Group Company (other than a secured party) to comply with its obligations under the Target Intercreditor Agreement (as defined below); and (ix) repudiation or rescission of any applicable finance document or any transaction security.

Governing Law

The Target Facilities Agreement will be governed by English law provided that restrictions on asset sales shall be interpreted in accordance with the laws of the State of New York.

Notes

As of the date of this Offering Memorandum, we have outstanding indebtedness in the form of notes under our euro medium term note program (the "**Medium Term Program**"). The terms and conditions of each series of outstanding notes include a change of control put option for Noteholders and a call option which TDC may exercise in the event of certain adverse changes in taxation. Each series of notes provide for a customary negative pledge clause which limits the ability of TDC and its material subsidiaries to incur liens on their respective assets to secure certain other publicly listed indebtedness, without simultaneously securing the relevant series of notes on an equal and ratable basis. The terms and conditions governing each series provide for customary events of default. The most significant other terms of each series of notes are set forth below.

On March 2, 2012, TDC issued €500 million in aggregate principal amount of unsecured notes (the "**2022 Notes**") under the Medium Term Program. The 2022 Notes mature on March 2, 2022, and bear interest at a fixed rate of 3.75% per annum. The 2022 Notes are unsecured obligations of TDC, ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the TDC. The net proceeds of the 2022 Notes were used for general corporate purposes and to refinance a maturing bond.

On February 23, 2011, TDC issued £550 million in aggregate principal amount of unsecured notes of which £425 million in aggregate principal amount is currently outstanding (the "**2023 Notes**") under the Medium Term Program. The 2023 Notes mature on February 23, 2023, and bear interest at a fixed rate of 5.625% per annum. The 2023 Notes are unsecured obligations of TDC, ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the TDC. The net proceeds of the 2023 Notes were used for repayment of a senior facilities agreement.

On May 15, 2018, Target launched consent solicitations inviting holders of the 2022 Notes and the 2023 Notes to consent to waive certain change of control put option rights contained in the terms and conditions of the 2022 Notes and the 2023 Notes in connection with the Takeover Offer. After giving effect to the Transactions, the 2022 Notes and the 2023 Notes are expected to remain outstanding. The coupon for each of the 2022 Notes and the 2023 Notes will be subject to a 1.25% coupon step-up due to the change of control at TDC, which will become effective from March 2019 and February 2019, respectively.

Bilateral Credit Facilities

On May 29, 2018 the Target entered into a €125 million credit line agreement with Nordea Danmark, filial af Nordea Bank AB (publ). The credit line agreement is capable of being used by way of overdrafts and bank guarantees and has a final maturity date of June 30, 2018. Interest on overdrafts is payable at a percentage rate per annum equal to N-Bor plus 3.00 per cent. and commission on bank guarantees accrues at a percentage rate of 1.00 per cent. per annum.

Shareholder Loans

DKT Finance ApS is the borrower under two shareholder loans provided by its direct parent (DKT Holdings ApS) (each a "**Shareholder Loan**"). The principal amounts drawn down under these two Shareholder Loans are DKK 14,994,368,832.87 and DKK 1,455,411,354.25. Interest accrues on the Shareholder Loans at 6% plus an arm's length remuneration as set from time to time by DKT Finance ApS based on transfer pricing studies. Interest is payable in cash at the end of each interest period (of 12 months) if permitted by the Intercreditor Agreement, which shall permit cash payments to the extent there is restricted payment capacity under the Indenture. See "*Description of Notes—Covenants—Limitations on Restricted Payments*". If interest is not paid in cash at the end of an interest period, it is capitalised and added to the amount of the Shareholder Loan. Under Danish tax laws, interest, even if compounded, is subject to a withholding tax of 22% with respect to lenders in certain non-Danish jurisdictions, which becomes due and payable when such interest compounds. MIRA Holdco (DKT UK Ltd), a private limited company incorporated under the laws of the United Kingdom, is expected to be subject to such withholding taxes. The Shareholder Loans are repayable on December 31, 2029. DKT Finance ApS is permitted to repay, in whole or in part, prior to the maturity date without penalty. Once repaid, the Advances may not be reborrowed. The Shareholder Loans are subordinated to the Secured Obligations and any other Liabilities owing to the Primary Creditors as defined in and in accordance with the Intercreditor Agreement and to all other liabilities owed to creditors of DKT Finance ApS.

DESCRIPTION OF NOTES

DKT Finance ApS, a special purpose vehicle incorporated under the laws of Denmark with registered office at c/o Plesner Advokatpartnerselskeab, Amerika Plads 37, Copenhagen, Denmark (the "**Issuer**"), will issue (i) € million aggregate principal amount of euro-denominated % Senior Notes due 2023 (the "**Euro Notes**") and (ii) $ million in aggregate principal amount of U.S. dollar-denominated % Senior Notes due 2023 (the "**Dollar Notes**" and, together with the Euro Notes, the "**Notes**"). The Notes will be unconditionally guaranteed on a senior basis by the Issuer's direct parent, DKT Holdings ApS (the "**Parent Guarantor**").

In this "*Description of Notes*," the "Issuer" refers only to DKT Finance ApS, and any successor obligor to DKT Finance ApS on the Notes, and not to any of its subsidiaries.

The proceeds of the offering of the Notes sold on the Issue Date will be used by the Issuer to (i) repay the Senior Bridge Facilities and (ii) pay transaction fees and expenses, in all cases as set forth in this Offering Memorandum under the caption "*Use of Proceeds*." The proceeds of the Senior Bridge Facilities were drawn on April 30, 2018 and June 6, 2018, to finance the acquisition of all of the Target's issued and outstanding stock in connection with the Offer by DK Telekommunikation ApS ("**Bidco**") for the Target Shares and a subsequent compulsory acquisition of Target Shares, and to pay certain fees and expenses related to the Transactions. See "*Summary — The Transactions*".

Upon the initial issuance of the Notes, the Notes will be obligations of the Issuer and will be guaranteed by the Parent Guarantor. The Issuer will issue the Notes under an indenture, to be dated as of the Issue Date, by and among, *inter alios*, the Issuer, the Parent Guarantor, Deutsche Trustee Company Limited, as trustee (in such capacity, the "**Trustee**") and Deutsche Bank AG, London Branch, as security agent (in such capacity, the "**Security Agent**") (the "**Indenture**"). The Notes will be issued in private transactions that are not subject to the registration requirements of the Securities Act. See "*Notice to Investors*." The terms of the Notes include those set forth in the Indenture. The Indenture will not be qualified under, incorporate provisions by reference or be subject to any provision of, the Trust Indenture Act. The Notes are subject to all such terms pursuant to the provisions of the Indenture, and Holders of the Notes are referred to the Indenture for a statement thereof.

The Indenture will be unlimited in aggregate principal amount, of which € million aggregate principal amount of Euro Notes and $ million aggregate principal amount of Dollar Notes will be issued in this offering. We may, subject to applicable law and the terms of the Indenture, issue an unlimited principal amount of additional Euro Notes and Dollar Notes having identical terms and conditions (other than price) as the Euro Notes and Dollar Notes, as applicable; *provided* that if any series of Additional Notes (as defined below) is not fungible for U.S. federal income tax purposes with the Notes, such Additional Notes will be issued with a separate ISIN code or common code from the Notes originally issued. We will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture, including the covenants restricting the Incurrence of Indebtedness and the Incurrence of Liens. See "*Certain Covenants—Limitation on Indebtedness*" and "*Certain Covenants—Limitation on Liens*." Except as otherwise provided for in the Indenture, the Notes, and if issued, Additional Notes, will be treated as a single class for all purposes under the Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, in this "*Description of Notes*," references to the "Notes" include the Notes and any Additional Notes that are actually issued under the Indenture.

The following is a summary of the material provisions of the Indenture and the Notes and refers to the Security Documents and the Intercreditor Agreement and does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all provisions of the Indenture, the Notes, the Security Documents and the Intercreditor Agreement, respectively. Because this is a summary, it may not contain all the information that is important to you. You should read the Indenture and the Security Documents in their entirety. Copies of the Indenture, the form of Notes and the Intercreditor Agreement are available as described under "*Where You Can Find Additional Information*." You can find the definitions of certain terms used in this description under "*—Certain Definitions*."

The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Notes have not been, and will not be, registered under the Securities Act and will be subject to certain transfer restrictions.

Brief Description of the Notes and the Note Guarantee

The Notes

The Notes will upon issuance:

- be general senior obligations of the Issuer;
- be secured as set forth under "*Security*" along with the obligations under the Senior Revolving Credit Facilities Agreement and certain priority Hedging Obligations (*provided* that the proceeds from any recovery from the enforcement of any security interest will be applied to satisfy the obligations under the Senior Revolving Credit Facilities Agreement and certain priority Hedging Obligations before being applied to satisfy obligations to holders under the Notes and the Indenture);
- be senior in right of payment to any Subordinated Indebtedness of the Issuer;
- be effectively senior in right of payment to any existing or future unsecured obligations of the Issuer to the extent of the value of the property or assets of the Issuer securing the Notes;
- be effectively subordinated to any existing and future indebtedness of the Issuer that is secured by property or assets that do not secure the Notes, to the extent of the value of the property or assets securing such indebtedness;
- be effectively subordinated to any existing and future indebtedness of the Parent Guarantor that is secured by property or assets that do not secure the Notes or the Parent Guarantor's Guarantee, to the extent of the value of the property or assets securing such indebtedness;
- be structurally subordinated to any existing and future indebtedness of subsidiaries of the Issuer that do not guarantee the Notes (including indebtedness under the Senior Opco Credit Facilities Agreement, any Existing Notes, certain hedging obligations and trade creditors);
- be unconditionally guaranteed on a senior basis by the Parent Guarantor, subject to the guarantee limitations described herein and in "*Risk Factors—Risks Relating to our Indebtedness, Structure, and the Notes—The Note Guarantees will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*"; and
- be presented by one or more registered notes in global form, but in certain circumstances may be represented by Definitive Registered Notes as defined below. See "*Book-Entry, Delivery and Form*."

The Issuer is a holding company incorporated for the purposes of the Transactions, and the Issuer's only material assets are its indirect interests in the Target Group, held through Bidco, its Subsidiary. All of the operations of the Issuer will be conducted through its Subsidiaries. Therefore, after the Issue Date, the Issuer will depend on the receipt of funds from its Subsidiaries (whether in the form of dividends or otherwise) to meet its obligations, including its obligations under the Notes. See "*Risk Factors—Risks related to our Indebtedness, Structure and the Notes—The Parent Guarantor and the Issuer are holding companies that have no revenue-generating operations of companies of the TDC Group to be able to make payments on the Notes or the Notes Guarantee.*" The Notes will be structurally subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Issuer's Subsidiaries (none of which will Guarantee the Notes).

As of the Issue Date, the Parent Guarantor, Bidco, the Target and all of the Target's Subsidiaries will be "Restricted Subsidiaries" for the purposes of the Indenture. However, under the circumstances described below under "*Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*," we will be permitted to designate certain of our Subsidiaries as "Unrestricted Subsidiaries." Our Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

As of March 31, 2018, after giving pro forma effect to the Transactions (and assuming that all of the existing Target indebtedness has been repaid by drawings under the Senior Opco Credit Facilities Agreement and cash and cash equivalents of the Target Group, with the exception of the Existing 2022 Notes and the Existing 2023 Notes), the Issuer and its consolidated Subsidiaries would have had €4,908 million of Indebtedness that is structurally senior to the Notes, consisting of €3,900 million of drawings under the Senior Opco Credit Facilities and €1,008 million in aggregate principal amount of Existing Notes of the Target Group.

The Guarantee

The Guarantee of the Notes by the Parent Guarantor and any future Guarantor will upon issuance:

- be the general senior obligation of the relevant Guarantor;
- be secured as set forth under "—*Security*" along with the obligations under the Senior Revolving Credit Facilities Agreement and certain priority Hedging Obligations (*provided* that the proceeds from any recovery from the enforcement of any security interest will be applied to satisfy the obligations under the Senior Revolving Credit Facilities Agreement and certain priority Hedging Obligations);
- be senior in right of payment to any Subordinated Indebtedness of the relevant Guarantor;
- be effectively senior in right of payment to any existing or future unsecured obligations of the Guarantor to the extent of the value of the property or assets of such Guarantor securing the Notes or such Guarantor's Guarantee;
- be effectively senior in right of payment to any existing or future obligations of the relevant Guarantor secured on a basis junior to the Notes;
- be effectively subordinated to any existing and future indebtedness of the Guarantor that is secured by property or assets that do not secure the Notes or Guarantor's guarantee, to the extent of the value of the property or assets securing such indebtedness;
- be structurally subordinated to any existing and future indebtedness of subsidiaries of the Guarantor (excluding the Issuer) that do not guarantee the Notes (including indebtedness under the Senior Opco Credit Facilities Agreement, any Existing Notes, certain hedging obligations and trade creditors); and
- be subject to the guarantee limitations described herein and in "*Risk Factors—Risks Relating to our Indebtedness, Structure, and the Notes—The Note Guarantees will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*".

Principal, Maturity and Interest

The Issuer will issue € million aggregate principal amount of Euro Notes. The Notes will mature on , 2023. The Issuer will issue $ million aggregate principal amount of Dollar Notes. The Notes will mature on , 2023.

The Euro Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof and the Dollar Notes will be issued in minimum denominations of $200,000 principal amount and integral multiples of $1,000 in excess thereof.

Interest on the Euro Notes will accrue at the rate of % per annum and interest on the Dollar Notes will accrue at the rate of % per annum and, in each case, will be payable semi-annually in arrears on and , commencing on , 2018. The rights of holders of beneficial interests in the Notes to receive the payments on such Notes are subject to applicable procedures of Euroclear and Clearstream or DTC (with respect to the Notes in global form), as applicable.

Interest on overdue principal and interest and all Additional Amounts (if any) then due will accrue at a rate that is 1% higher than the then applicable interest rate on the Notes. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

The Issuer will make each interest payment to the Holders of record on the immediately preceding and (or such other record date as specified in the relevant Notes and/or permitted or otherwise required by the procedures of Euroclear, Clearstream or DTC).

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

In certain circumstances, the Issuer may be required to pay additional amounts in cash on the Notes described below under the caption entitled "*—Additional Amounts*."

Additional Notes

From time to time, subject to the Issuer's compliance with the covenants described under the headings "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Limitation on Liens*," the Issuer is permitted to issue additional Euro Notes (the "**Additional Euro Notes**") and/or additional Dollar Notes ("**Additional Dollar Notes**" and, collectively, with the Additional Euro Notes, the "**Additional Notes**"), which shall have terms substantially identical to the respective Euro Notes or Dollar Notes, as applicable, except in respect of any of the following terms which shall be set forth in an Officer's Certificate supplied to the Trustee:

(1) the title of such Additional Notes;

(2) the aggregate principal amount of such Additional Notes;

(3) the date or dates on which such Additional Notes have been issued;

(4) the rate at which such Additional Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such series of Additional Notes may be payable;

(6) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;

(7) if other than denominations of (x) €100,000 and in integral multiples of €1,000 in excess thereof in relation to euro-denominated Additional Notes and (y) $200,000 and in integral multiples of $1,000 in excess thereof in relation to dollar-denominated Additional Notes, as applicable, the denominations in which such Additional Notes shall be issued and redeemed; and

(8) the ISIN, CUSIP, Common Code or other securities identification numbers with respect to such Additional Notes (it being understood that unless the Additional Notes are fungible with the Notes for U.S. federal income tax purposes, the Additional Notes will not be issued under the same ISIN, CUSIP, Common Code or other securities identifying number as the Notes).

The Additional Notes will constitute a separate series of Notes but will be treated, together with Notes of the applicable series, as a single class of securities for all purposes of the Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase, except as otherwise provided for in the Indenture.

Additional Notes will be treated, along with all other series of Notes, as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters which are not specifically distinguished for such series. Unless the context otherwise requires, for all purposes of the Indenture and this "*Description of Notes*," references to "Notes" shall be deemed to include references to the Notes initially issued on the Issue Date as well as any Additional Notes.

Additional Notes may also be designated as Additional Euro Notes or Additional Dollar Notes, as applicable, but only if having terms substantially identical in all material respects to the relevant initial notes to be issued on the Issue Date (the "**Initial Euro Notes**" or "**Initial Dollar Notes**," as applicable, or collectively, the "**Initial Notes**"). The relevant Initial Notes and any corresponding Additional Notes of the same series shall be deemed to form one series and references to the relevant Euro Notes or Dollar Notes, as applicable shall be deemed to include the Notes initially issued on the Issue Date as well as any Additional Notes; *provided, however*, that any Additional Notes that are not fungible for U.S. federal income tax purposes with the relevant Initial Notes will be issued with a unique ISIN, CUSIP, Common Code and/or other securities identifying number.

Methods of Receiving Payments on the Notes

Principal, premium, if any, interest and Additional Amounts (defined below), if any, on the Global Notes (as defined below) will be payable at the specified office or agency of the applicable Paying Agent; *provided* that all such payments with respect to Notes represented by one or more Global Note, as the case may be, registered in the name of or held by a common depositary for Euroclear and Clearstream or its nominee (with respect to the Euro Notes) and DTC (with respect to the Dollar Notes), as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, premium, if any, interest and Additional Amounts, if any, on any certificated securities ("**Definitive Registered Notes**") will be payable at the specified office or agency of the applicable Paying Agent in the City of London or the Borough of Manhattan, City of New York, as applicable, maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the person entitled thereto or by bank transfer to an account denominated in the currency of the Note, as the case may be, as shown on the applicable register for the Definitive Registered Notes, respectively. See "*—Paying Agent, Registrar and Transfer Agent for the Notes*."

Paying Agent, Registrar and Transfer Agent for the Notes

The Issuer will maintain one or more paying agents (each a "**Paying Agent**") for the Notes in each of (i) the City of London (the "**Principal Paying Agent**") and (ii) New York (the "**U.S. Paying Agent**"). The initial Paying Agents for the Notes will be Deutsche Bank AG, London Branch as Principal Paying Agent and Deutsche Bank Trust Company Americas as U.S. Paying Agent.

The Issuer shall cause to be kept at the office of the Note Registrar designated by the Issuer a register (the register maintained in such office and in any other office or agency in Luxembourg, the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of the Notes and of transfers of Notes. The Issuer appoints Deutsche Bank Luxembourg S.A. as "Note Registrar" (the "**Note Registrar**" or "**Registrar**") and as transfer agent (the "**Transfer Agent**") for the purposes of registering Notes and transfers of Notes (as applicable) as herein provided. The Issuer may replace the Note Registrar with respect to the Notes of any series at any time by written notice delivered to such Note Registrar and the Trustee and will cause each Note Registrar other than the Trustee to execute and deliver to the Trustee an instrument in which such Note Registrar shall agree with the Trustee that such Note Registrar will comply with the provisions of this Indenture applicable to it as a Note Registrar.

The Issuer may change any Paying Agent, Registrar or Transfer Agent for the Notes without prior notice to the Holders of the Notes. However, for so long as Notes are listed on the Official List of The International Stock Exchange (the "**Exchange**") and if and to the extent the rules of the Exchange so require, the Issuer will notify the Exchange of any change of Paying Agent, Registrar or Transfer Agent. The Parent Guarantor or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Transfer and Exchange

The Notes will initially be issued in the form of registered notes in global form without interest coupons, as follows:

- The Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by global notes in registered form without interest coupons attached (the "**Rule 144A Global Notes**"). The 144A Global Notes representing the Euro Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream and the 144A Global Notes representing the Dollar Notes will, on the Issue Date, be deposited with a custodian for DTC and registered in the name of Cede & Co., as nominee of DTC; and

- The Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by global notes in registered form without interest coupons attached (the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"). The Regulation S Global Notes representing the Euro Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream and the Regulation S Global Notes representing the Dollar Notes will, on the Issue Date, be deposited with a custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Beneficial Owners in the Global Notes will be limited to persons that have accounts with Euroclear or Clearstream (in the case of the Euro Notes) or DTC (in the case of the Dollar Notes) or persons that may hold interests through such participants, as applicable. The interests of Beneficial Owners in the Notes ("**Book-Entry Interests**") and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to Investors*." In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, as applicable, and their respective participants. Transfers of Book Entry Interests between participants in DTC will be effected by DTC pursuant to customary procedures and subject to the applicable rules and procedures established by DTC and its participants.

Book-Entry Interests in the Rule 144A Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Prior to 40 days after the date of initial issuance of the Notes, ownership of Book-Entry Interests in Regulation S Global Notes will be limited to persons that have accounts with Euroclear or Clearstream or DTC or persons who hold interests through Euroclear or Clearstream or DTC, and any sale or transfer of such interest to U.S. persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A under the Securities Act. Subject to the foregoing, Book-Entry Interests in the Regulation S Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Rule 144A Global Notes only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, with respect to the Euro Notes (or beneficial interests therein) and in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof, with respect to the Dollar Notes (or beneficial interests therein), upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream or DTC, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Notice to Investors*."

Subject to the restrictions on transfer referred to above, the Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, with respect to the Euro Notes (or beneficial interests therein) and in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof, with respect to the Dollar Notes (or beneficial interests therein). In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream or DTC, as applicable, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer or Registrar is not required to register the transfer or exchange of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of such Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of such Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date applicable to such Notes; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Registrar and the Paying Agent will be entitled to treat the Holder of a Note as the owner of it for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

On the Issue Date, all of the Issuer's Subsidiaries will be Restricted Subsidiaries. In the circumstances described below under "*—Certain Definitions—Unrestricted Subsidiary*," the Issuer will be permitted to designate Restricted Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Note Guarantee

The obligations of the Issuer pursuant to the Notes, including any payment obligation resulting from a Change of Control, will (subject to the Agreed Security Principles) be initially guaranteed on a senior basis by the Parent Guarantor (the "**Guarantor**" and such guarantee, a "**Note Guarantee**").

The Parent Guarantor is a newly formed holding company, with no material operations of its own and only limited assets (other than the share capital of the Issuer). It does not generate any EBITDA or revenue. All of the operations of the Parent Guarantor will be conducted through its Subsidiaries and, therefore, the Parent Guarantor will depend on the cash flow of its Subsidiaries to meet its obligations, including its obligations under its Note Guarantee.

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Senior Revolving Credit Facilities Agreement and the Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory or other legal limitations or requirements, financial assistance, corporate benefit, fraudulent preference, "thin capitalization" rules, retention of title claims and similar matters.

Each Note Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of national, federal, local or state law, or as otherwise required under the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor's obligation under its Note Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Note Guarantee. See "*Risk Factors—Risks Relating to our Indebtedness, Structure, and the Notes—The Note Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*."

The Note Guarantee of a Guarantor will terminate and release upon:

- other than the Note Guarantee of the Parent Guarantor or of any Restricted Subsidiary that is a Parent of the Issuer, a sale, disposition, exchange or other transfer (including by way of consolidation, merger, amalgamation or combination) of ownership interests in the Guarantor (directly or through a parent company) such that the Guarantor does not remain a Restricted Subsidiary or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Issuer or a Restricted Subsidiary), in each case, otherwise permitted by the Indenture;

- other than the Note Guarantee of the Parent Guarantor or of any Restricted Subsidiary that is a Parent of the Issuer, the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;

- defeasance or discharge of the Notes and the Indenture, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

- in connection with the implementation of a Permitted Reorganization;

- in accordance with the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement;
- upon the release of the Guarantor's Note Guarantee under any Indebtedness that triggered such Guarantor's obligation to Guarantee the Notes under the covenant described in "*—Certain Covenants—Additional Guarantees*"; *provided* that no other Indebtedness is at the time Guaranteed by the Guarantor that would result in the requirement that the Guarantor provide a Note Guarantee;
- as a result of a transaction permitted by "*—Certain Covenants—Merger and Consolidation*;"
- as described under "*—Amendments and Waivers*;"
- so long as no Event of Default has occurred and is continuing, such Guarantor being released and discharged from its liability with respect to the Senior Revolving Credit Facilities; *provided* that no other Indebtedness is at the time Guaranteed by the Guarantor that would result in the requirement that the Guarantor provide a Note Guarantee in order to comply with the covenant described under the caption "*—Certain Covenants—Additional Guarantees*;" or
- otherwise in accordance with the terms of the Indenture.

Claims of creditors of non-guarantor Subsidiaries, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred and minority stockholders (if any) of those Subsidiaries generally will have priority with respect to the assets and earnings of those Subsidiaries over the claims of creditors of the Issuer and the Guarantor, including Holders of the Notes. The Notes and each Note Guarantee therefore will be effectively subordinated to creditors (including trade creditors) and preferred and minority stockholders (if any) of Subsidiaries of the Issuer. As of and for the twelve months ended March 31, 2018 after giving effect to this offering and the use of proceeds therefrom and the proposed application of certain commitments under the Senior Opco Credit Facilities to fund a proposed dividend from TDC to Bidco for Bidco to repay intercompany loans owed by it to the Issuer and for the Issuer to repay the portion of the Senior Bridge Facilities not otherwise expected to be repaid with the offering of the Notes, the total liabilities of the Issuer's Subsidiaries that will not guarantee the Notes were €4,908 million. Although the Indenture limits the incurrence of Indebtedness and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture does not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "*—Certain Covenants—Limitation on Indebtedness*."

The Proceeds Loans

On the Issue Date, the Issuer will lend, pursuant to a euro and a U.S. dollar denominated Notes proceeds loan (each a "**Proceeds Loan**"), the entire gross proceeds of each offering of the Notes to Bidco who will then apply proceeds of the Proceeds Loans to repay the proceeds loan made from the proceeds of the Senior Bridge Facilities which were used to fund a portion of the consideration for the Acquisition and other amounts due in connection with the Transactions.

The Proceeds Loans will be denominated in euro and U.S. dollars, as applicable. Each Proceeds Loan will be in an aggregate principal amount equal to the gross proceeds of each offering of the Notes. Each Proceeds Loan will bear interest at a rate at least equal to the interest rate of the applicable Notes. Interest on the Proceeds Loans will be payable semi-annually or quarterly, as applicable, in arrear on or prior to the corresponding dates for the payment of interest on the applicable Notes.

The agreements governing each of the Proceeds Loan (the "**Proceeds Loan Agreement**") will provide that Bidco will pay the Issuer interest and principal due and payable on the applicable Notes and any Applicable Premium, Additional Amounts and other amounts due thereunder. The maturity date of each Proceeds Loan will be the same as the maturity date of the applicable Notes and, except as otherwise required by law, all payments under the Proceeds Loan Agreement will be made without deduction or withholding for, or on account of, any applicable tax. In the event that Bidco is required to make any such deduction or withholding in respect of a payment, it shall gross-up such payment to the Issuer to ensure that the Issuer receives and retains a net payment equal to the payment which it would have received had no such deduction or withholding been made.

An assignment of (or, to the extent not validly assigned, a charge over) the Issuer's rights under the Proceeds Loan Agreement will be granted in favor of the Security Agent as part of the Collateral, as described below under "*—Security*".

The Proceeds Loans will provide that Bidco will make all payments pursuant thereto on a timely basis in order to ensure that the Issuer can satisfy its payment obligations under the Notes and the Indenture, taking into account the administrative and timing requirements under the Indenture with respect to amounts payable on the Notes. The Indenture will contain restrictions on the ability of the Issuer to amend the terms of the Proceeds Loans, including with respect to the scheduled maturity date and the rate of interest payable thereunder.

Security

General

The Notes and the Note Guarantee will be secured on a first-ranking basis by:

(1) a pledge of all of the issued shares of Capital Stock of the Issuer, held by the Parent Guarantor (the "**Issuer Share Collateral**");

(2) a pledge of all of the issued shares of Capital Stock of Bidco, held by the Issuer;

(3) an assignment of the Issuer's rights under the Proceeds Loan Agreement;

(4) an assignment of all intra-group receivables owed to the Parent Guarantor;

(5) an assignment of all intra-group receivables owed to the Issuer; and

(6) a security interest in all bank accounts of the Issuer (collectively, the "**Collateral**").

The security interests in the Collateral that is created by the Security Documents and secures obligations under the Notes or any Note Guarantee and the Indenture are herein referred to as "**Security Interests**".

The Collateral will be pledged pursuant to the Security Documents to the Security Agent on behalf of the holders of the secured obligations that are secured by the Collateral, including, on a first priority basis, the Holders, the lenders under the Senior Revolving Credit Facilities and the counterparties under certain Hedging Obligations, if any. Any liabilities in respect of obligations under the Senior Revolving Credit Facilities and such Hedging Obligations would receive priority over the Notes and any Note Guarantee with respect to any proceeds received from the enforcement of the Collateral or certain distressed disposals. Any proceeds received upon any such enforcement would, after all obligations under the Senior Revolving Credit Facilities have been repaid and such Hedging Obligations have been discharged in full, be applied pro rata in repayment of all obligations under the Notes and any other Indebtedness that is secured by the Collateral on a *pari passu* basis. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*—Indebtedness*".

Subject to certain conditions, including compliance with the provisions described under "*—Impairment of Security Interests*" and "*—Liens*" and *provided* that no Default has occurred thereunder, the Issuer is permitted to pledge the Collateral in connection with future issuances of its Indebtedness or Indebtedness of the Restricted Subsidiaries, including Additional Notes, as permitted under the Indenture and the Intercreditor Agreement. Any such additional Security Interests that are in the future pledged to secure obligations under the Notes, any Guarantee and the Indenture will also constitute "Collateral".

The Collateral will be contractually limited to reflect limitations under applicable law with respect to fraudulent conveyance, preference, transfer at under value or unlawful financial assistance under applicable law, or otherwise to reflect corporate benefit rules, thin capitalization rules, retention of title claims, laws on the preservation of share capital, limitations of corporate law, regulations or defences affecting the rights of creditors generally or other limitations under applicable law which, among other things, might limit the amount that can be secured by reference to the net assets and legal capital of the Issuer and/or the relevant Guarantor. For a description of such contractual limitations, see "*Limitations on Validity and Enforceability of the Parent Guarantee and the Collateral and Certain Insolvency Law Considerations*". In addition, and notwithstanding the provisions described below under "*—Liens*", certain property, rights and assets may not be pledged, and any pledge over property, rights and assets may be limited (or the Liens not perfected), in accordance with the Agreed Security Principles.

As described above, the Collateral will also secure, inter alia, the liabilities under the Senior Revolving Credit Facilities, as well as certain Hedging Obligations, which will receive proceeds from the enforcement of the Collateral or certain distressed disposals in priority to the Notes and any Note Guarantee. The proceeds from the enforcement of the Collateral after all such obligations have been satisfied may not be sufficient to satisfy the obligations owed to the Holders.

No appraisals of the Collateral have been made in connection with this offering of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk Factors—Risks Relating to our Indebtedness, Structure, and the Notes—The Notes will be secured only to the extent of the value of the Collateral that has been granted as security for the Notes, which will exclude all assets of Bidco and the Target Group. In addition, there may not be sufficient Collateral to pay all or any of the Notes and such Collateral may be reduced or diluted under certain circumstances*".

Priority

The relative priority with regard to the Security Interests in the Collateral among the lenders under the Senior Revolving Credit Facilities, counterparties under certain Hedging Obligations, if any, secured by the Collateral, the Trustee, the Security Agent and the Holders is or will be established by the terms of the Intercreditor Agreement, the Indenture, the Security Documents and the security documents relating to the Senior Revolving Credit Facilities and such Hedging Obligations, which provide, among other things, that the obligations of the Issuer under the Notes and the Guarantors under the Note Guarantees, the Senior Revolving Credit Facilities and such Hedging Obligations will be secured equally and ratably by first-priority Security Interests in the Collateral. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of Certain Financing Arrangements—Revolving Credit Facility*".

The Intercreditor Agreement will also provide, among other things, that the obligations of the Issuer and the Parent under the Senior Revolving Credit Facilities and certain Hedging Obligations will receive proceeds from the enforcement of the Collateral and certain distressed disposals in priority to the Notes and any Note Guarantee. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*". In addition, subject to certain limitations, the Collateral may be pledged to secure future Indebtedness, some of which may receive proceeds from the enforcement of the Collateral and certain distressed disposals in priority to the Notes and any Note Guarantee. See "*—Release of Liens*" and "*—Impairment of Security Interests*". In addition, in connection with the Incurrence of certain Indebtedness that is permitted by the Indenture to be secured on the Collateral, the Issuer may enter into Additional Intercreditor Agreements in compliance with the Indenture on substantially the same terms as the Intercreditor Agreement. See "*—Impairment of Security Interests*" and "*—Amendments to the Intercreditor Agreement and Additional Intercreditor Agreements*".

Security Documents

Under the Security Documents, the Issuer and the Parent Guarantor will grant security over the Collateral to secure the payment when due of the Issuer's and the Parent Guarantor's payment obligations under the Notes, each Note Guarantee and the Indenture. The Security Documents will be entered into by, among others, the relevant security provider and the Security Agent. When entering into the Security Documents, the Security Agent or Trustee will act in its own name but for the benefit of the Trustee and the Holders (including, without limitation, in accordance with its appointment as representative as (Danish: *repræsentant*) of each Holder under and in accordance with Chapter 4 of the Danish Capital Markets Act). With respect to the Collateral, the Security Agent will also act on behalf of the lenders under the Senior Revolving Credit Facilities, the counterparties under certain Hedging Obligations and certain other future indebtedness that is permitted to be secured on the Collateral in relation to the Security Interests in favor of such parties.

The Indenture will provide that, subject to the terms thereof and of the Security Documents and the Intercreditor Agreement, the Notes and the Indenture, as applicable, will be secured by the Security Interest in the Collateral until all obligations under the Notes, the Note Guarantees and the Indenture have been discharged. However, the Security Interests with respect to the Notes may be released under certain circumstances as provided under "*—Release of Liens*". The validity and enforceability of a Note Guarantee and the Security Interests and the liability of each Guarantor will be subject to the limitations described in "*Limitations on Validity and Enforceability of the Parent Guarantee and the Collateral and Certain Insolvency Law Considerations*."

Since the Holders are not a party to the Security Documents, Holders may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The Holders may only act through the Trustee, who will instruct the Security Agent in accordance with the terms of the Indenture.

In the event that the Issuer or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interests created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interests or the terms of the Intercreditor Agreement were to be successful, the Holders may not be able to recover any amounts under the Security Documents. Please see "*Risk Factors—Risks Relating to our Indebtedness, Structure, and the Notes*."

Subject to the terms of the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, the Issuer and the Parent Guarantor will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes, to freely operate the property and assets constituting Collateral and to collect, invest and dispose of any income therefrom (including any and all dividends, distributions or similar cash and noncash payments in respect of Capital Stock of the Issuer).

Enforcement of Security Interest

The Indenture and the Intercreditor Agreement restrict the ability of the Holders or the Trustee to enforce the Security Interests and provide for the release of the Security Interests created by the Security Documents in certain circumstances upon enforcement by the lenders under the Senior Revolving Credit Facilities and counterparties under certain Hedging Obligations. These limitations are described under "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Limitations on Validity and Enforceability of the Parent Guarantee and the Collateral and Certain Insolvency Law Considerations*." The ability to enforce may also be restricted by similar arrangements in relation to future Indebtedness that is secured by the Collateral in compliance with the Indenture and the Intercreditor Agreement.

Release of Liens

Security Interests in respect of the Collateral will be released under any one or more of the following circumstances:

(1) in connection with any sale or other disposition of Collateral (other than the Security Interests in respect of the Issuer Share Collateral) to (a) a Person that is not the Issuer or a Restricted Subsidiary (but excluding any transaction subject to "*—Merger and Consolidation*"), if such sale or other disposition does not violate, or does not otherwise trigger a Default pursuant to, the provisions described under "*—Limitation on Sales of Assets and Subsidiary Stock*" or is otherwise permitted in accordance with the Indenture or (b) any Restricted Subsidiary; *provided* that this clause (1)(b) shall not be relied upon in the case of a transfer of Capital Stock or of accounts receivable to a Restricted Subsidiary (other than in connection with a Qualified Receivables Financing) unless the relevant property and assets remain subject to, or otherwise become subject to, a Lien in favor of the Notes following such sale or disposal; *provided* that nothing in this clause (1) shall restrict the release of Security Interests in respect of the Issuer Share Collateral to the extent that substantially concurrently with such release, Liens over the Issuer Share Collateral having equivalent ranking as prior to such release are granted for the benefit of the Holders;

(2) in the case of a Guarantor that is released from its Note Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) as described under "*—Amendments and Waivers*";

(4) defeasance or discharge of the Notes and the Indenture, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

(5) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such Unrestricted Subsidiary;

(6) as permitted by, or as will not result in a Default pursuant to, the provisions described under "*—Impairment of Security Interests*" or (other than the Security Interest in respect of the Issuer Share Collateral) "*—Merger and Consolidation*"; or

(7) as otherwise permitted in accordance with the Indenture.

In addition, the Security Interests created by the Security Documents will be released in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement.

At the reasonable request and cost of the Issuer, the Security Agent and the Trustee, if applicable, will take all necessary action required to effectuate any release of Collateral securing the Notes and any Note Guarantee, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Document. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee.

Amendments to the Intercreditor Agreement and Additional Intercreditor Agreements

In connection with the Incurrence of any Indebtedness by the Parent Guarantor or any of its Restricted Subsidiaries, the Trustee and the Security Agent shall, at the request of the Parent Guarantor, enter into with the Parent Guarantor, the relevant Restricted Subsidiaries and the holders of such Indebtedness (or their duly authorized representatives) one or more intercreditor agreements or deeds (including a restatement, replacement, amendment or other modification of the Intercreditor Agreement) (an "**Additional Intercreditor Agreement**"), on substantially the same terms as the Intercreditor Agreement (or terms that are not materially less favorable to the Holders) and substantially similar as applies to sharing of the proceeds of security and enforcement of security; priority and release of security; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or adversely affect the personal rights, duties, liabilities, indemnification or immunities of the Trustee or the Security Agent under the Indenture or the Intercreditor Agreement. In connection with the foregoing, (i) the Issuer shall furnish to the Trustee such documentation in relation thereto as it may reasonably require and (ii) if more than one Intercreditor Agreement is outstanding at any one time, the collective terms of such Intercreditor Agreements must not conflict. As used herein, a reference to the Intercreditor Agreement will also include any Additional Intercreditor Agreement.

In relation to the Intercreditor Agreement, the Trustee shall consent on behalf of the holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided*, *however*, that such transaction would comply with the covenant described herein under "*—Certain Covenants—Limitation on Restricted Payments*", and no Enforcement Action (as defined in the Intercreditor Agreement) has occurred and is continuing or the transaction is otherwise permitted by the Intercreditor Agreement.

The Indenture will also provide that, at the written direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such Intercreditor Agreement that may be Incurred by the Parent Guarantor or its Restricted Subsidiaries that is subject to any such Intercreditor Agreement (*provided* that such Indebtedness is Incurred in compliance with the Indenture), (3) add Guarantors or other Restricted Subsidiaries to the Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes or (6) make any other change to any such agreement that does not adversely affect the Holders of Notes in any material respect. The Issuer shall not otherwise direct the Trustee or Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "*—Amendments and Waivers*" or as permitted by the terms of such Intercreditor Agreement, and the Issuer may only direct the Trustee or Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or any Intercreditor Agreement.

The Indenture will also provide that each Holder, by accepting a Note, shall be deemed to have:

(1) agreed to and accepted the terms and conditions of the Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein);

(2) appointed and authorized the Trustee and the Security Agent to enter into the Intercreditor Agreement, any amendments referenced in the preceding paragraph and any Additional Intercreditor Agreement on

each Holder's behalf and to give effect to the provisions in the Intercreditor Agreement and any Additional Intercreditor Agreements;

(3) agreed to be bound by the provisions of the Intercreditor Agreement and the Security Documents (including, without limitation, the provisions providing for foreclosure and release of the Note Guarantees and the Security Interests, including upon an enforcement);

(4) agreed and acknowledged that the Security Agent will administer the Collateral in accordance with the Intercreditor Agreement; and

(5) irrevocably appointed the Trustee to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement and the Security Documents.

A copy of the Intercreditor Agreement or an Additional Intercreditor Agreement shall be made available to the Holders upon request and will be made available for inspection during normal business hours on any Business Day upon prior written request at the office of the Issuer and at the offices of the Paying Agent in London.

Optional Redemption

Except as set forth herein and under "*—Redemption for Taxation Reasons*," the Notes are not redeemable at the option of the Issuer.

Euro Notes

At any time prior to , 2020, the Issuer may on one or more occasions, redeem, during each 12-month period commencing with the Issue Date, up to 10% of the then-outstanding aggregate principal amount of the Euro Notes upon not less than 10 nor more than 60 days' prior written notice to the Holders with a copy to the Trustee and Paying Agent, at a redemption price equal to 103% of the principal amount of Euro Notes redeemed *plus* accrued and unpaid interest and Additional Amounts, if any, on the Euro Notes redeemed to, but excluding, the applicable date of redemption, subject to the rights of holders of the Euro Notes on the relevant record date to receive interest due on the relevant interest payment date.

At any time prior to , 2020, the Issuer may on any one or more occasions redeem up to 40% of the aggregate principal amount of Euro Notes (including any Additional Euro Notes) issued under the Indenture at a redemption price of % of the principal amount for the Euro Notes *plus* accrued and unpaid interest and Additional Amounts (if any) then due to, but excluding, the applicable date of redemption, with the net cash proceeds of any Equity Offering of common stock or ordinary shares of (i) the Issuer, or (ii) any Parent Holdco of the Issuer to the extent the proceeds from such Equity Offering are contributed to the Issuer's common equity capital or are paid to the Issuer as consideration for the issuance of common stock or ordinary shares of the Issuer or as Subordinated Shareholder Funding; *provided* that:

(1) at least 50% of the aggregate principal amount of the Euro Notes, if the Euro Notes are being redeemed, originally issued under the Indenture (excluding Euro Notes held by the Issuer and their respective Affiliates) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 180 days of the date of the closing of the relevant Equity Offering.

At any time prior to , 2020, the Issuer may at its option also redeem all or a part of the Euro Notes upon not less than 10 nor more than 60 days' notice to the Holders with a copy to the Trustee and Paying Agent, at a redemption price equal to 100% of the principal amount of the Euro Notes redeemed *plus* the Applicable Euro Notes Premium (calculated as of a date no more than three business days prior to the date of the relevant redemption notice) as of, and accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the applicable date of redemption, subject to the rights of Holders of the Euro Notes on the relevant record date to receive interest due on the relevant interest payment date.

On or after , 2020, the Issuer may at its option redeem all or a part of the Euro Notes upon not less than 10 nor more than 60 days' notice to the Holders with a copy to the Trustee and Paying Agent, at the redemption prices (expressed as percentages of principal amount) set forth below *plus* accrued and unpaid interest and all Additional Amounts (if any) then due on the Euro Notes redeemed, to, but excluding, the applicable date of redemption, if redeemed during the twelve-month period beginning on of the years indicated below, subject to the rights of Holders of Euro Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Euro Notes Redemption Price
2020	%
2021	%
2022 and thereafter	100.000%

Dollar Notes

At any time prior to , 2020, the Issuer may on one or more occasions, redeem, during each 12-month period commencing with the Issue Date, up to 10% of the then-outstanding aggregate principal amount of the Dollar Notes upon not less than 10 nor more than 60 days' prior written notice to the Holders with a copy to the Trustee and Paying Agent, at a redemption price equal to 103% of the principal amount of Dollar Notes redeemed *plus* accrued and unpaid interest and Additional Amounts, if any, on the Dollar Notes redeemed to, but excluding, the applicable date of redemption, subject to the rights of holders of the Dollar Notes on the relevant record date to receive interest due on the relevant interest payment date.

At any time prior to , 2020, the Issuer may on any one or more occasions redeem up to 40% of the aggregate principal amount of Dollar Notes (including any Additional Dollar Notes) issued under the Indenture at a redemption price of % of the principal amount for the Dollar Notes *plus* accrued and unpaid interest and Additional Amounts (if any) then due to, but excluding, the applicable date of redemption, with the net cash proceeds of any Equity Offering of common stock or ordinary shares of (i) the Issuer, or (ii) any Parent Holdco of the Issuer to the extent the proceeds from such Equity Offering are contributed to the Issuer's common equity capital or are paid to the Issuer as consideration for the issuance of common stock or ordinary shares of the Issuer or as Subordinated Shareholder Funding; *provided* that:

(1) at least 50% of the aggregate principal amount of the Dollar Notes, if the Dollar Notes are being redeemed, originally issued under the Indenture (excluding Dollar Notes held by the Issuer and their respective Affiliates) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 180 days of the date of the closing of the relevant Equity Offering.

At any time prior to , 2020, the Issuer may at its option also redeem all or a part of the Dollar Notes upon not less than 10 nor more than 60 days' notice to the Holders with a copy to the Trustee and Paying Agent, at a redemption price equal to 100% of the principal amount of the Dollar Notes redeemed *plus* the Applicable Dollar Note Premium (calculated as of a date no more than three business days prior to the date of the relevant redemption notice) as of, and accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the applicable date of redemption, subject to the rights of Holders of the Dollar Notes on the relevant record date to receive interest due on the relevant interest payment date.

On or after , 2020, the Issuer may at its option redeem all or a part of the Dollar Notes upon not less than 10 nor more than 60 days' notice to the Holders with a copy to the Trustee and Paying Agent, at the redemption prices (expressed as percentages of principal amount) set forth below *plus* accrued and unpaid interest and all Additional Amounts (if any) then due on the Dollar Notes redeemed, to, but excluding, the applicable date of redemption, if redeemed during the twelve-month period beginning on of the years indicated below, subject to the rights of Holders of the Dollar Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Dollar Notes Redemption Price
2020	%
2021	%
2022 and thereafter	100.000%

Optional Redemption upon Completion of Certain Tender Offers

In connection with any tender offer for any series of the Notes (including any Change of Control Offer or Asset Disposition Offer), if Holders of not less than 90% in aggregate principal amount of the applicable series of outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the applicable series of Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right upon not less than 10 days' prior notice to the Holders of such Notes, given not more than 30 days following such purchase date, to redeem all (but not part) of the applicable Notes of such series that remain outstanding following such purchase at a price equal to the price offered to each of the Holders of the applicable series of Notes in such tender offer (excluding any early tender or incentive fee), plus, to the extent not included in the tender offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but not including, the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

General

We may repurchase the Notes at any time and from time to time in the open market or otherwise. Notice of redemption will be provided as set forth under "*—Selection and Notice*".

Any redemption and notice of redemption may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent (including, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering). In addition, if such redemption or notice is subject to the satisfaction of one or more conditions precedent, such notice may state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (*provided*, *however*, that in any case such redemption date shall be no more than 60 days from the date on which such notice is first given) or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. Notwithstanding anything else in the Indenture or the Notes to the contrary, redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If the Issuer effects an optional redemption of the Notes, it will, for so long as the Notes are listed on the Official List of the Exchange and the rules of the Exchange so require, inform the Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after a record date and on or before the corresponding interest payment date, the accrued and unpaid interest up to, but excluding, the redemption date will be paid on the redemption date to the Holder in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

Unless the Issuer defaults in the payment of the redemption price on any Notes, interest will cease to accrue on such Notes or portions thereof called for redemption on the applicable redemption date.

If the Issuer elects to redeem the Notes or portions thereof and, in connection with a satisfaction and discharge or defeasance of the Indenture in accordance with the provisions set forth under "*—Defeasance*" or "*—Satisfaction and Discharge*," requests that the Trustee distribute to the Holders amounts deposited in trust with the Trustee (which, for the avoidance of doubt, will include accrued and unpaid interest to the date fixed for redemption) prior to the date fixed for redemption, the applicable redemption notice will state that Holders will receive such amounts deposited in trust with the Trustee (i) on or promptly after the date fixed for redemption or (ii) such earlier payment date as selected by the Issuer.

Sinking Fund

The Issuer will not be required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Selection and Notice

If less than all of the Euro Notes or the Dollar Notes are to be redeemed at any time, the Registrar will select the Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the Paying Agent or the Registrar, as applicable, by the Issuer, and in compliance with the requirements of Euroclear or Clearstream or DTC, as applicable, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear or Clearstream or DTC, as applicable, or Euroclear or Clearstream or DTC, as applicable, prescribe no method of selection, on a *pro rata* basis or by use of a pool factor; *provided*, *however*, that no Euro Note of €100,000 in aggregate principal amount or less shall be redeemed in part and only Euro Notes in integral multiples of

€1,000 will be redeemed and no Dollar Note (or beneficial interests therein) of $200,000 in aggregate principal amount or less shall be redeemed in part and only Dollar Notes (or beneficial interests therein) in integral multiples of $1,000 will be redeemed.

Neither the Trustee nor the Registrar will be liable for any selections made by the Registrar in accordance with this paragraph.

So long as any Notes are listed on the Official List of the Exchange and the rules of the Exchange so require, the Issuer shall provide a copy of any notice of redemption to the Exchange and not less than 10 nor more than 60 days' prior to the redemption date, the Issuer will mail, or at the expense of the Issuer, cause to be mailed, such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar with a copy to the Trustee and the Paying Agent. In the case of Global Notes, such notice of redemption will also be sent in accordance with the rules and procedures of Clearstream or Euroclear or DTC (as applicable). On and after the redemption date, interest ceases to accrue on the Notes or the part of the Notes called for redemption.

If any the Euro Notes or Dollar Notes, as applicable, are to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption.

Redemption for Taxation Reasons

The Issuer or Successor Issuer (as defined below) may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' prior written notice to the Holders of the Notes (which notice will be irrevocable), with a copy to the Trustee and the Paying Agent, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "**Tax Redemption Date**") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (see "*—Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer, a Successor Issuer or the relevant Guarantor determines in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations, protocols, or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any change in, or amendment to, or the introduction of, an official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) of a Relevant Taxing Jurisdiction (each of the foregoing in clauses (1) and (2), a "**Change in Tax Law**"),

the Issuer, a Successor Issuer or the relevant Guarantor with respect to any Note or Note Guarantee, as the case may be (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot using reasonable efforts be made by the Issuer, Successor Issuer or another Guarantor without the obligation to pay Additional Amounts), is, or on the next interest payment date in respect of the Notes would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuer, the Successor Issuer or the relevant Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable and would not cause the Issuer to incur material additional out-of-pocket costs, but not including assignment of the obligation to make payment with respect to the Notes). In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that is a Relevant Taxing Jurisdiction at the date of this Offering Memorandum, such Change in Tax Law must become effective on or after the date of this Offering Memorandum. In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that becomes a Relevant Taxing Jurisdiction after the date of this Offering Memorandum, such Change in Tax Law must become effective on or after the date the jurisdiction becomes a Relevant Taxing Jurisdiction.

Notice of redemption for taxation reasons will be published in accordance with the procedures described under "—*Selection and Notice*." Notwithstanding the foregoing, no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Issuer, a Successor Issuer or the relevant Guarantor would be obliged to make such payment of Additional Amounts if a payment in respect of the Notes were then due. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or Successor Issuer will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that it would not be able to avoid the obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuer, Successor Issuer or Guarantor has or have been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

The foregoing will apply *mutatis mutandis* to any jurisdiction in which any successor to the Issuer is incorporated or organized or any political subdivision or taxing authority or agency thereof or therein.

Withholding Taxes

All payments made by or on behalf of the Issuer, a Successor Issuer or any Guarantor (a "**Payor**") on the Notes or the Note Guarantees will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) any jurisdiction from or through which payment on any such Note or Note Guarantee is made by or on behalf of a Payor or its agents, or any political subdivision or Governmental Authority thereof or therein having the power to tax; or

(2) any other jurisdiction in which a Payor is incorporated or organized, engaged in business for tax purposes, or otherwise considered to be a resident for tax purposes, or any political subdivision or Governmental Authority thereof or therein having the power to tax (each of clause (1) and (2), a "**Relevant Taxing Jurisdiction**"),

will at any time be required from any payments made by or on behalf of a Payor with respect to any Note or Note Guarantee, including payments of principal, redemption price, premium, if any, or interest, the Payor will pay (together with such payments) such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts received by the Holder in respect of such payments after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will equal the amounts which would have been received by the Holder in respect of such payments on any such Note or Note Guarantee in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes, to the extent such Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, partner, member or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment or a dependent agent in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note, the Indenture, a Note Guarantee, the Intercreditor Agreement, any Additional Intercreditor Agreement or a Security Document or the enforcement or receipt of any payment in respect thereof;

(2) any Taxes, to the extent such Taxes that are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor addressed to the Holder, after reasonable notice, to provide certification, information, documents or other evidence concerning the nationality, residence or identity or connection with the Relevant Taxing Jurisdiction of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters (to the extent such Holder or beneficial owner is legally eligible to do so), which is required by applicable law, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Taxes;

(3) any Taxes that are payable otherwise than by deduction or withholding from a payment with respect to the Notes or the Note Guarantee;

(4) any estate, inheritance, gift, value added, sales, transfer, personal property or similar Taxes; or

(5) any combination of the above.

Such Additional Amounts also will not be payable (x) if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment (where presentation is required for payment) within 30 days after the relevant payment was first made available for payment to the Holder or (y) where, had the beneficial owner of the Note been the Holder, such beneficial owner would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (5) inclusive above.

In addition, no Additional Amounts shall be paid with respect to any payment to any Holder who is a fiduciary or a partnership or other than the sole beneficial owner of such Notes to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership or the beneficial owner of such Notes would not have been entitled to Additional Amounts had such beneficiary, settlor, member or beneficial owner held such Notes directly.

Notwithstanding anything to the contrary herein, the Issuer and each Guarantor shall be permitted to withhold or deduct any amounts required by Sections 1471 to 1474 ("**FATCA**") of the U.S. Internal Revenue Code of 1986, any treaty, law, regulation or other official guidance implementing FATCA, or any agreement (or related guidance) between the Issuer, a Guarantor, a paying agent or any other person and the United States, any other jurisdiction, or any authority of any of the foregoing, in each case, implementing FATCA and none of the Issuer, a Guarantor, any paying agent or any other person shall be required to pay any additional amounts with respect to any FATCA withholding or deduction imposed on or with respect to any Note. The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, in such form as provided in the ordinary course by the Relevant Taxing Jurisdiction and as is reasonably available to the Payor and will provide such certified copies to the Trustee and Paying Agent. Such copies shall be made available to the Holders upon request and will be made available at the offices of the Issuer.

If any Payor will be obligated to pay Additional Amounts under or with respect to any payment made on any Note or Note Guarantee, at least 10 days prior to the date of such payment, the Payor will deliver to the Trustee and the Paying Agent an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises, or the Payor becomes aware of such obligation, less than 30 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 10 days prior to the payment date). The Trustee and the Paying Agent will be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Note Guarantees or this "*Description of Notes*" there are mentioned, in any context:

(1) the payment of principal;

(2) purchase prices in connection with a purchase of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, transfer, court or documentary taxes, or any other excise or property or similar Taxes that arise in any jurisdiction from the execution, delivery, registration or enforcement of any Notes or any Note Guarantee, the Indenture, the Security Documents or any other document or instrument in relation thereto (other than a transfer or exchange of the Notes), or the receipt of any payments with respect thereto, excluding (other than in the case of enforcement) any such Taxes imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction, and the Payor agrees to indemnify the Holders and beneficial owners for any such taxes paid by such Holders or beneficial owners, as applicable. The foregoing obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a Holder or beneficial owner of its Notes and will apply *mutatis mutandis* to any jurisdiction in which any successor to the Issuer or any Guarantor is incorporated, organized, engaged in business for tax purposes, or otherwise considered to be a resident for tax purposes or any political subdivision or Governmental Authority or agency thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms hereof, each Holder will have the right to require the Issuer to repurchase all or part (in integral multiples of €1,000 for Euro Notes and $1,000 for Dollar Notes; *provided* that Euro Notes of €100,000 or less or Dollar Notes of $200,000 or less may only be redeemed in whole and not in part) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, *plus* accrued and unpaid interest to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that the Issuer shall not be obliged to repurchase any series of Notes as described under this "*—Change of Control*" section in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes of such series as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the "**Change of Control Offer**") to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes *plus* accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "**Change of Control Payment**");

(2) stating the repurchase date (which shall be no earlier than 10 days from the date such notice is mailed and no later than the later of (i) 60 days from the date such notice is mailed and (ii) the date of completion of the Change of Control) (the "**Change of Control Payment Date**");

(3) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(4) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(5) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with an agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, an agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee or its authenticating agent will promptly authenticate (or cause to be authenticated) and mail (or cause to be transferred by book-entry) to each Holder of Definitive Registered Notes a new Note equal in aggregate principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in an aggregate principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof, with respect to the Euro Notes, and $200,000 aggregate principal amount and integral multiples of $1,000 in excess thereof, with respect to the Dollar Notes.

For so long as the Notes are listed on the Official List of the Exchange and the rules of the Exchange so require, the Issuer will publish notices relating to the Change of Control Offer to the extent and in the manner permitted by such rules.

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations, or require a repurchase of the Notes, under the Change of Control provisions of the Indenture by virtue of the conflict.

Under the Senior Opco Credit Facilities Agreement and the Senior Revolving Credit Facilities Agreement, the occurrence of a change of control would require the repayment of such debt. Future debt of the Parent Guarantor or its Subsidiaries may prohibit the Issuer from purchasing Notes in the event of a Change of Control or provide that a Change of Control is a default or requires repurchase upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to purchase the Notes could cause a default under, or require a repurchase of, other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer.

Finally, the Issuer's ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "*Risk Factors—Risks Relating to our Indebtedness, Structure, and the Notes—The Issuer may not have the ability to raise the funds necessary to finance an offer to repurchase Notes upon the occurrence of certain events constituting a change of control as required by the Indenture*".

The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Parent Guarantor and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is limited case law interpreting the phrase "substantially all," there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding aggregate principal amount of the Notes under the Indenture.

Certain Covenants

Set forth below are summaries of certain covenants that will be contained in the Indenture. For the avoidance of doubt, the consummation of the Transactions shall not be prohibited by the covenants below.

Limitation on Indebtedness

The Parent Guarantor will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that the Parent Guarantor and any of the Restricted Subsidiaries may Incur Indebtedness if on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof) the Consolidated Net Leverage Ratio of the Parent Guarantor and its Restricted Subsidiaries would have been equal to or less than 5.3 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred pursuant to any Credit Facility (including letters of credit or bankers' acceptances issued or created under any Credit Facility), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding,

> (a) in the case of the Issuer, €100 million; and
>
> (b) in the case of any Restricted Subsidiary of the Issuer, €4,600 million, *plus*, the greater of (i) €250 million and (ii) 22.5% of Consolidated EBITDA;

(2) Guarantees by the Parent Guarantor or any Restricted Subsidiary of Indebtedness of the Parent Guarantor or any Restricted Subsidiary, so long as the Incurrence of such Indebtedness is permitted to be Incurred by another provision of this covenant; *provided* that, if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a Note Guarantee, then the guarantee must be subordinated to or *pari passu* with the Notes or such Note Guarantee to the same extent as the Indebtedness being guaranteed; or without limiting the covenant described under "*—Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Parent Guarantor or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Parent Guarantor owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Parent Guarantor or any Restricted Subsidiary; *provided*, *however*, that:

> (a) if the Issuer or a Guarantor is the obligor on any such Indebtedness and the obligee is not the Issuer or a Guarantor, (i) such Indebtedness is unsecured, and (ii) if the aggregate principal amount of such Indebtedness of the Issuer or such Guarantor exceeds €10 million and is required to accede to the Intercreditor Agreement pursuant to the terms thereof (and to the extent the Parent Guarantor and the Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors or officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness), and it is legally permitted, such Indebtedness is expressly subordinated to the prior payment in full in cash of all obligations with respect to the Notes, in the case of the Issuer, or the applicable Note Guarantee, in the case of a Guarantor;
>
> (b) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Parent Guarantor or a Restricted Subsidiary of the Parent Guarantor; and any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary of the Issuer, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Parent Guarantor or such Restricted Subsidiary, as the case may be;

(4) Indebtedness represented by (a) the Notes (other than any Additional Notes), and the related Note Guarantees and any "parallel debt" obligations with respect thereto under the Intercreditor Agreement or any Additional Intercreditor Agreement or the Security Documents, (b) any Indebtedness (other than Indebtedness described in clause (1) of this paragraph) outstanding on the Issue Date after giving *pro forma* effect to the Transactions, including, for the avoidance of doubt, finance leases, (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4)(a), (b) and (c) or clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant and (d) Management Advances;

(5) Indebtedness of any Person (a) Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary of the Parent Guarantor or another Restricted Subsidiary of the Parent Guarantor or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Parent Guarantor or any Restricted Subsidiary or (b) Incurred to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Parent Guarantor or a Restricted Subsidiary; *provided*, *however*, with respect to each of clause (5)(a) and (5)(b), that at the time of such acquisition or other transaction (x) the Issuer would have been able to Incur €1.00 of additional Indebtedness pursuant to clause (1) of the first paragraph of this covenant after giving effect to the Incurrence of such Indebtedness pursuant to this clause (5) or (y) the Consolidated Net Leverage Ratio of the Issuer and its Restricted Subsidiaries would not be greater than it was immediately prior to giving effect to the Incurrence of such Indebtedness;

(6) Indebtedness under Hedging Agreements entered into for *bona fide* hedging purposes of the Parent Guarantor or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or an Officer of the Parent Guarantor);

(7) Indebtedness consisting of (a) Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing or refinancing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Similar Business or (b) Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal), plant or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding the greater of (i) €250 million and (ii) 22.5% of Consolidated EBITDA; *provided* that the Indebtedness exists on the date of such purchase, lease, rental or improvement or is created within 180 days thereafter;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion or performance or other similar guarantees and warranties provided by the Parent Guarantor or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business (including, without limitation, for asset rentals and/or purchases of goods or services) or in respect of any governmental requirement, including in relation to a governmental requirement to provide a guarantee or bond for any acquisition of telecommunications capacity, or any other contingent or similar obligations or commitments incurred in the ordinary course of business, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement, including in relation to a governmental requirement to provide a letter of credit, guarantee or similar obligation for any acquisition of telecommunications capacity; *provided*, *however*, that upon the drawing of such letters of credit or similar instruments, the obligations are reimbursed within 30 Business Days following such drawing, (c) the financing of insurance premiums in the ordinary course of business; (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business; (e) guarantees by the Parent Guarantor or any of its Restricted Subsidiaries of the obligations of suppliers, franchisees, customers and licensees in the ordinary course of business and (f) Indebtedness incurred in the ordinary course of business in respect of obligations of the Parent Guarantor or any Restricted Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that the maximum liability of the Parent Guarantor and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes

in value), actually received by the Parent Guarantor and its Restricted Subsidiaries in connection with such disposition;

(10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished or covered within 30 Business Days of the Parent Guarantor or the relevant Subsidiaries obtaining knowledge of such Incurrence; (b) customer deposits and advance payments received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business; (c) Indebtedness owed on a short-term basis of no longer than 30 Business Days to banks and other financial institutions incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Parent Guarantor and its Restricted Subsidiaries; (d) Indebtedness Incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case, incurred or undertaken in the ordinary course of business on arm's length commercial terms on a recourse basis; and (e) Indebtedness under daylight borrowing facilities Incurred in connection with the Transactions or any refinancing of such Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within five (5) Business Days of the date on which such Indebtedness is Incurred;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the aggregate principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed at any time outstanding the greater of (i) €400 million and (ii) 35% of Consolidated EBITDA; *provided that* any Indebtedness deemed incurred pursuant to this clause (11) shall cease to be deemed incurred or outstanding for purposes of this clause (11) but shall be deemed incurred for the purposes of the first paragraph of this covenant from and after the first date on which such Indebtedness could have been incurred under the first paragraph of this covenant without reliance on this clause (11);

(12) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (12) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Parent Guarantor as a Designated Contribution (and not used as an Excluded Contribution); *provided*, *however*, that (a) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (11) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" to the extent the Parent Guarantor and its Restricted Subsidiaries Incur Indebtedness in reliance thereon and (b) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (12) to the extent the Parent Guarantor or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph or clauses (1), (6) or (11) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" in reliance thereon;

(13) Indebtedness Incurred by a Receivables Subsidiary in a Qualified Receivables Financing;

(14) Indebtedness owed to a vendor the proceeds of which are used to purchase products or property from such vendor (including, for the avoidance of doubt, any Indebtedness provided or guaranteed by an export credit agency) and including for the purposes of financing or refinancing expenditures, and any Indebtedness which, when taken together with any Refinancing Indebtedness in respect thereof and the aggregate principal amount of all other Indebtedness Incurred pursuant to this clause (14) and then outstanding, will not exceed at any time outstanding the greater of (i) €250 million and (ii) 22.5% of Consolidated EBITDA;

(15) [Reserved]

(16) Guarantees of Indebtedness of joint ventures or Unrestricted Subsidiaries, in an aggregate principal amount not exceed at any time outstanding the greater of (i) €100 million and (ii) 10% of Consolidated EBITDA, plus in the case of any refinancing of any Indebtedness permitted under this clause (16) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums (including tender premiums), accrued and unpaid interest, defeasance costs and other costs and expenses Incurred in connection with such refinancing; and

(17) Indebtedness of the Issuer or any Guarantor issuable upon the conversion or exchange of shares of Disqualified Stock issued in accordance with the first paragraph above, and any Refinancing Indebtedness

with respect thereto; *provided* that any such Indebtedness issuable upon the conversion or exchange of shares of Disqualified Stock and any Refinancing Indebtedness with respect thereto shall not exceed the principal component of all obligations, or liquidation preference with respect to, such Disqualified Stock.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to, and in compliance with, this covenant:

(1) (a) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant; and (b) all Indebtedness outstanding on the Issue Date under the Senior Revolving Credit Facilities and the Senior Opco Credit Facilities shall be deemed to have been Incurred under clauses (1)(a) and (1)(b), respectively, of the second paragraph of this covenant and may not be reclassified;

(2) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(3) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (5), (7), (11), (12), (14) or (16) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(4) the principal amount of any Disqualified Stock of the Parent Guarantor or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(5) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness and, for the avoidance of doubt certain types of obligations (for example Qualified Receivables Financings) may not qualify as Indebtedness to the extent such obligations are excluded from the definition of Indebtedness; and

(6) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS, including a change of IFRS to U.S. GAAP, will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "*—Limitation on Indebtedness.*" The amount of any Indebtedness outstanding as of any date shall be calculated as specified under the definition of "Indebtedness."

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of the Parent Guarantor as of such date.

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent of the aggregate principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or, at the option of the Parent Guarantor, first committed, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (1) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the aggregate principal amount of such Refinancing Indebtedness does not exceed the aggregate principal amount of such Indebtedness being refinanced (together with any amounts permitted under clause (2) of the definition of Refinancing Indebtedness); (2) the Euro Equivalent of the aggregate principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (3) if any such Indebtedness that is denominated in a different currency other than euro is subject to a Currency Agreement (with respect to euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in euro will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Parent Guarantor or a Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

No Layering of Indebtedness

The Issuer and each Guarantor agrees that it will not Incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes, if any, on substantially identical terms; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured with different collateral or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness.

Limitation on Restricted Payments

The Parent Guarantor will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on or in respect of the Parent Guarantor's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Parent Guarantor or any of its Restricted Subsidiaries) except:

(a) dividends or distributions payable in Capital Stock of the Parent Guarantor (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Parent Guarantor or in Subordinated Shareholder Funding; and

(b) dividends or distributions payable to the Parent Guarantor or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Parent Guarantor or a Restricted Subsidiary on no more than a *pro rata* basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Parent Guarantor or any direct or indirect Parent of the Parent Guarantor held by Persons other than the Parent Guarantor or a Restricted Subsidiary of the Parent Guarantor (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*");

(4) make any payment (other than by capitalization of interest) on, or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding; or

(5) make any Restricted Investment in any Person;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a

"**Restricted Payment**"), if at the time the Parent Guarantor or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Issuer is not able to Incur an additional €1.00 of Indebtedness pursuant to the Consolidated Net Leverage Ratio test in the first paragraph under the "*—Limitation on Indebtedness*" covenant after giving effect, on a *pro forma* basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (5), (11) and (18) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by the second succeeding paragraph) would exceed the sum of (without duplication):

(i) 50% of the Available Adjusted EBITDA for the period (treated as one accounting period) from the first day of the first fiscal quarter commencing prior to the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Parent Guarantor are available (or, in the case such Available Adjusted EBITDA is a deficit, *minus* 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Parent Guarantor from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Parent Guarantor subsequent to the Issue Date (other than (w) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Parent Guarantor or any Subsidiary of the Parent Guarantor for the benefit of its employees to the extent funded by the Parent Guarantor or any Restricted Subsidiary, (x) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (1), (6) or (15) of the second succeeding paragraph and (y) Designated Contributions or Parent Debt Contributions) and (z) Net Cash Proceeds used to Incur Indebtedness pursuant to clause (12) of the covenant described under "*—Limitation on Indebtedness*");

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Parent Guarantor or any Restricted Subsidiary from the issuance or sale (other than to the Parent Guarantor or a Restricted Subsidiary of the Parent Guarantor or an employee stock ownership plan or trust established by the Parent Guarantor or any Subsidiary of the Parent Guarantor for the benefit of its employees to the extent funded by the Parent Guarantor or any Restricted Subsidiary) by the Parent Guarantor or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Parent Guarantor (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (*plus* the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Parent Guarantor or any Restricted Subsidiary upon such conversion or exchange) but excluding (w) Disqualified Stock or Indebtedness issued or sold to a Subsidiary of the Parent Guarantor, (x) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clauses (1), (6) or (15) of the second succeeding paragraph, (y) Designated Contributions or Parent Debt Contributions and (z) the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities distributed or paid by the Parent Guarantor or any Restricted Subsidiary upon such conversion or exchange;

(iv) the amount equal to the net reduction in Restricted Investments made by the Parent Guarantor or any of its Restricted Subsidiaries resulting from:

(A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the

Parent Guarantor or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Issuer or any Restricted Subsidiary; or

(B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued, in each case, as provided in the definition of "*Investment*") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Parent Guarantor or any Restricted Subsidiary in such Unrestricted Subsidiary, which amount, in each case, under this clause (iv), was included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (c); *provided*, *however*, that no amount will be included in Available Adjusted EBITDA for purposes of the preceding clause (i) to the extent that it is (at the Parent Guarantor's option) included under this clause (iv); and

(v) the amount of the cash and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or of marketable securities received by the Parent Guarantor or any of its Restricted Subsidiaries in connection with:

(A) the sale or other disposition (other than to the Parent Guarantor or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Parent Guarantor or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Parent Guarantor or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary or Affiliate of the Parent Guarantor; and

(B) any dividend or distribution made by an Unrestricted Subsidiary or Affiliate to the Parent Guarantor or a Restricted Subsidiary;

in each case, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to clause (11) or (12) of the definition of "*Permitted Investment*" and such amount received replenishes the amount available pursuant to such clause (v); *provided*, *however*, that no amount will be included in Available Adjusted EBITDA for purposes of the preceding sub-clause (i) to the extent that it is (at the Parent Guarantor's option) included under this clause (v).

The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined in good faith by the Board of Directors or an Officer of the Parent Guarantor.

The foregoing provisions will not prohibit any of the following (collectively, "**Permitted Payments**"):

(1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Parent Guarantor (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Designated Contribution or a Parent Debt Contribution) of the Parent Guarantor; *provided*, *however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock, Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the preceding paragraph and clause (15) of this paragraph and will not be considered Designated Contributions or Parent Debt Contributions or to be Net Cash Proceeds from an Equity Offering for the purposes of "*Optional Redemption*" provisions of the Notes;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified Stock of the Parent Guarantor or Preferred Stock of a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Parent Guarantor or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness (other than Subordinated Shareholder Funding):

(a) (i) from Net Available Cash to the extent permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*" below, but only if the Issuer shall have first complied with the terms described under "*—Limitation on Sales of Assets and Subsidiary Stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness *plus* accrued and unpaid interest;

(b) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Issuer shall have first complied with the terms described under "*—Change of Control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness *plus* accrued and unpaid interest; or

(c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Parent Guarantor or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness *plus* accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;

(5) any dividends paid within, or redemption or repurchase consummated within, 60 days after the date of declaration or the giving of the redemption or repayment notice if at such date of declaration or notice such dividend or redemption or repayment, as the case may be, would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Parent Guarantor or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends, distributions or other payments by the Parent Guarantor or any Restricted Subsidiary to any Parent, any employee benefit trust or similar Person to permit such Person to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Parent Guarantor or any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends, distributions or other payments do not exceed an amount (net of repayments of any such loans or advances) equal to (i) €25 million *plus* (ii) €10 million per calendar year (with unused amounts in any calendar year being carried forward and amounts that will not be used in the next succeeding calendar year being carried back to the immediately preceding calendar year) *plus* (iii) the Net Cash Proceeds received by the Parent Guarantor or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Parent Guarantor from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under clause (c)(ii) of the first paragraph describing this covenant and are not a Designated Contribution or a Parent Debt Contribution *provided further*, that cancellation of Indebtedness owing to the Parent Guarantor or any Restricted Subsidiary from any Management Investor, employee benefit trust or similar Person in connection with a repurchase of Capital Stock of the Parent Guarantor or any Parent will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Indenture;

(7) (i) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "*—Limitation on Indebtedness*" above or (ii) the redemption of Preferred Stock of a Restricted Subsidiary out of cash or the net cash proceeds of the incurrence within 90 days prior to such

redemption of Indebtedness of the Issuer or a Restricted Subsidiary of the Issuer which Indebtedness is permitted to be incurred under the Indenture;

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or Permitted Holder or other payments by the Parent Guarantor or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or

(b) amounts constituting or to be used for purposes of making payments (i) of fees and expenses Incurred in connection with the Transactions or (ii) to the extent specified in clauses (2), (3), (5), (7), (11) and (12) of the second paragraph under "*—Limitation on Affiliate Transactions*";

(10) any Restricted Payment pursuant to or in connection with the Transactions as described in this Offering Memorandum;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Issuer of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Parent Guarantor or any Parent following a Public Listing of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 6.0% of the Net Cash Proceeds received by the Parent Guarantor from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through a Designated Contribution or a Parent Debt Contribution) of the Parent Guarantor or loaned as Subordinated Shareholder Funding to the Issuer and (b) following a Public Listing an amount equal to the greater of (A) (i) 7.0% of the Market Capitalization and (ii) 7.0% of the Listed Market Capitalization; *provided* that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 4.5 to 1.00 and (B) the greater of (ii) 5.0% of the Market Capitalization and (ii) 5.0% of the Listed Market Capitalization; *provided* that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 4.75 to 1.00;

(12) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed the greater of (i) €375 million and (ii) 32.5% of Consolidated EBITDA;

(13) payments by the Parent Guarantor, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Parent Guarantor or any Parent in lieu of the issuance of fractional shares of such Capital Stock, *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors or an Officer of the Parent Guarantor);

(14) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate amount of Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under this clause (14);

(15) (a) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Parent Guarantor issued after the Issue Date; and (b) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent issued after the Issue Date; *provided*, *however*, that, in the case of clauses (a) and (b), the amount of all dividends declared or paid pursuant to this clause (15) shall not exceed the Net Cash Proceeds received by the Parent Guarantor or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or a Designated Contribution or a Parent Debt Contribution or, in the case of Designated Preference Shares by Parent or an Affiliate, the issuance of Designated Preference Shares) of the Parent Guarantor or loaned as Subordinated Shareholder Funding to the Parent Guarantor, from the issuance or sale of such Designated Preference Shares;

(16) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(17) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing;

(18) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), any Restricted Payment; *provided* that the Consolidated Net Leverage Ratio of the Issuer and its Restricted Subsidiaries on a *pro forma* basis after giving effect to any such dividend, distribution, loan or other payment does not exceed 4.5 to 1.0 subject to step-up up to 5.5 to 1.0 if the rating of the Notes is B1 by Moody's and B+ by S&P (or the equivalent) or higher;

(19) dividends or other distributions in amounts required and used by a Parent of the Parent Guarantor to pay interest on Indebtedness the proceeds of which have been contributed as a Parent Debt Contribution to the Parent Guarantor or any of its Restricted Subsidiaries and that has been guaranteed by, or is otherwise considered Indebtedness of, the Parent Guarantor or any of its Restricted Subsidiaries Incurred in accordance with the covenant described under "*—Limitation on Indebtedness*"; *provided* that any amounts payable (a) as interest on any proceeds loan or other Indebtedness of the Parent Guarantor or any Restricted Subsidiary pursuant to which the Parent Debt Contribution was made, or (b) on any Guarantee or other obligation of the Parent Guarantor or any Restricted Subsidiary on such Indebtedness will, in each case, reduce the amount available for making Restricted Payments under this clause (19); and

(20) any payments to Affiliates in respect of securities of any of the Restricted Subsidiaries contemplated in clause (17) of the covenant described under "*—Limitation on Affiliate Transactions*" or that were acquired from Persons other than the Restricted Subsidiaries, in each case, in accordance with the terms of such securities.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment (or portion thereafter) meets the criteria of more than one of the categories described in clauses (1) through (20) above, or is permitted pursuant to the first paragraph of this covenant and/or one or more of the clauses in the definition of "**Permitted Investment**", the Parent Guarantor and its Restricted Subsidiaries will be entitled to (i) classify such Restricted Payment or Investment (or portion thereof) on the date of its payment in any manner that complies with this covenant (including as a Permitted Investment) or (ii) later reclassify such Restricted Payment or Investment (or portion thereof) in any manner that complies with this covenant (including as a Permitted Investment).

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment or Investment of the asset(s) or securities proposed to be paid, transferred or issued by the Parent Guarantor or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment.

The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors or an Officer of the Parent Guarantor acting in good faith.

Limitation on Liens

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien (other than Permitted Liens) upon any of its property or assets (including Capital Stock of a Restricted Subsidiary of the Parent Guarantor), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "**Initial Lien**"), except in the case of (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and the Indenture (or a Note Guarantee in the case of Liens of a Guarantor) are secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured.

Any such Lien created in favor of the Notes pursuant to clause (2) of the preceding paragraph will be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien to which it relates.

Liens on obligations under the Senior Revolving Credit Facilities Agreement and certain priority Hedging Obligations may have priority ranking in terms of the application of proceeds from any recovery from the enforcement of Collateral in accordance with the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement ("**Priority Liens**"); *provided*, *however*, that any Liens which are junior in priority to such Priority Liens shall be equal in rank or junior in priority to Liens securing the Notes.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer;

(B) make any loans or advances to the Issuer; or

(C) sell, lease or transfer any of its property or assets to the Issuer, *provided* that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Senior Revolving Credit Facilities and the Senior Opco Credit Facilities) or (b) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Parent Guarantor or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Parent Guarantor or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Parent Guarantor or was merged, consolidated or otherwise combined with or into the Parent Guarantor or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Parent Guarantor or any Restricted Subsidiary when such Person becomes the Successor Company;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an "**Initial Agreement**") or contained in any amendment, supplement or other modification to, or extension or renewal of, an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Parent Guarantor);

(4) any encumbrance or restriction:

(a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

(b) contained in mortgages, pledges, charges or other security agreements permitted under the Indenture or securing Indebtedness of the Parent Guarantor or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Parent Guarantor or any Restricted Subsidiary;

(5) any encumbrance or restriction arising pursuant to (a) Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture or (b) an agreement or instrument relating to any Indebtedness

Incurred pursuant to clause (7) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*", in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets or Capital Stock of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority (including, without limitation, the Danish Companies Act and the Danish Capital Markets Act and regulations issued thereunder);

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to any Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred after the Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the Senior Revolving Credit Facilities Agreement and the Senior Opco Credit Facilities Agreement and the Intercreditor Agreement, together with the security documents associated therewith as in effect on the Issue Date or (ii) in comparable financings (as determined in good faith by the Parent Guarantor) or where the Parent Guarantor determines when such Indebtedness is Incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the Parent Guarantor's ability to make principal or interest payments on the Notes;

(12) any encumbrance or restriction existing by reason of any Lien permitted under "*—Limitation on Liens*"; or

(13) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors or an Officer of the Parent Guarantor, are necessary or advisable to effect such Qualified Receivables Financing.

Limitation on Sales of Assets and Subsidiary Stock

The Parent Guarantor will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Parent Guarantor or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Board of Directors or an Officer of the Parent Guarantor, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Parent Guarantor or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments;

and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Parent Guarantor or such Restricted Subsidiary, as the case may be:

(a) to the extent the Parent Guarantor or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of a Restricted Subsidiary), (i) to prepay, repay or purchase any Indebtedness of a non-Guarantor Restricted Subsidiary (in each case, other than Indebtedness owed to the Parent Guarantor or any Restricted Subsidiary) (or any Refinancing Indebtedness in respect thereof) within 425 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided*, *however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a), the Parent Guarantor or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) (except in the case of any revolving Indebtedness) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; or (ii) to prepay, repay or purchase Pari Passu Indebtedness at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness *plus* accrued and unpaid interest to the date of such prepayment, repayment or purchase (and any required break costs or other similar costs); *provided* that the Parent Guarantor shall redeem, repay or repurchase Pari Passu Indebtedness that is Public Debt pursuant to this clause (ii) only if the Parent Guarantor makes (at such time or subsequently in compliance with this covenant) an offer to the Holders of the Notes to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Notes at least equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum of the total aggregate principal amount of Notes outstanding *plus* the total aggregate principal amount outstanding of such Pari Passu Indebtedness; *provided* that to the extent the Parent Guarantor or any Restricted Subsidiary has elected to prepay, repay or purchase any amount of Pari Passu Indebtedness at a price not less than par and has extended such offer to the Holders of the Notes on at least a *pro rata* basis, to the extent the creditors in respect of such Pari Passu Indebtedness (including any Holders) elect not to tender their Pari Passu Indebtedness for such prepayment, repayment or purchase, the Parent Guarantor will be deemed to have applied an amount of Net Available Cash equal to such amount not tendered under this paragraph (2), and such amount shall not increase the amount of Excess Proceeds;

(b) to (i) purchase Notes pursuant to an offer to all Holders of the Notes or (ii) redeem any series of the Notes pursuant to the redemption provisions of the Indenture;

(c) to the extent the Parent Guarantor or such Restricted Subsidiary elects, to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Issuer or another Restricted Subsidiary) within 425 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided*, *however*, that any such reinvestment in Additional Assets made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors or an Officer of the Parent Guarantor that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 425th day;

(d) to make a capital expenditure; or

(e) to consummate any combination of the foregoing,

provided that, pending the final application of any such Net Available Cash in accordance with clause (a) through (e) above, the Issuer and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture. The Parent Guarantor or a Restricted Subsidiary may elect to apply Net Available Cash in accordance with clauses (a) through (e) above prior to receiving such Net Available Cash; *provided* that such application is made no earlier than the execution of a definitive Agreement in respect of the applicable Asset Disposition.

Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in the preceding paragraph will be deemed to constitute "Excess Proceeds" under the Indenture. On the 426th day after an Asset Disposition, or at such earlier date that the Parent Guarantor elects, if the aggregate amount of Excess Proceeds under the Indenture exceeds €150 million, the Issuer will be required to make an offer ("**Asset Disposition Offer**") to all Holders of Notes issued under the Indenture and, to the extent the Issuer elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum aggregate principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of such Pari Passu Indebtedness, in each case, *plus* accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing such Pari Passu Indebtedness, as applicable, in minimum denominations of €100,000 and in integral multiples of

€1,000 in excess thereof (*provided* that Notes of €100,000 or less may be redeemed in whole but not in part) (in the case of the Euro Notes) and in minimum denominations of $200,000 and in integral multiples of $1,000 in excess thereof (*provided* that Notes of $200,000 or less may be redeemed in whole but not in part) (in the case of the Dollar Notes); *provided* that the Parent Guarantor or a Restricted Subsidiary, as the case may be, may make an Asset Disposition Offer prior to the end of the 425 day period. Notwithstanding the foregoing, the requirements to make an Asset Disposition Offer are subject to the permissibility under, and shall only be required to the extent permitted by, local law (including, without limitation, legal or regulatory requirements as to maintenance of capital, financial assistance (including, without limitation, within the meaning of sections 206 and 210 of the Danish Companies Act), corporate benefit and/or distributable reserve and other restrictions on up streaming of cash intra-group and the fiduciary and statutory duties of the directors/managers of the relevant Restricted Subsidiaries); *provided*, *further*, that there will be no requirement to make any Asset Disposition Offer where the Tax or other costs to the Parent Guarantor and its Subsidiaries of making that payment or making funds available to the Issuer to enable such payment pursuant to an Asset Disposition Offer, exceed an amount equal to 5% of the amount to be paid or if the relevant funds are not available for one or more of the reasons specified in the foregoing clause (provided that to the extent the Parent Guarantor or any of its Subsidiaries elects to pay such tax or other costs, then the foregoing proviso shall not apply and the Parent Guarantor or relevant Restricted Subsidiary must otherwise comply with the requirement to make such Asset Disposition Offer); *provided*, *however*, the Parent Guarantor shall ensure that it and its Subsidiaries will use their reasonable endeavours to overcome such restrictions and/or minimise any costs of such prepayment and that if at any time restrictions on a prepayment are removed, any relevant proceeds will be applies as required pursuant to the foregoing provision.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Parent Guarantor or the relevant Restricted Subsidiary may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. For the purposes of calculating the aggregate principal amount of any such Indebtedness not denominated in euro, including the Notes, such Indebtedness shall be calculated by converting any such aggregate principal amounts into their Euro Equivalent determined as of a date selected by the Parent Guarantor that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "**Asset Disposition Offer Period**"). No later than five (5) Business Days after the termination of the Asset Disposition Offer Period (the "**Asset Disposition Purchase Date**"), the Issuer will purchase the aggregate principal amount of Notes and, to the extent they elect, Pari Passu Indebtedness, required to be purchased pursuant to this covenant (the "**Asset Disposition Offer Amount**") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and such Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof, with respect to the Euro Notes, and $200,000 aggregate principal amount and integral multiples of $1,000 in excess thereof, with respect to the Dollar Notes. The Parent Guarantor will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Parent Guarantor in accordance with the terms of this covenant. The Parent Guarantor or an agent, as the case may be, will promptly (but in any case not later than five (5) Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder of Notes an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Parent Guarantor for purchase, and the Parent Guarantor will promptly issue a new Note (or amend the Global Note), and the Trustee or its authenticating agent, upon delivery of an Officer's Certificate from the Parent Guarantor, will authenticate (or cause to be authenticated) and mail or deliver (or cause to be transferred by book-entry) such new Note to such Holder, in an aggregate principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Euro Note will be in an aggregate principal amount with a minimum denomination of €100,000 and new Dollar Note will be in an aggregate principal amount with a minimum denomination of $200,000. Any Note not so accepted will be promptly mailed or delivered (or transferred by book-entry) by the Issuer to the Holder thereof.

For the purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness of the Parent Guarantor or Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness of the Parent Guarantor or a Guarantor or Indebtedness owed to the Parent Guarantor by a Restricted Subsidiary) and the release of the Parent Guarantor or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition;

(2) securities, notes or other obligations received by the Parent Guarantor or any Restricted Subsidiary of the Parent Guarantor from the transferee that are converted by the Parent Guarantor or such Restricted Subsidiary into cash or Cash Equivalents within 365 days following the closing of such Asset Disposition;

(3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Issuer and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;

(4) consideration consisting of Indebtedness of the Issuer (other than Subordinated Indebtedness or Indebtedness owed to the Issuer by a Restricted Subsidiary) received after the Issue Date from Persons who are not the Issuer or any Restricted Subsidiary; and

(5) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed the greater of €200 million and 17.5% of Consolidated EBITDA (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); *provided* that the value ascribed to any operating contracts entered into in connection with a sale of a business shall be Designated Non-Cash Consideration and shall not reduce the foregoing.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (an "**Affiliate Transaction**") involving aggregate value in excess of €50 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Parent Guarantor or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of €100 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Parent Guarantor.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (2) of this paragraph if such Affiliate Transaction is approved by a majority of the Disinterested Directors. If there are no Disinterested Directors, any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in this covenant if the Parent Guarantor or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Parent Guarantor or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Parent Guarantor or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Parent Guarantor or such Restricted Subsidiary with an unrelated Person on an arm's length basis.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments*," any Permitted Payments (other than pursuant to clauses (9)(b)(ii) and (20) of the third paragraph of the covenant described under "*—Limitation on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as defined in paragraphs (l)(b), (2), (11), (15), (17) and (19) of the definition thereof);

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Parent Guarantor, in each case in the ordinary course of business;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction between or among the Parent Guarantor and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Parent Guarantor, any Restricted Subsidiary of the Parent Guarantor or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) (a) the Transactions and (b) the entry into and performance of obligations of the Parent Guarantor or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed, replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect (taken as a whole) and (c) the entry into and performance of any registration rights or other listing agreement in connection with any Public Listing or Public Offering;

(7) execution, delivery and performance of and payments pursuant to any Tax Sharing Agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business; *provided* that payments under such Tax Sharing Agreement or arrangement shall not exceed, and shall not be duplicative of, the amounts described under clause (2) of the definition of the term "Related Taxes" and the related tax liabilities of the Parent Guarantor and its Restricted Subsidiaries are relieved thereby;

(8) transactions with customers, clients, suppliers, contractors, lessors or purchasers or sellers of goods or services, in each case, in the ordinary course of business, which are fair to the Parent Guarantor or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an Officer of the Parent Guarantor or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Parent Guarantor or any Restricted Subsidiary and any Affiliate of the Parent Guarantor (other than an Unrestricted Subsidiary) or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Parent Guarantor or a Restricted Subsidiary or any Affiliate of the Parent Guarantor or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Parent Guarantor or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Parent Guarantor in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture;

(11) without duplication in respect of payments made pursuant to clause (12) hereof, (a) payments by the Parent Guarantor or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) under any services agreement with such Permitted Holder or of annual customary management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed €25 million per annum (plus reasonable costs and out-of-pocket expenses), with any calendar year being carried forward to the next succeeding calendar year and (b) payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments in respect of this clause (b) are approved by a majority of the Board of Directors of the Parent Guarantor in good faith;

(12) payment to any Permitted Holder of all reasonable out-of-pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Parent Guarantor and its Subsidiaries;

(13) any transaction effected as part of a Qualified Receivables Financing;

(14) any participation in public tender or exchange offers for securities or debt instruments issued by the Parent Guarantor or any of its Restricted Subsidiaries that are conducted on arms' length terms and provide for the same price or exchange ratio, as the case may be, to all holders accepting such tender or exchange offer;

(15) any transactions which the Parent Guarantor or a Restricted Subsidiary delivers to the Trustee a written opinion from an Independent Financial Advisor stating that such transaction is (a) fair to the Parent Guarantor or such Restricted Subsidiary from a financial point of view and (b) on terms not less favorable that might have been obtained in a comparable transaction at such time on an arm's-length basis from a Person who is not an Affiliate;

(16) investments by any of the Permitted Holders in securities of the Parent Guarantor or any of the Parent Guarantor's Restricted Subsidiaries (and the payment of reasonable out of pocket expenses of any Permitted Holder in connection therewith) so long as (a) the investment complies with clause (1) of the first paragraph of this covenant, (b) the investment is being offered generally to other investors on the same or more favorable terms and (c) the investment constitutes less than 10% of the proposed issue amount of such class of securities; and

(17) any Investments by Affiliates in securities of any of the Restricted Subsidiaries so long as the Investment is being offered by such Restricted Subsidiary generally to other non-affiliated third party investors on the same or more favorable terms.

Limitation on Issuer Activities

Notwithstanding anything contained in the Indenture, the Issuer shall not engage in any business activity or undertake any other activity, except any activity (1) related to the offering, sale, issuance and servicing, listing, purchase, redemption, amendment, exchange, refinancing, incurring or retirement of the Notes, the incurrence of Indebtedness represented by the Notes (including any Additional Notes), other Indebtedness of the Issuer permitted under the Indenture or rights or obligations in connection with any Qualified Receivables Financing, lending or otherwise advancing the proceeds thereof (including pursuant to the Proceeds Loans) and any other activities in connection therewith or complementary or useful thereto (including in connection with any refinancing); (2) undertaken with the purpose of, and directly related to, fulfilling any other obligations under any financing of the Issuer (including, without limitation, the Notes) permitted under the Indenture (including for the avoidance of doubt, any repurchase or purchase, repayment, redemption or prepayment of such Indebtedness or entering into and termination of Hedging Obligations permitted under the Indenture); (3) undertaken with the purpose of, and directly related to, fulfilling the obligations of the Issuer under any Security Document to which it is a party or any other document relating to the Notes (including Additional Notes) or the making of Restricted Payments in accordance with the covenant described under the caption "*—Limitation on Restricted Payments*"; (4) related to any Asset Disposition permitted by the terms of the Indenture; (5) related to an offering, issuance, sale or other disposition of its Capital Stock to any Restricted Subsidiary that is a Parent of the Issuer to the extent not otherwise prohibited by the terms of the Indenture; (6) related to the granting of Permitted Liens over its assets to secure Indebtedness if the grant of such Liens is otherwise permitted by the Indenture; (7) related or reasonably incidental to the establishment and/or maintenance of the Issuer's corporate existence; (8) related to investing amounts received by the Issuer in such manner not otherwise prohibited by the Indenture; (9) involving the provision of administrative services; (10) related to any purchase agreement, and/or any other document (including the Intercreditor Agreement) entered into in connection with the issuance of the Notes or any other Indebtedness permitted under the Indenture; (11) reasonably related to the foregoing; and (12) not specifically enumerated above that is *de minimis* in nature.

Limitation on Activities of Parent Guarantor

The Parent Guarantor may not carry on any business or own any assets other than: (1) the ownership of the Issuer; (2) the provision of administrative services (excluding treasury services) and management services to the Parent Guarantor's Subsidiaries of a type customary provided by a holding company to its Subsidiaries (including those related to acting as the head of a tax group and/or fiscal unity) and the ownership of assets necessary to provide such services; (3) incurring Indebtedness permitted under the covenant described above under the caption "*—Limitation on Indebtedness*" (including activities reasonably incidental thereto, including performance of the terms and conditions of such Indebtedness, to the extent such activities are otherwise permissible under the Indenture) and the granting of Liens permitted under the covenant described above under the caption "*—Limitation on Liens*"; (4) obligations arising under the Indenture and the Notes; (5) the ownership of cash, Cash Equivalents and other *de minimis* property; (6) making Investments in the Notes or Indebtedness permitted under the covenant described above under the caption "*—Limitation on Indebtedness*"; (7) directly related or reasonably incidental to the establishment and/or maintenance of its or its Subsidiaries' corporate existence; (8) any activity relating to the servicing, purchase, redemption, refinancing or retirement of the Notes or other Indebtedness permitted under the covenant described above under the caption "*—Limitation on Indebtedness*"; (9) relating to the lending of proceeds of Indebtedness and Equity Offerings to Parent Guarantor's Subsidiaries; (10) conducting activities in preparation for, directly related to or reasonably incidental to, any Public Listing, Equity Offering, Change of Control or asset disposition, including the maintenance of any listing of equity interests issued by a Listed Entity; (11) any liabilities or obligations in connection with any employee or participation scheme, including any management equity plan, incentive plan or other similar scheme operated by, for the benefit of, on behalf of or in respect of itself or any of its Subsidiaries (and/or any current or past employees, directors or members of management thereof and any related corporate entity established for such purpose); (12) pursuant to or in connection with any refinancing; (13) transactions in relation to or pursuant to the terms of any Tax Sharing Agreement or pursuant to or in connection with any Permitted Reorganization permitted in accordance with the Indenture; or (14) other activities not specifically enumerated above that are *de minimis* in nature.

Limitation on Activities of Bidco

Bidco may not carry on any business or own any assets other than: (1) the ownership of shares of the Target and other activities related to the Offer; (2) the provision of administrative services (excluding treasury services) and management services to its and its Parent's Subsidiaries of a type customary provided by a holding company to its Subsidiaries (including those related to acting as the head of a tax group and/or fiscal unity) and the ownership of assets necessary to provide such services; (3) if Bidco accedes to the Senior Opco Credit Facilities Agreement as an obligor thereunder, incurring Indebtedness permitted under the covenant described above under the caption "*—Limitation on Indebtedness*" (including activities reasonably incidental thereto, including performance of the terms and conditions of such Indebtedness, to the extent such activities are otherwise permissible under the Indenture) and the granting of Liens permitted under the covenant described above under the caption "*—Limitation on Liens*"; (4) the provision of guarantees, granting of liens and pledging of shares of Target to the extent required by the Senior Opco Credit Facilities Agreement and other agreements related thereto and other actions thereunder in connection with such obligations; (5) the ownership of cash, Cash Equivalents and other *de minimis* property; (6) making

Investments in the Notes or Indebtedness permitted under the covenant described above under the caption "—*Limitation on Indebtedness*"; (7) directly related or reasonably incidental to the establishment and/or maintenance of its or its Subsidiaries' corporate existence; (8) any activity relating to the servicing, purchase, redemption, refinancing or retirement of the Notes or other Indebtedness permitted under the covenant described above under the caption "—*Limitation on Indebtedness*"; (9) relating to the lending of proceeds of Indebtedness and Equity Offerings to its Subsidiaries; (10) conducting activities in preparation for, directly related to or reasonably incidental to, any Public Listing, Equity Offering, Change of Control or asset disposition, including the maintenance of any listing of equity interests issued by a Listed Entity; (11) any liabilities or obligations in connection with any employee or participation scheme, including any management equity plan, incentive plan or other similar scheme operated by, for the benefit of, on behalf of or in respect of itself or any of its Subsidiaries (and/or any current or past employees, directors or members of management thereof and any related corporate entity established for such purpose); (12) pursuant to or in connection with any refinancing; (13) transactions in relation to or pursuant to the terms of any Tax Sharing Agreement or pursuant to or in connection with any Permitted Reorganization permitted in accordance with the Indenture; (14) rights and obligations arising under any finance document relating to Indebtedness incurred (including with respect to any guarantee of Indebtedness) by the Target Group or (15) other activities not specifically enumerated above that are *de minimis* in nature.

Limitations on Amendments of the Proceeds Loans

The Issuer, Parent Guarantor or its Restricted Subsidiaries will not (1) change the Stated Maturity of the principal of, or any installment of interest on, any Proceeds Loans; (2) reduce the rate of interest on the Proceeds Loans; (3) change the currency for payment of any amount under the Proceeds Loans; (4) prepay or otherwise reduce or permit the prepayment or reduction of the Proceeds Loans (save to facilitate a corresponding payment or repurchase of principal on the Notes); (5) assign or novate the Proceeds Loans or any rights or obligations under the Proceeds Loan Agreement (other than to secure the Notes and the Note Guarantee or other Permitted Lien or in connection with a transaction that is subject to the covenants described under the caption "—*Merger and Consolidation*" and is completed in compliance therewith); or (6) amend, modify or alter the Proceeds Loans and/or Proceeds Loan Agreement in any manner adverse to the Holders of the Notes in any material respect. Notwithstanding the foregoing, the Proceeds Loans may be prepaid or reduced to facilitate or otherwise accommodate or reflect a repayment, redemption or repurchase of outstanding Notes.

Reports

For so long as any Notes are outstanding, the Issuer will provide to the Trustee the following reports:

(1) within 120 days (or, in the case of the year ended December 31, 2018, 150 days) after the end of the Parent Guarantor's fiscal year beginning with the first fiscal year ending after the Issue Date, annual reports containing, to the extent applicable, the following information: (a) audited consolidated balance sheets of the Parent Guarantor or its predecessor as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Parent Guarantor or its predecessor for the two most recent fiscal years, including footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) unaudited *pro forma* income statement information and balance sheet information of the Parent Guarantor (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below); *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Parent Guarantor will provide, in the case of a material acquisition, acquired company financial information; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, including a discussion of key financial performance indicators consistent with those included in this Offering Memorandum, and a discussion of material commitments and contingencies and critical accounting policies, with a scope that is similar in material respects to the discussion of the same items included in this Offering Memorandum; (d) description of the business, senior management and principal shareholders of the Parent Guarantor, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments; (e) a description of material risk factors and material recent developments and (f) Consolidated EBITDA;

(2) within 60 days (or, in the case of fiscal quarter ending on or prior to the first two quarters following the Issue Date, 90 days) following the end of the first three fiscal quarters in each fiscal year of the Parent

Guarantor beginning with the quarter ending June 30, 2018, all quarterly reports of the Parent Guarantor containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) unaudited *pro forma* income statement information and balance sheet information of the Parent Guarantor (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the relevant quarter (*provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Parent Guarantor will provide, in the case of a material acquisition, acquired company financial information); (c) an operating and financial review of the unaudited financial statements, including a discussion of key financial performance indicators consistent with those included in this Offering Memorandum and material changes in liquidity and capital resources of the Issuer, and a discussion of material changes not in the ordinary course of business in commitments and contingencies since the most recent report; and (d) material recent developments; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring or any senior executive officer changes at the Parent Guarantor or change in auditors of the Parent Guarantor or any other material event that the Parent Guarantor or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

All financial statement and *pro forma* financial information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods. Except as provided for above, no report need include separate financial statements for any Subsidiaries of the Parent Guarantor. The filing of an annual report on Form 20-F within the time period specified in (1) will satisfy such provision.

At any time that any of the Parent Guarantor's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Parent Guarantor, then the annual and quarterly financial information required by clauses (1) and (2) of the first paragraph of this covenant shall include either (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Parent Guarantor and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer or (ii) standalone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Parent Guarantor and its Subsidiaries, which reconciliation shall include the following items: revenues, Consolidated EBITDA, net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense.

Substantially concurrently with the issuance to the Trustee of the reports specified in clauses (1), (2) and (3) of the first paragraph of this covenant, the Parent Guarantor shall also (a) use its commercially reasonable efforts (i) to post copies of such reports on such website as may be then maintained by the Parent Guarantor and its Subsidiaries or (ii) otherwise to provide substantially comparable availability of such reports (as determined by the Parent Guarantor in good faith) or (b) to the extent the Parent Guarantor determines in good faith that it cannot make such reports available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the Holders and, upon request, prospective purchasers of the Notes. The Parent Guarantor will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant at the offices of the Paying Agent in London and if and so long as the Notes are listed on the Official List of the Exchange and to the extent that the rules and regulations of the Exchange so require, copies of such reports furnished to the Paying Agent will also be made available at the specified office of the listing agent in London, UK.

In addition, so long as the Notes remain outstanding and during any period during which the Issuer is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Issuer shall furnish to the Holders and, upon their request, prospective purchasers of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Following a Public Listing of the Capital Stock of a Listed Entity, the requirements of clauses (1), (2) and (3) above shall be considered to have been fulfilled if the Listed Entity complies with the reporting requirements of such stock exchange; *provided* that the Listed Entity shall provide financial reporting for the first three fiscal quarters in each fiscal year and an annual report; *provided further*, that if the consolidated financial statements of the Listed Entity are included in such report and the Listed Entity is not the Parent Guarantor, a reasonably detailed description of material differences between the consolidated financial statements of the Listed Entity and the Parent Guarantor shall be included for any period after the Issue Date.

The Parent Guarantor may comply with any requirement to provide reports or financial statements under this covenant by providing any report or financial statements of a direct or indirect Parent Entity of the Parent Guarantor so long as such reports (whether annual or quarterly report) (a) meet the requirements (including as to content and time of delivery) of this covenant as if references to the Parent Guarantor therein were references to such Parent Entity and (b) include condensed consolidated financial information together with separate columns for: (i) such Parent Entity; (ii) the Parent Guarantor and the Restricted Subsidiaries on a combined basis; (iii) any other Subsidiaries of the Parent Entity that are not the Parent Guarantor or Subsidiaries of the Parent Guarantor on a combined basis; (iv) consolidating adjustments; and (v) the total consolidated amounts. Upon complying with the foregoing requirement, the Parent Guarantor will be deemed to have complied with the provisions contained in the preceding paragraphs.

Notwithstanding the foregoing, for purposes of this covenant, the Parent Guarantor shall be permitted to use financial statements of the Target Group with respect to periods commencing prior to the Issue Date; *provided* that the Parent Guarantor also provides separate columns (to the extent applicable) relating to the Parent Guarantor as described in clause (b) of the immediately preceding paragraph, and, when making any calculation required under the Indenture, includes the Indebtedness of the Parent Guarantor, as applicable.

In addition, the reports set forth above will not be required to contain any reconciliation to U.S. generally accepted accounting principles.

Merger and Consolidation

The Parent Guarantor

The Parent Guarantor will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "**Successor Parent Guarantor**") will be a Person organized and existing under the laws of any member state of the European Union (including, at all times, for the avoidance of doubt, the United Kingdom) or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Parent Guarantor (if not the Parent Guarantor) will expressly assume (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Parent Guarantor under its Note Guarantee and the Indenture and (b) all obligations of the Issuer under the Intercreditor Agreement and any Additional Intercreditor Agreement;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Parent Guarantor or any Subsidiary of the Successor Parent Guarantor as a result of such transaction as having been Incurred by the Successor Parent Guarantor or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Issuer would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the Consolidated Net Leverage Ratio the in first paragraph of the covenant described under "—Limitation on Indebtedness" or (b) the Consolidated Net Leverage Ratio of the Issuer and its Restricted Subsidiaries would not be greater than it was immediately prior to giving effect to such transaction; and

(4) the Parent Guarantor shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Parent Guarantor (in each case, reasonably satisfactory to the Trustee), provided that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clauses (1) and (2) above.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Parent Guarantor, which properties and assets, if held by the Parent Guarantor instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Parent Guarantor on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Parent Guarantor.

The Successor Parent Guarantor will succeed to, and be substituted for, and may exercise every right and power of, the Parent Guarantor under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under such Indenture or the Note Guarantee.

Notwithstanding the preceding clauses (2) and (3) and the provisions described below under "*—The Issuer*" and "*—Guarantors*" (which do not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary of the Parent Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Parent Guarantor, and (b) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary. Notwithstanding the preceding clauses (2) and (3) (which do not apply to the transactions referred to in this sentence), the Parent Guarantor may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Parent Guarantor, reincorporating the Parent Guarantor in another jurisdiction, or changing the legal form of the Parent Guarantor and the Parent Guarantor may consolidate with, merge into or sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of its assets to the Issuer or Bidco and the Issuer or Bidco may consolidate with, merge into or sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of its assets to the Parent Guarantor.

There is no precise established definition of the phrase "substantially all" under applicable law.

Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this covenant) will not apply to the creation of a new subsidiary of the Parent Guarantor that becomes a parent of one or more of the Parent Guarantor's Subsidiaries.

The Issuer

The Issuer will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "**Successor Issuer**") will be a Person organized and existing under the laws of any member state of the European Union (including at all times, for the avoidance of doubt, the United Kingdom) or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Issuer (if not the Issuer) will expressly assume (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and (b) all obligations of the Issuer under the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Successor Issuer would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the Consolidated Net Leverage Ratio the in first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Consolidated Net Leverage Ratio of the Successor Issuer and its Restricted Subsidiaries would not be greater than it was immediately prior to giving effect to such transaction; and

(4) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the

Successor Issuer (in each case, reasonably satisfactory to the Trustee), *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clauses (1) and (2) above.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under such Indenture or the Notes.

Notwithstanding the preceding clauses (2) and (3) and the provisions described below under "—*Parent Guarantor*" and "—*Guarantors*" (which do not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary of the Issuer may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Issuer, and (b) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary. Notwithstanding the preceding clauses (2) and (3) (which do not apply to the transactions referred to in this sentence), the Issuer may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Issuer, reincorporating the Issuer in another jurisdiction, or changing the legal form of the Issuer and the Issuer may consolidate with, merge into or sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of its assets to the Parent Guarantor or Bidco and the Parent Guarantor or Bidco may consolidate with, merge into or sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of its assets to the Issuer.

There is no precise established definition of the phrase "substantially all" under applicable law.

Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this covenant) will not apply to the creation of a new subsidiary of the Issuer that becomes a parent of one or more of the Issuer's Subsidiaries.

Other Guarantors

No Guarantor (other than the Parent Guarantor) may:

(1) consolidate with or merge with or into any Person;

(2) sell, assign, convey, transfer, lease or dispose of all or substantially all its assets as an entirety, or substantially as an entirety, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into such Guarantor, unless:

(A) the other Person is the Parent Guarantor, the Issuer or any Restricted Subsidiary that is Guarantor or becomes a Guarantor concurrently with the transaction; or

(B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Note Guarantee and the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement; and

(2) immediately after giving effect to the transaction, no Default has occurred and is continuing; or

(C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger of the Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor (in each case other than to the Parent Guarantor, the Issuer or a Restricted Subsidiary)) otherwise permitted by the Indenture.

Notwithstanding the preceding clause (3)(B)(2) and the provisions described above under "—*The Parent Guarantor*" and "—*The Issuer*" (which do not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to a Guarantor, and (b) any Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Guarantor. Notwithstanding the preceding clause (3)(B)(2) (which does not apply to the transactions referred to in this sentence), a Guarantor may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Guarantor reincorporating the Guarantor in another jurisdiction, or changing the legal form of the Guarantor.

There is no precise established definition of the phrase "substantially all" under applicable law.

Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Maintenance of Listing

The Issuer will use its reasonable best efforts to list and to maintain the listing of the Notes on the Exchange for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it is unable to obtain admission to listing of the Notes on the Exchange or if at any time the Issuer determines that it will not maintain such listing, it will use commercially reasonable best efforts to maintain a listing of such Notes on another "recognised stock exchange" as defined in Section 1005 of the Income Tax Act of 2007 of the United Kingdom (in which case, references in this covenant to the Exchange will be deemed to refer to such other "recognised stock exchange"). In no event will this covenant require the Issuer to obtain or maintain the listing of the Notes on any exchange that requires financial reporting for any fiscal period in addition to the fiscal periods required by the caption "*—Reports*."

Additional Guarantees

The Parent Guarantor will not cause or permit any of its Restricted Subsidiaries that are not Guarantors, directly or indirectly, to Guarantee any Indebtedness under the Senior Revolving Credit Facilities (or other Indebtedness that is Incurred under clause (1)(a) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*") or Public Debt and any refinancing thereof in whole or in part unless such Restricted Subsidiary becomes a Guarantor on the date on which such other Guarantee is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Note Guarantee, which Note Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's Guarantee of such other Indebtedness.

A Restricted Subsidiary that is not a Guarantor may become a Guarantor if it executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Note Guarantee.

Concurrently with the provision of any additional Note Guarantee as described above, subject to the Intercreditor Agreement and any Additional Intercreditor Agreement (if such security is being granted in respect of the other Indebtedness), and subject to the Agreed Security Principles, any such Guarantor will provide security over certain of its material bank accounts, all of the issued shares of Capital Stock of Bidco or of the Issuer held by the Guarantor, and all intra-group receivables owed to the Guarantor (excluding any assets of such Guarantor which are subject to a Permitted Lien at the time of the execution of such supplemental indenture if providing such security interest would not be permitted by the terms of such Permitted Lien or by the terms of any obligations secured by such Permitted Lien) to secure its Note Guarantee on a first priority basis consistent with the Collateral, to the extent applicable.

Each additional Note Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, thin capitalization, distributable reserves, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Notwithstanding the foregoing, the Parent Guarantor shall not be obligated to cause such Restricted Subsidiary to Guarantee the Notes to the extent and for so long as the Incurrence of such Note Guarantee could reasonably be expected to give rise to or result in: (1) any violation of applicable law or regulation; (2) any liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (1) of this paragraph undertaken in connection with, such Note Guarantee, which in any case under any of clauses (1), (2) and (3) of this paragraph cannot be avoided through measures reasonably available to the Issuer or a Restricted Subsidiary; or (4) an inconsistency with the Intercreditor Agreement.

Impairment of Security Interest

The Parent Guarantor shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the Incurrence of Permitted Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Issuer shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents, any Lien over any of the Collateral that is prohibited by the covenant entitled "*—Limitation on Liens*"; *provided*, that the Parent Guarantor and its Restricted Subsidiaries may Incur Permitted Liens and the Collateral may be discharged, transferred or released in accordance with the Indenture, the Intercreditor Agreement or the applicable Security Documents.

Notwithstanding the above, nothing in this covenant shall restrict the discharge and release of any Liens in accordance with the Indenture and the Intercreditor Agreement. Subject to the foregoing, the Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets) to (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) provide for Permitted Liens; (iii) add to the Collateral; (iv) undertake a Permitted Reorganization; (v) evidence the succession of another Person to the Parent Guarantor, the Issuer or any security provider and the assumption of such successor of the obligations under the Indenture, the Notes, the Intercreditor Agreement and/or the Security Documents, in each case, including in accordance with the terms under "*—Merger and Consolidation*," (vi) evidence and provide for the acceptance of the appointment of a successor Trustee or Security Agent, (vii) comply with the Intercreditor Agreement, (viii) provide for the release of property and assets constituting Collateral from the Lien of the Security Documents and/or the release of the Note Guarantee of a Guarantor, in each case, in accordance with (and if permitted by) the terms of the Indenture, (ix) conform the Security Documents to this "*Description of Notes*" or (x) make any other change thereto that does not adversely affect the Holders in any material respect; *provided*, *however*, that, except where permitted by the Indenture or the Intercreditor Agreement, no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), unless contemporaneously with such amendment, extension, renewal, restatement, supplement or modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), the Parent Guarantor delivers to the Security Agent and the Trustee, either (1) a solvency opinion, reasonably satisfactory to the Security Agent and the Trustee, from an Independent Financial Advisor or appraiser or investment bank of international standing which confirms the solvency of the Parent Guarantor and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), (2) a certificate from the chief financial officer or the Board of Directors of the relevant Person which confirms the solvency of the person granting Liens after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, or (3) an Opinion of Counsel, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a lien of at least equivalent ranking over the same assets), the Lien or Liens created under the Security Document, so amended, extended, renewed, restated, supplemented, modified or released and replaced are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement and to which the new Indebtedness secured by the Permitted Lien is not subject.

In the event that the Parent Guarantor and its Restricted Subsidiaries comply with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

Further Assurances

The Parent Guarantor shall, and shall procure that each of its Subsidiaries shall, at its own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require (1) for registering any Security Documents in any required register and for perfecting or protecting the security intended to be afforded by such Security Documents; and (2) if such Security Documents have become enforceable, for facilitating the realization of all or any part of the assets which are subject to such Security Documents and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of those assets. The Parent Guarantor shall, and shall procure that each of its respective Subsidiaries shall, execute all transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give all notices, orders and directions which the Security Agent may reasonably request.

Financial Calculations

When calculating the availability under or applicability of any basket or ratio under the Indenture (including any components of such basket or ratio), in each case, in connection with any acquisition, disposition, merger, joint venture, Investment, Incurrence, Change of Control or similar transaction where there is a time difference between commitment and closing of the relevant transaction or Incurrence (including in respect of Incurrence of Indebtedness, Restricted Payments, Permitted Investments and Permitted Liens), the date of determination of any such basket or ratio (including any components of such basket or ratio) and of any Default or Event of Default may, at the option of the Issuer, be the date of commitment, closing or Incurrence or the date the definitive agreements for such transaction are entered into, and such baskets or ratios (including any components of such basket or ratio) shall be calculated on a *pro forma* basis after giving effect to such transaction and the other transactions to be entered into in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof, in accordance with the definition of "Consolidated Net Leverage Ratio") as if they occurred at the beginning of the applicable period for purposes of determining the ability to consummate any such transaction (and not for purposes of any subsequent availability of any basket or ratio); *provided*, for the avoidance of doubt that if the Issuer elects to have such determinations occur at the time of entry in such definitive agreement, (1) if any of such baskets or ratios (including any components of such basket or ratio) are exceeded as a result of fluctuations in such basket or ratio subsequent to such date of determination and at or prior to the consummation of the relevant transaction, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the transaction is permitted under the Indenture and (2) such baskets or ratios shall not be retested at the time of consummation of such transaction or related transactions; *provided, further*, that in such case, any such transactions (including any incurrence of Indebtedness and the use of proceeds therefrom) shall be deemed to have occurred on the date the definitive agreements are entered and outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture after the date of such agreement and before the consummation of such transaction.

In addition, when determining compliance with any provision based on a percentage of Consolidated EBITDA, such basket or ratio shall only be tested on the date of Incurrence, or other date as applicable pursuant to the above, and if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio subsequent to such date of determination, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the transaction is permitted hereunder.

Suspension of Covenants and Release of Collateral on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "**Suspension Event**"), then, beginning on that day (the "**Suspension Date**") and continuing until the Reversion Date, the provisions of the Indenture summarized under the following captions will not apply to such Notes:

(1) "—*Limitation on Restricted Payments*,"

(2) "—*Limitation on Indebtedness*,"

(3) "—*No Layering of Indebtedness*,"

(4) "—*Limitation on Restrictions on Distributions from Restricted Subsidiaries*,"

(5) "—*Limitation on Affiliate Transactions*,"

(6) "*—Limitation on Sales of Assets and Subsidiary Stock*,"

(7) "*—Additional Guarantees*"

(8) "*Impairment of Security Interest*" and

(9) the provisions of clause (3) of the first paragraph of the covenant described under "*—Merger and Consolidation—The Parent Guarantor*," and "*—Merger and Consolidation—The Issuer*,"

and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Parent Guarantor and its Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Parent Guarantor properly taken during the continuance of the Suspension Event, and the "*—Limitation on Restricted Payments*" covenant will be interpreted as if it has been in effect since the date of the Indenture except that no default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Parent Guarantor's option, as having been Incurred pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or one of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred under the first two paragraphs of the covenant described under "*—Limitation on Indebtedness*," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*."

The Parent Guarantor and the Restricted Subsidiaries shall have the right from a Suspension Date to release from time to time any of the property and other assets included in the Collateral from the Liens securing the Notes upon the Parent Guarantor delivering to the Trustee an Officer's Certificate identifying the Collateral to be released and certifying that (1) the Notes have been assigned an Investment Grade Status, (2) no Default or Event of Default under the Indenture has occurred and is continuing and (3) such Collateral has been or, simultaneously with any release relating to the Notes, will be released under the Senior Revolving Credit Facilities Agreement and any other Pari Passu Indebtedness. Upon a request from the Parent Guarantor to the Trustee to effect the release of any of the Collateral from the Liens securing the Notes pursuant to this paragraph, the Trustee may request delivery of an Officer's Certificate and an Opinion of Counsel that any such release complies with the Indenture.

Upon the delivery of an Officer's Certificate pursuant to the preceding paragraph, those sections of the Indenture relating to Collateral (including the security default provision and the covenant under "*—Further Assurances*") (the "**Suspended Security Sections**") shall cease to apply to the Parent Guarantor and the Restricted Subsidiaries and the covenant entitled "*—Limitation on Liens*" shall be replaced with the following:

"The Parent Guarantor will not, and will not permit any Significant Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary of the Parent Guarantor), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "**Initial Lien**"), except Permitted Liens or Liens on property or assets that are not Permitted Liens if the Notes and the Indenture (or a Guarantee in the case of Liens of a Guarantor) are directly secured, equally and rateably with, or prior to in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured."

Upon the occurrence of a Reversion Date, the Issuer and the Restricted Subsidiaries shall ensure that the Collateral released from the Liens securing the Notes and the Guarantees on or following a Suspension Date is reinstated within 180 Business Days of such Reversion Date, unless not required under the covenant entitled "*—Limitation on Liens*," at which time the Parent Guarantor and the Restricted Subsidiaries will again be subject to the Suspended Security Sections (and the covenant entitled "*—Limitation on Liens*" shall revert back to its original form).

Events of Default

Each of the following is an "Event of Default" under the Indenture:

(1) default in any payment of interest or Additional Amounts, if any, on any Note when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Parent Guarantor or any of its Restricted Subsidiaries to comply for 60 continuous days after written notice by the Trustee on behalf of the Holders or by the Holders of at least 30% in aggregate principal amount of the outstanding Notes with its other agreements contained in the Indenture;

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Parent Guarantor or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Parent Guarantor or any of its Restricted Subsidiaries) other than Indebtedness owed to the Parent Guarantor or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

(a) is caused by a failure to pay principal at Stated Maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("**payment default provision**"); or

(b) results in the acceleration of such Indebtedness prior to its maturity (the "**cross acceleration provision**");

and, in each case, the aggregate principal amount of any such Indebtedness, together with the aggregate principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €75 million or more;

(5) certain events of bankruptcy, insolvency or court protection of the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the "**bankruptcy provisions**");

(6) failure by the Parent Guarantor or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Parent Guarantor and its Restricted Subsidiaries), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €75 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "**judgment default provision**");

(7) any security interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture) with respect to Collateral having a fair market value in excess of €50 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release or amendment of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or such Security Document or any such security interest created thereunder shall be declared invalid or unenforceable or the Parent Guarantor or any Restricted Subsidiary shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 30 days (the "**security default provision**"); and

(8) any Note Guarantee of the Parent Guarantor or a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Note Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Note Guarantee and any such Default continues for 30 days (the "**guarantee provision**").

However, a default under clauses (3), (4) or (6) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of at least 30% in aggregate principal amount of the outstanding Notes notify the Issuer of the default and, with respect to clauses (3), (4) and (6), the Issuer does not cure such default within the time specified in clauses (3), (4) or (6), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 30% in aggregate principal amount of the outstanding Notes by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest, including Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under "*Events of Default*" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except non-payment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

The Holders of a majority in aggregate principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to non-payment of principal, premium or interest, or Additional Amounts, if any) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee, and the Trustee has received, indemnity or security (including by way of pre-funding) satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 30% in aggregate principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;

(3) such Holders have offered to the Trustee, and the Trustee has received, security or indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security or indemnity; and

(5) the Holders of a majority in aggregate principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in aggregate principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture will provide that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification or security satisfactory to it against all losses and expenses caused by taking or not taking such action.

The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Notes provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified or secured (including by way of pre-funding) to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity and/or security satisfactory to it, and it will be for Holders to take action directly.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture and subject to the Intercreditor Agreement and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

Amendments and Waivers

Subject to certain exceptions, the Note Documents may be amended, supplemented or otherwise modified with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes); *provided* that, if any amendment, waiver or other modification will only affect one series of the Notes, only the consent of a majority in principal amount of the then outstanding Notes of such series shall be required.

However, without the consent of Holders holding not less than 90% (or, in the case of clauses (8) and (9), 75%) of the then outstanding aggregate principal amount of Notes affected, or if any amendment, waiver or other modification will only amend, waive or modify one series of the Notes, without the consent of Holders holding not less than 90% (or, in the case of clauses (8) and (9), 75%) of the then outstanding aggregate principal amount of Notes of such series amended, waived or modified, an amendment or waiver may not, with respect to any such series of the Notes held by a non-consenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment, wavier or modification;

(2) reduce the stated rate of, or extend the stated time for payment of, interest on any such Note (other than provisions relating to Change of Control and Asset Dispositions);

(3) reduce the principal of or extend the Stated Maturity of any such Note (other than provisions relating to Change of Control and Asset Dispositions);

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case, as described above under "—*Optional Redemption*";

(5) make any such Note payable in currency other than that stated in such Note;

(6) impair the right of any Holder to institute suit for the enforcement of any payment of principal of, or premium, if any, or interest when due on, or with respect to, such Holder's Notes;

(7) make any change in the provision of the Indenture described under "—*Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release all or substantially all of the security interests granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement or the Indenture; *provided* that, for the avoidance of doubt and without prejudice to the covenant described under the heading "*Certain Covenants—Impairment of Security Interest*", the release of less than all or substantially all Security Interests granted for the benefit of the Holders in the Collateral (taken as a whole) shall only require the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes);

(9) release any Guarantor from any of its obligations under the Note Guarantees or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement;

(10) waive a Default or Event of Default with respect to the non-payment of principal, premium or interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration); or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

For the avoidance of doubt, (1) no amendment to or deletion of, or actions taken in compliance with, the covenants described under "*—Change of Control*" or "*—Certain Covenants*" shall be deemed to impair or affect any rights of holders of the Notes to (a) receive payment of principal of, or premium, if any, or interest on, the Notes when due or (b) institute suit for the enforcement of any payment of principal of, or premium, if any, or interest when due on, or with respect to, such Holder's Notes and (2) it is understood and agreed that any amendment or waiver with respect to any matter described in clause (1), (2), (3), (4), (5), (6) and (10) in the preceding paragraph that by its terms applies to only the Euro Notes or the Dollar Notes shall require the consent of Holders holding not less than 90% (or in the case of clauses (8) and (9), 75%) of the then outstanding principal amount of the Euro Notes or the Dollar Notes, as applicable, in order for it to be binding on all holders of such series of Notes.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee, the Security Agent and the other parties thereto, as applicable, may amend or supplement any Note Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency, conform any provision of any Note Document to this "*Description of Notes*," or reduce the minimum denomination of the Notes;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or any Guarantor under any Note Document;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 4701(b)(1)(B) of the Code);

(4) add to the covenants or provide for a Note Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Parent Guarantor or any Restricted Subsidiary;

(5) make any change that does not adversely affect the rights of any Holder in any material respect;

(6) at the Parent Guarantor's election, comply with any requirement of the SEC in connection with the qualification of the Indenture under the Trust Indenture Act, if such qualification is required;

(7) make such provisions as necessary (as determined in good faith by the Parent Guarantor) for the issuance of Additional Notes;

(8) to provide for any Restricted Subsidiary to provide a Note Guarantee in accordance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Additional Guarantees*," to add Note Guarantees, to add security to or for the benefit of the Note, or to confirm and evidence the release, termination, discharge or retaking of any Note Guarantee or Lien (including the Collateral and the Security Documents) with respect to or securing the Notes when such release, termination,

discharge or retaking is provided for under the Indenture, the Intercreditor Agreement or the Security Documents;

(9) to evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee or the Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or the Security Agent to any Note Document; or

(10) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of parties to the Senior Revolving Credit Facilities Agreement, in any property which is required by the Senior Revolving Credit Facilities Agreement (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture and the covenant described under "*—Certain Covenants—Impairment of Security Interest*" is complied with.

In connection with any amendment or supplement, the Trustee shall be entitled to receive and rely absolutely on an Officer's Certificate and Opinion of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Note Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

Acts by Holders

In determining whether the Holders of the required aggregate principal amount of the Notes have concurred in any direction, waiver or consent, any Notes owned by the Parent Guarantor or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Parent Guarantor will be disregarded and deemed not to be outstanding.

Defeasance

The Issuer at any time may terminate all of its and each Guarantor's obligations under the Notes and the Indenture ("**legal defeasance**") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registrations of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its and the Guarantor's obligations under the covenants described under "*—Certain Covenants*" (other than with respect to clauses (1), (2) and (4) of the covenant described under "*—Certain Covenants—Merger and Consolidation—The Parent Guarantor*" and "*—Certain Covenants—Merger and Consolidation—The Issuer*" and clauses (1) and (2) of the covenant described under "*—Certain Covenants—Merger and Consolidation—Guarantors*") and "*—Change of Control*" and the default provisions relating to such covenants described under "*—Events of Default*" above, the operation of the cross acceleration provision, the payment default provision, the bankruptcy provisions with respect to the Issuer's Significant Subsidiaries, the judgment default provision, the guarantee provision and the security default provision described under "*—Events of Default*" above ("**covenant defeasance**").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1), (2) and (4) of the covenant described under "*—Certain Covenants—Merger and Consolidation—The Parent Guarantor*" and "*—Certain Covenants—Merger and Consolidation—The Issuer*" and clauses (1) and (2) of the covenant described under "*—Certain Covenants—Merger and Consolidation—Guarantors*"), (4), (5) (with respect only to the Issuer and Significant Subsidiaries), (6), (7) or (8) under "*—Events of Default*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "**defeasance trust**") with the Trustee (or such entity designated for this purpose) cash in euros or euro-denominated

European Government Obligations or a combination thereof sufficient for the payment of principal, premium, if any, and interest on the Euro Notes to redemption or maturity, as the case may be, and, with respect to the Dollar Notes, cash in U.S. dollars or dollar-denominated U.S. Government Obligations or a combination thereof sufficient (without reinvestment), in the opinion of the Issuer, acting in good faith, for the payment of principal, premium, if any, and interest on the Dollar Notes to redemption or maturity, as the case may be, and, in each case, must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that Holders of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law since the Issue Date of the Notes);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer and any Guarantor;

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;

(4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940, as amended; and

(5) all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Trustee for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or such entity designated for this purpose) euros or euro-denominated European Government Obligations or a combination thereof, as applicable, or, with respect to the Dollar Notes, dollars or dollar-denominated U.S. Government Obligations or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered irrevocable instructions under the Indenture to apply the deposited money towards payment of the Notes at maturity or on the redemption date, as the case may be; *provided* that, if requested by the Issuer, the Trustee shall distribute any amounts deposited in trust to the Holders prior to the maturity or the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*—Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)). If requested by the Issuer in writing no later than three business days prior to the date for distribution, the Trustee shall distribute any amount deposited in trust to the Holders prior to the Stated Maturity or the redemption date, as the case may be; *provided* that (i) the cash shall otherwise be distributed to Holders in accordance with the terms of any redemption notice or other applicable repayment provisions, (ii) the Notes shall be marked down on the date of repayment of the

Holders, (iii) the Holders shall receive the principal, interest and premia (and any other amounts) as required in accordance with the terms of the redemption notice or other applicable repayment provisions and (iv) no Trustee, Paying Agent or other applicable party shall be required to incur any costs, fees or expenses (except as expressly agreed in writing) in relation to such distribution.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Parent Guarantor or any of its Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer or Guarantor under the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation.

Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

Deutsche Trustee Company Limited is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a *bona fide* Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, costs, taxes (other than net income taxes with respect to its compensation) and expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

The Trustee and the Agents (as defined in the Indenture), as applicable, will reasonably cooperate with each applicable depositary for the Notes in its role as agent for the Issuer. The Trustee and the Agents will be indemnified by the Issuer for any action taken in cooperating with an applicable depositary in respect of its procedures unless its performance of such actions constitute gross negligence or willful misconduct. Notwithstanding anything contained in the Indenture, the Trustee and the Agents will not be liable in any respect for any action, failure to act or negligence in acting by an applicable depositary for the Notes.

Notices

If and for so long as any of the Notes are listed on the Official List of the Exchange and if and to the extent the rules of the Exchange so require, the Issuer will notify the Exchange of any notice to the Holders of the Notes and, in connection with any redemption, the Issuer will notify the Exchange of any change in the principal amount of the Notes outstanding.

Each such notice shall be deemed to have been given on the date of such publication or; if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. Notwithstanding the foregoing, for so long as any Notes are represented by Global Notes, all notices to Holders of the Euro Notes will be delivered by or on behalf of the Issuer to Euroclear and Clearstream and all notices to Holders of the Dollar Notes will be delivered by or on behalf of the Issuer to DTC.

If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Euro-Denominated Restrictions

The euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantor, if any, under or in connection with the Euro Notes and the relevant Note Guarantees, if any, including damages and the U.S. dollar is the sole currency of account and payment for all sums payable by the Issuer and the Guarantor, if any, under or in connection with the Dollar Notes and the relevant Notes Guarantees, if any, including damages (each, a "**Required Currency**"). Any amount received or recovered in a currency other than the Required Currency, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the Required Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that Required Currency amount is less than the Required Currency amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and any Guarantor will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and Guarantor will indemnify the recipient or the Trustee on a joint and several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and any Guarantor's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any Note Guarantee, or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Listing

Application has been made to list the Notes on the Official List of the Exchange and for permission to be granted to deal in the Notes on the Official List of the Exchange. There can be no guarantee that the application to list the Notes on the Official List of the Exchange or that permission to deal in the Notes thereon will be granted as of the date the Notes are issued or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this listing.

Enforceability of Judgments

Since substantially all the assets of the Issuer and the Guarantor located outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, including judgments with respect to the payment of principal, premium, if any, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes or the Note Guarantees, may not be collectable within the United States.

Please see "*Enforcement of Civil Liabilities and Service of Process*" in this Offering Memorandum.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes and the Note Guarantees, the Issuer and each Guarantor will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States. The Indenture will provide that the Issuer and each Guarantor will appoint an agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Guarantees brought in any U.S. federal or New York state court located in the City of New York.

Governing Law

The Indenture and the Notes, including any Note Guarantees, and the rights and duties of the parties thereunder will be governed by and construed in accordance with the laws of the State of New York. The Security Documents will be governed by the law of the location of the relevant asset that is part of the Collateral. The Intercreditor Agreement and Senior Revolving Credit Facilities Agreement shall be governed by and construed in accordance with English law.

Certain Definitions

"**Acquired Indebtedness**" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with an acquisition of assets from such Person, in each case, whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Issuer or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"**Acquisition**" means the acquisition by Bidco of up to 100% of the Target Shares pursuant to the Offer including, without limitation, a Squeeze-Out.

"**Additional Assets**" means:

(1) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Parent Guarantor, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in a Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Parent Guarantor or a Restricted Subsidiary of the Parent Guarantor; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary of the Parent Guarantor.

"**Affiliate**" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Agreed Security Principles**" means the Agreed Security Principles as set out in an annex to the Indenture as in effect on the Issue Date, as applied *mutatis mutandis* with respect to the Notes in the good faith judgment of the Parent Guarantor.

"**Applicable Dollar Note Premium**" means with respect to any Dollar Note on any redemption date applicable to the redemption of such Dollar Note, the greater of:

(1) 1.0% of the principal amount of the Dollar Note; and

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of the Dollar Note at , 2020 (such redemption price being set forth in the table appearing under the caption "*Optional Redemption—Dollar Notes*" and being calculated exclusive of accrued and unpaid interest and Additional Amounts) *plus* (ii) all required interest payments due on the Dollar Note through , 2020 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date *plus* 50 basis points; over

(b) the principal amount of the Dollar Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Applicable Dollar Note Premium is not an obligation of the Trustee, the Registrar or the Paying Agent.

"**Applicable Euro Note Premium**" means with respect to any Euro Note on any redemption date applicable to the redemption of such Euro Note, the greater of:

(1) 1.0% of the principal amount of the Euro Note; and

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of the Euro Note at , 2020 (such redemption price being set forth in the table appearing under the caption "*Optional Redemption—Euro Notes*" and being calculated exclusive of accrued and unpaid interest and Additional Amounts) *plus* (ii) all required interest payments due on the Euro Note through , 2020 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate as of such redemption date *plus* 50 basis points; over

(b) the principal amount of the Euro Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Applicable Euro Note Premium is not an obligation of the Trustee, the Registrar or the Paying Agent.

"**Applicable Jurisdiction**" means any member state of the European Union, Norway, Switzerland, Canada, the United States of America or any other jurisdiction in which the Parent Guarantor or its Restricted Subsidiaries has a telecommunications business.

"**Applicable Premium**" means (a) with respect to any Euro Note on any redemption date, the Applicable Euro Note Premium and (b) with respect to any Dollar Note on any redemption date, the Applicable Dollar Note Premium.

"**Asset Disposition**" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Parent Guarantor or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Parent Guarantor or by the Parent Guarantor or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, receivables, consumer equipment, trading stock, communications capacity or other assets in the ordinary course of business;

(4) a disposition of obsolete, surplus or worn out equipment or other assets or equipment or other assets that are no longer useful in the conduct of the business of the Parent Guarantor and its Restricted Subsidiaries;

(5) transactions permitted under "*—Certain Covenants—Merger and Consolidation—The Parent Guarantor*" or "*—Certain Covenants—Merger and Consolidation—The Issuer*" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Parent Guarantor or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Parent Guarantor;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Parent Guarantor) not to exceed the greater of €125 million EBITDA and 10% of Consolidated EBITDA;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "—C*ertain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (3) of the first paragraph under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) dispositions in connection with Permitted Liens;

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms and for credit management purposes) of accounts receivable or notes receivable or other loans arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and, in each case, comprising all or a portion of the consideration in respect of such sale or acquisition;

(16) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(17) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Parent Guarantor or any Restricted Subsidiary to such Person; *provided*, *however*, that the Board of Directors or an Officer of the Parent Guarantor shall certify that in the opinion of the Board of Directors, or Officer, as applicable, the outsourcing transaction will be economically beneficial to the Parent Guarantor and its Restricted Subsidiaries (considered as a whole); *provided*, *further*, that the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (17), does not exceed €100 million;

(18) any disposition with respect to property built, owned or otherwise acquired by the Parent Guarantor or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture;

(19) sales or dispositions of receivables in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business; and

(20) any sale, assignment, amendment, novation, termination, close-out (in whole or in part) or any other disposition of any hedging contract (or rights thereunder).

"**Associate**" means (1) any Person engaged in a Similar Business of which the Parent Guarantor or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (2) any joint venture entered into by the Parent Guarantor or any Restricted Subsidiary of the Issuer.

"**ATP**" means, from time to time Arbejdsmarkedets Tillægspension, company reg. no. 43405810 having its registered office at Kongens Vænge 8, DK-3400 Hillerød, Denmark (the "**ATP Pension Fund**").

"**Available Adjusted EBITDA**" for any period means, for such period:

(1) Consolidated EBITDA, *less*

(2) Capital Expenditure actually paid by the Parent Guarantor or any of its Restricted Subsidiaries during such period except to the extent financed or refinanced (directly or indirectly) from an advance under the revolving portion of the Senior Opco Credit Facilities (*provided*, that any such paid amount that is financed or refinanced under the revolving portion of the Senior Opco Facilities shall not exceed €200 million in the aggregate) and, if applicable, the Senior Opco Incremental Capital Expenditure Facility, including any Refinancing Indebtedness in respect thereof (and, for the avoidance of doubt, without duplication of any amounts credited hereunder with respect to any such Refinancing Indebtedness), *less*

(3) Consolidated Interest Expense attributable to the Target Group, *less*

(4) Consolidated Interest Expense attributable to Parent Guarantor, Issuer and Bidco only, *less*

(5) any amount of Taxes on profits, gains or income paid or payable by Parent Guarantor or any of its Subsidiaries,

"**Beneficial Owner**" means any Person owning any beneficial interest in the Notes it being understood that the term "Beneficial Owner" shall not include any agent or financial intermediary holding an interest in the Notes solely to the extent such interest is held for or on behalf of any Beneficial Owner.

"**Board of Directors**" means (1) with respect to the Parent Guarantor, the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; (3) with respect to a limited liability company, the managing member or members (or analogous governing body) or any controlling committee of managing members thereof; and (4) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"**Bund Rate**" means, with respect to the Notes, with respect to any relevant date, the rate per annum equal to the equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

(1) "**Comparable German Bund Issue**" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to , 2020, and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to , 2020; *provided*, *however*, that, if the period from such redemption date to , 2020 is less than one year, a fixed maturity of one year shall be used;

(2) "**Comparable German Bund Price**" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if

the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(3) "**Reference German Bund Dealer**" means any dealer of German Bundesanleihe securities appointed by the Issuer; and

(4) "**Reference German Bund Dealer Quotations**" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany, time on the third business day in Frankfurt preceding the relevant date.

"**Business Day**" means each day that is not a Saturday, Sunday or other day on which banking institutions in Copenhagen, Denmark, London, United Kingdom or New York, United States are authorized or required by law to close; *provided*, *however*, that for any payments to be made under the Indenture, such day shall also be a TARGET Settlement Day or a London Business Day, as applicable.

"**Capital Expenditure**" means the aggregate amount of any expenditure or obligation in respect of expenditure which, in accordance with the accounting principles, is treated as capital expenditure.

"**Capital Stock**" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"**Capitalized Lease Obligations**" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS (as in effect on the Issue Date for purposes of determining whether a lease is a capital lease). The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"**Cash Equivalents**" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a Permissible Jurisdiction, the United Kingdom, Switzerland or Norway or, in each case, any agency or instrumentality of thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender or by any bank or trust company (a) whose commercial paper is rated at least "A-2" or the equivalent thereof by S&P or at least "P-2" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any Permissible Jurisdiction, the United Kingdom, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally

Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United States of America, Canada, a Permissible Jurisdiction, the United Kingdom, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above; and

(9) other instruments customarily utilized for high quality investments that can be readily monetized without material risk of loss in the good faith judgment of an Officer of the Parent Guarantor or any of its Restricted Subsidiaries.

"**Change of Control**" means:

(1) the Parent Guarantor or the Issuer becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer, *provided* that for the purposes of this clause, (a) no Change of Control shall be deemed to occur by reason of the Issuer becoming a Subsidiary of a Successor Parent and (b) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in any Voting Stock of which any such person or group is the "beneficial owner" (as so defined), unless that person or group is not an affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock;

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders; or

(3) the first day on which (a) the Parent Guarantor shall fail to directly or indirectly own 100% of the issued and outstanding Voting Stock and Capital Stock of the Issuer or otherwise ceases to control the Issuer (unless the Parent Guarantor otherwise becomes the Issuer in accordance with "*—Certain Covenants—Merger and Consolidation*") or (b) the Issuer (or any Parent Holdco of the Issuer, which is the Target or a Restricted Subsidiary of the Target) shall fail to directly or indirectly own 100% of the issued and outstanding Voting Stock and Capital Stock of Bidco.

"**Clearstream**" means Clearstream Banking, a *société anonyme* as currently in effect or any successor securities clearing agency.

"**Closing Date**" means the date of the initial purchase of Target Shares pursuant to the terms of the Offer Documents.

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Commodity Hedging Agreements**" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), or other agreements or arrangements intended to protect such Person against operating exposures (including but not limited to hedging in respect of energy prices and inflation risk), to which such Person is a party or a beneficiary.

"**Consolidated EBITDA**" for any period means, without duplication, the Consolidated Net Income for such period, *plus* the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense and Receivables Fees;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization or impairment expense;

(5) any expenses, charges or other costs related to any Equity Offering, Investment, acquisition (including one-time amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; *provided* that such payments are made in connection with such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture (in each case whether or not successful), in each case, as determined in good faith by an Officer of the Parent Guarantor;

(6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period;

(7) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*";

(8) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges in any future period) or other items classified by the Issuer as extraordinary, exceptional, unusual or nonrecurring items *less* other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period); and

(9) all adjustments of the nature used in connection with the calculation of "Adjusted EBITDA" as set forth in *Summary Consolidated Financial; Information and Other Data—Other Financial Information* contained in this Offering Memorandum applied in good faith and with respect to anticipated cost savings, expense reductions and synergies reasonably expected to occur within 24 months to the extent such adjustments continue to be applicable during the period in which EBITDA is being calculated.

Notwithstanding the foregoing, the provision for taxes and the depreciation, amortization, non-cash items, charges and write-downs of a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated EBITDA only to the extent (and in the same proportion, including by reason of minority interests) that the net income (loss) of such Restricted Subsidiary was included in calculating Consolidated Net Income for the purposes of this definition.

"**Consolidated Income Taxes**" means taxes or other payments, including deferred taxes or provisions, based on income, profits or capital (including without limitation withholding taxes) and franchise taxes of any of the Parent Guarantor and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority.

"**Consolidated Interest Expense**" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest expense of the Parent Guarantor and its Restricted Subsidiaries, whether paid or accrued, including any pension liability interest cost, *plus* or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of debt discount, debt issuance cost and premium;

(3) non-cash interest expense;

(4) commissions, discounts and other fees and charges owed with respect to financings not included in clause (2) above;

(5) costs associated with Hedging Obligations;

(6) dividends on other distributions in respect of all Disqualified Stock of the Parent Guarantor and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a subsidiary of the Issuer;

(7) the interest component of any deferred payment obligations;

(8) the consolidated interest expense that was capitalized during such period; and

(9) interest actually paid by the Parent Guarantor or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person.

"**Consolidated Net Income**" means, for any period, the net income (loss) of the Parent Guarantor and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided*, *however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Parent Guarantor's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Parent Guarantor or a Restricted Subsidiary as a dividend or other distribution or return on investment or could have been distributed, as reasonably determined by an Officer of the Parent Guarantor (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below); *provided* that, for the purposes of sub-clause (c)(i) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such dividend, other distribution or return on investment does not reduce the amount of Investments outstanding under clauses (11) or (12) of the definition of "Permitted Investments";

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," any net income (loss) of any Restricted Subsidiary (other than Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer or a Guarantor by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, the Senior Revolving Credit Facilities Agreement or the Senior Opco Credit Facilities, and (c) restrictions specified in clause (11)(i) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*," except that the Parent Guarantor's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Parent Guarantor or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause));

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Parent Guarantor or any Restricted Subsidiaries (including pursuant to any sale/ leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Parent Guarantor);

(4) any extraordinary, exceptional, unusual or nonrecurring gain, loss, expense or charge (including for the avoidance of doubt, (i) in respect of any rebranding of the business (or any part thereof), acquisition costs, disposition costs, business optimization costs, information technology implementation or development costs; (ii) any telecommunications capacity related or similar fees; and/or (iii) any tax referable to any payments, dividends or other distributions made or declared intra-group) or any charges or reserves in respect of any restructuring, relocation, refinancing, redundancy or severance expense or other similar post-employment arrangements, signing, retention or completion bonuses, or other costs related to the Transactions, in each case, as determined in good faith by the Parent Guarantor;

(5) the cumulative effect of a change in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions;

(7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or

forgiveness of Indebtedness and the impact of the Transactions and any refinancing transactions permitted by the Indenture and the costs related thereto (including, but not limited to fees (legal, accounting, agency or otherwise), consent fees, issue discount and hedging costs) incurred in connection with the Transactions and such refinancing transactions (but, for the avoidance of doubt, excluding the nominal interest accrued or paid on the principal amount of Indebtedness raised in such Transactions or refinancing transactions);

(8) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Parent Guarantor or any Restricted Subsidiary;

(11) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenues in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Parent Guarantor and the Restricted Subsidiaries), as a result of any consummated acquisition or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(12) any goodwill or other intangible asset impairment charge, amortization or write-off; and

(13) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

"**Consolidated Net Leverage**" means, without duplication, (1) the aggregate outstanding Indebtedness of the Parent Guarantor and its Restricted Subsidiaries (excluding Hedging Obligations except to the extent provided in clause (3) of the penultimate paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*") on a consolidated basis *less* (2) cash and Cash Equivalents of the Issuer and its Restricted Subsidiaries on a consolidated basis.

"**Consolidated Net Leverage Ratio**" means, as of any date of determination, the ratio of (x) Consolidated Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Parent Guarantor are available; *provided*, that for the purposes of calculating Consolidated EBITDA for such period, if, as of such date of determination:

(1) since the beginning of such period the Parent Guarantor or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a "**Sale**") or if the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided* that if any such sale constitutes "discontinued operations" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;

(2) since the beginning of such period, the Parent Guarantor or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a "**Purchase**"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period; and

(3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Parent Guarantor or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Issuer or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income, (a) whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations will be as determined in good faith by an Officer of the Parent Guarantor (including without limitation in respect of anticipated expense and cost reductions or costs savings synergies, group initiatives, or operating improvements) including, without limitation, as a result of, or that would result from any actions anticipated to be taken, including, without limitation, in connection with any cost reduction synergies or cost savings plan or program or in connection with any transaction, investment, acquisition, disposition, restructuring, corporate reorganization, merger or otherwise (regardless of whether these anticipated expense and cost reductions or costs savings synergies, group initiatives, or operating improvements could then be reflected in *pro forma* financial statements to the extent prepared), and (b) in determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period; *provided, however*, that, solely for the purpose of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" *pro forma* effect shall not be given to (i) any Indebtedness incurred on the date of the *pro forma* calculations pursuant to the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" (other than clause (5) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*") and (ii) the discharge on the date of the *pro forma* calculations of any Indebtedness to the extent that such Indebtedness was Incurred pursuant to the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" (other than clause (5) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*").

"**Contingent Obligations**" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness (each, a "**primary obligation**") of any other Person (the "**primary obligor**"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"**continuing**" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"**Credit Facility**" means, with respect to the Parent Guarantor or any of its Subsidiaries, one or more debt facilities, indentures or other instruments or arrangements (including the Senior Revolving Credit Facilities Agreement, the Senior Opco Credit Facilities Agreement or any commercial paper facilities and/or overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the original Senior Revolving Credit Facilities Agreement, the Senior Opco Credit Facilities Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Parent Guarantor as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"**Currency Agreement**" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"**Danish Capital Markets Act**" means Consolidated Act No. 12 of 8 January 2018 on capital markets (in Danish: *lov om kapitalmarkeder*), as amended from time to time.

"**Danish Companies Act**" means Consolidated Act No. 1089 of 14 September 2015 on public and private limited liability companies (in Danish: *selskabsloven*), as amended from time to time.

"**Default**" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"**Designated Contribution**" means Net Cash Proceeds or property or assets received by the Parent Guarantor as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or Parent Debt Contributions) of the Parent Guarantor after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Parent Guarantor or any Subsidiary of the Parent Guarantor for the benefit of its employees to the extent funded by the Parent Guarantor or any Restricted Subsidiary) of Capital Stock or Subordinated Shareholder Funding (other than Disqualified Stock or Designated Preference Shares or Parent Debt Contributions) of the Parent Guarantor, in each case, to the extent designated as a Designated Contribution pursuant to an Officer's Certificate of the Parent Guarantor; *provided* that the proceeds from Indebtedness which have been contributed as a Parent Debt Contribution to the Parent Guarantor or any Restricted Subsidiary shall not be a Designated Contribution.

"**Designated Non-Cash Consideration**" means the fair market value (as determined in good faith by the Parent Guarantor) of non-cash consideration received by the Parent Guarantor or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, *less* the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"**Designated Preference Shares**" means, with respect to the Parent Guarantor or any Parent, Preferred Stock (other than Disqualified Stock) (1) that is issued for cash (other than to the Parent Guarantor or a Subsidiary of the Parent Guarantor or an employee stock ownership plan or trust established by the Parent Guarantor or any such Subsidiary for the benefit of their employees to the extent funded by the Parent Guarantor or such Subsidiary) and (2) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Parent Guarantor at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

"**Disinterested Director**" means, with respect to any Affiliate Transaction, a member of the Board of Directors of the Parent Guarantor having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of the Parent Guarantor shall be deemed not to have such a financial interest by reason of such member's holding Capital Stock of the Parent Guarantor or any Parent or any options, warrants or other rights in respect of such Capital Stock.

"**Disqualified Stock**" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Issuer or a Restricted Subsidiary); or

(3) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided*, *however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

"**DTC**" means The Depositary Trust Company, a limited-purpose trust company under New York law.

"**Equity Offering**" means (1) a sale of Capital Stock of the Parent Guarantor (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions, or (2) the sale of Capital Stock or other securities, the proceeds of which are contributed to the equity of, or as Subordinated Shareholder Funding to, the Parent Guarantor or any of its Restricted Subsidiaries (other than through the issuance of Disqualified Stock or Designated Preference Shares or through a Designated Contribution or a Parent Debt Contribution).

"**Escrowed Proceeds**" means the proceeds from the offering of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"**EU Market Abuse Regulation**" means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation).

"**euro**" or "**€**" means the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union.

"**Euro Equivalent**" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Parent Guarantor or the Trustee, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in The Financial Times in the "Currency Rates" section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Parent Guarantor) on the date of such determination.

"**Euroclear**" means Euroclear Bank SA/NV, or any successor securities clearing agency.

"**European Government Obligations**" means any security that is (1) a direct obligation of any Permissible Jurisdiction, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"**European Union**" means all members of the European Union as of January 1, 2004 (including, for the avoidance of doubt, the United Kingdom).

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"**Excluded Contribution**" means any Restricted Payment by the Issuer or any Restricted Subsidiary in an amount not to exceed the aggregate amount of all Designated Contributions, *less* any amounts of Indebtedness Incurred pursuant to clause (12) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," in each case as of the date of such determination, which amounts are so designated as an Designated Contribution pursuant to an Officer's Certificate of the Parent Guarantor on the date of the making thereof and not subsequently undesignated as such.

"**Existing 2022 Notes**" means the Target's outstanding euro-denominated 3.75% Notes due 2022.

"**Existing 2023 Notes**" means the Target's outstanding sterling-denominated 5.625% Notes due 2023.

"**Existing Notes**" means the Existing 2022 Notes and the Existing 2023 Notes.

"**fair market value**" may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Parent Guarantor setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"**Governmental Authority**" means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

"**Guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided*, *however*, that the term "*Guarantee*" will not include endorsements for collection or deposit in the ordinary course of business. The term "*Guarantee*" used as a verb has a corresponding meaning.

"**Guarantor**" means (1) the Parent Guarantor and (2) any other Person that Guarantees the Notes.

"**Hedging Obligations**" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement (each, a "**Hedging Agreement**").

"**Holder**" means each Person in whose name the Notes are registered on the Registrar's books.

"**IFRS**" means International Financial Reporting Standards (formerly International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Parent Guarantor or its Restricted Subsidiaries are, or may be, required to comply; *provided* that at any date after the Issue Date the Issuer may make an irrevocable election to establish that "IFRS" shall mean IFRS as in effect on a date that is on or prior to the date of such election (other than with respect to the covenant described under the heading "*Reports*"). The Parent Guarantor shall give notice of any such election to the Trustee.

Notwithstanding the foregoing, the impact of IFRS 16 (*Leases*) and any successor standard thereto shall be disregarded with respect to all ratios, calculations, baskets and determinations based upon IFRS to be calculated or made, as the case may be, pursuant to the Indenture and (without limitation) any lease, concession or license of property that would be considered an operating lease under IFRS as of the Issue Date and any guarantee given by the Parent Guarantor or any Restricted Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Parent Guarantor or any Restricted Subsidiary under any such operating lease shall be accounted for in accordance with IFRS as in the effect on the Issue Date.

"**Incur**" means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "*Incurred*," "*Incurring*" and "*Incurrence*" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"**Indebtedness**" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments *plus* the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables or telecommunications capacity), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided*, *however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Parent Guarantor) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Hedging Obligations (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

For the avoidance of doubt and notwithstanding the above, the term "Indebtedness" excludes any accrued expenses, trade payables and amounts payable in respect of Operating IRUs.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7) or (8) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto and excluding the effect of any non-cash embedded derivatives) prepared on the basis of IFRS.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(1) Subordinated Shareholder Funding;

(2) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date;

(3) any asset retirement obligations;

(4) any prepayments of deposits received from clients or customers in the ordinary course of business;

(5) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date by the Parent Guarantor and its Restricted Subsidiaries or in the ordinary course of business;

(6) Contingent Obligations Incurred in the ordinary course of business and obligations under or in respect of Qualified Receivables Financings;

(7) in connection with the purchase by the Parent Guarantor or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 Business Days thereafter;

(8) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes or Tax Sharing Agreement; and

(9) any accrued expenses and trade payables and obligations arising in connection with the payment of any annual insurance premium or software license by instalments; and

(10) any deferred consideration owed in connection with any acquisition of telecommunications capacity (excluding, for all avoidance of doubt, any reimbursement obligations in respect of letters of credit, bankers acceptances or other similar instruments issued by a bank or financial institution in respect of such deferred consideration which would otherwise constitute Indebtedness pursuant to clause (3) above).

"**Independent Financial Advisor**" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Parent Guarantor.

"**Initial Investor**" means each of:

(1) the Macquarie Investor Group;

(2) ATP;

(3) PFA; and

(4) PKA (together with ATP and PFA, the "**Initial Co-Investors**").

"**Initial Public Offering**" means an Equity Offering of common stock or other common equity interests of the Parent Guarantor or any Parent or any successor of the Parent Guarantor or any Parent (the "**Listed Entity**") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the Listed Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"**Intercreditor Agreement**" means the Intercreditor Agreement, dated on or about the Issue Date among, *inter alios*, the Security Agent, the lenders and agent under the Senior Revolving Credit Facilities Agreement as well as certain hedging counterparties and, on or about the Issue Date, the Trustee, as amended and from time to time.

"**Interest Rate Agreement**" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"**Investment**" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a

Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of IFRS; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Parent Guarantor or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Parent Guarantor or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time.

For purposes of "*—Certain Covenants—Limitation on Restricted Payments*":

(1) "*Investment*" will include the portion (proportionate to the Parent Guarantor's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Parent Guarantor at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Parent Guarantor will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Parent Guarantor's "Investment" in such Subsidiary at the time of such redesignation *less* (b) the portion (proportionate to the Parent Guarantor's equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined in good faith by the Board of Directors or an Officer of the Parent Guarantor) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors or an Officer of the Parent Guarantor.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Parent Guarantor's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"**Investment Grade Securities**" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully Guaranteed or insured by a Permissible Jurisdiction, the United Kingdom, Switzerland, Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "A-" or higher from S&P or "A3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries; and

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"**Investment Grade Status**" shall occur when each series of Notes receive both of the following:

(1) a rating of "BBB–" or higher from S&P; and

(2) a rating of "Baa3" or higher from Moody's;

or the equivalent of such rating by either such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization.

"**Issue Date**" means , 2018.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"**Listed Market Capitalization**" means an amount equal to (1) the total number of issued and outstanding shares of common stock or common equity interests of the Listed Entity at the time of closing of the Public Offering or the date of the Public Listing *multiplied by* (2) the price per share of such shares of common stock or common equity interests at the time they are sold in such Public Offering or they are listed in connection with the Public Listing.

"**Macquarie Investor Group**" means from time to time, Macquarie European Infrastructure Fund 5 (the "**Macquarie Initial Investor**") and:

(1) if the Macquarie Initial Investor is a company, any subsidiary of the Macquarie Initial Investor, any holding company of the Macquarie Initial Investor from time to time and any subsidiary of any holding company of the Macquarie Initial Investor ("**Group Undertaking**") and any fund for which the Macquarie Initial Investor or any Group Undertaking of the Macquarie Initial Investor is a responsible entity, manager, advisor or general partner ("**Manager**"); or

(2) if the Macquarie Initial Investor is a fund, any company that is the Manager of the fund, any Group Undertaking of the Manager or the fund and any other fund for which the Manager or any Group Undertaking of the manager is a Manager.

For the purposes of paragraph (a) of this definition "**fund**" means any unit trust, investment trust, investment company, partnership, limited partnership, general partnership or other collective investment scheme, pension fund, insurance company or anybody, corporate or other entity (whether or not incorporated whether or not recognised under relevant laws and whether listed or not listed), in each case, the business, operations or assets of which are owned, or are managed professionally, for investment purposes and "***advisor***" means an entity giving advice to another legal entity in relation to the management of investments of that legal entity which (other than in relation to making decisions to actually implement that advice) is substantially the same as the services which would be provided by a fund manager of the relevant legal entity.

"**Management Advances**" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Issuer or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Issuer, its Subsidiaries or any Parent with (in the case of this sub-clause (b)) the approval of the Board of Directors of the Issuer;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; and

(3) additional amounts not exceeding the greater of €40 million and 3.5% of Consolidated EBITDA in the aggregate outstanding at any time.

"**Management Investors**" means (1) the current or former officers, directors, employees and other members of the management of or consultants to any Parent, the Parent Guarantor, the Issuer or any of their respective Subsidiaries, or spouses, family members or (2) relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the Persons described in clause (1), or any of their heirs, executors, successors and legal representatives, who, in each case, beneficially own or have the right to or have committed to acquire, directly or indirectly, Capital Stock of the Parent Guarantor, the Issuer, any Restricted Subsidiary or any Parent.

"**Market Capitalization**" means an amount equal to (1) the total number of issued and outstanding shares of common stock or common equity interests of the Listed Entity on the date of the declaration of the relevant dividend multiplied by (2) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"**Minority Shareholder**" means at any time prior to a Squeeze-Out, any holder of Target Shares who is not Bidco or an Affiliate of Bidco.

"**Moody's**" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**Nationally Recognized Statistical Rating Organization**" means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

"**Net Available Cash**" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses (including relocation expenses) Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which by its terms or by applicable law are required to be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Parent Guarantor, the Issuer or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Parent Guarantor or any Restricted Subsidiary after such Asset Disposition.

"**Net Cash Proceeds**" means, with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

"**Note Documents**" means the Notes (including Additional Notes), the Indenture, the Security Documents, the Proceeds Loan Agreement, the Intercreditor Agreement and any Additional Intercreditor Agreement.

"**Obligations**" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities or amounts payable under the documentation governing any Indebtedness.

"**Offer**" means the public takeover offer proposed to be made by Bidco to acquire up to 100% of the Target Shares.

"**Offer Agreement**" means the agreement (if any) between Bidco and the Target regarding the Offer.

"**Offer Documents**" means the Target Offer Document and any Offer Agreement.

"**Offering Memorandum**" means this offering memorandum in relation to the Notes.

"**Officer**" means, with respect to any Person, (1) any member or director of the Board of Directors, the chief executive officer, the president, the chief financial officer, any vice president, the treasurer, any managing director, the secretary or the equivalent position of any of the foregoing (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person.

"**Officer's Certificate**" means, with respect to any Person, a certificate signed by one Officer of such Person.

"**Operating IRU**" means an indefeasible right of use of, or operating lease or payable for lit or unlit fiber optic cable or telecommunications conduit or the use of either thereof for a period constituting all or substantially all of the expected useful life thereof.

"**Opinion of Counsel**" means a written opinion from legal counsel reasonably satisfactory to the Trustee (subject to customary qualifications, assumptions, exceptions and reservations). The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"**Parent**" means any Person of which the Issuer at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"**Parent Debt Contribution**" means a contribution to the Parent Guarantor or any of its Restricted Subsidiaries in the form of equity, funding the issuance or sale of Capital Stock of the Parent Guarantor or as Subordinated Shareholder Funding or otherwise on lent as a proceeds loan, bonds or other debt financing instrument to the Parent Guarantor or any of its Restricted Subsidiaries pursuant to which dividends or other distributions may be paid pursuant to clause (20) of the second paragraph under "*—Certain Covenants—Limitation on Restricted Payments*."

"**Parent Entity**" means any direct or indirect parent of the Issuer.

"**Parent Expenses**" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Parent Guarantor or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Parent Guarantor and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(4) fees and expenses payable by any Parent in connection with the Transactions;

(5) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Parent Guarantor or any of its Restricted Subsidiaries or (b) costs and expenses with respect to any litigation or other dispute relating to the Transactions or the ownership, directly or indirectly, by any Parent;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Parent Guarantor and its Subsidiaries or any Parent or any other Person established for purposes of or in connection with the Transactions or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Parent Guarantor, in an amount not to exceed €5 million in any fiscal year; and

(7) expenses Incurred by any Parent in connection with any Public Offering or other sale of Capital Stock or Indebtedness:

(a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Parent Guarantor or a Restricted Subsidiary;

(b) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

(c) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Parent Guarantor or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"**Parent Holdco**" means any Person (other than a natural person) which legally and beneficially owns more than 50.0% of the Voting Stock and/or Capital Stock of another Person, either directly or through one or more Subsidiaries.

"**Pari Passu Indebtedness**" means Indebtedness of the Issuer or any Guarantor if such Indebtedness or Guarantee ranks equally in right of payment to the Notes or the Note Guarantees, as the case may be, and, in each case, is secured by a Lien on assets of the Issuer or a Guarantor.

"**Paying Agent**" means the Principal Paying Agent and any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"**Permissible Jurisdiction**" means any member state of the European Union.

"**Permitted Asset Swap**" means the substantially concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Parent Guarantor or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"**Permitted Holders**" means, collectively, (1) the Initial Investors; (2) any Related Person of the Initial Investors; (3) Management Investors; (4) any Person who is acting as an underwriter in connection with any public or private offering of Capital Stock of the Issuer or any parent company of the Issuer; and (5) any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture.

"**Permitted Investment**" means (in each case, by the Parent Guarantor or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Parent Guarantor or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Parent Guarantor or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Parent Guarantor or any Restricted Subsidiary created or acquired in the ordinary course of business;

(5) Investments in payroll, travel, relocation and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Parent Guarantor or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition (but excluding a Permitted Asset Swap), in each case, that was made in compliance with "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date, and any extension, modification or renewal of any such Investment;

(10) Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—Certain Covenants—Limitation on Indebtedness*";

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed the greater of €400 million and 35% of Consolidated EBITDA; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) Investments in Unrestricted Subsidiaries having an aggregate fair market value, when taken together with all other Investments made pursuant to this clause that are at the time outstanding, not to exceed the greater of €200 million and 17.5% of Consolidated EBITDA at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value); *provided* that, if an Investment is made pursuant to this clause in a Person that is not a

Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(13) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*—Certain Covenants—Limitation on Liens*";

(14) any Investment to the extent made using Capital Stock of the Parent Guarantor (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(15) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (6), (8), (9) and (16) of that paragraph);

(16) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with the Indenture;

(17) (a) guarantees, keepwells and similar arrangements not prohibited by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and (b) performance guarantees that do not constitute Indebtedness entered into by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business and consistent with past practice;

(18) Investments in the Notes, the Guarantees and any Additional Notes and loans under the Senior Revolving Credit Facilities Agreement and the Senior Opco Credit Facilities Agreement and any other Indebtedness of the Issuer and/or the Restricted Subsidiaries;

(19) Investments in joint ventures and similar entities having an aggregate fair market value, when taken together with all other Investments made pursuant to this clause that are at the time outstanding, not to exceed the greater of €300 million and 25% of Consolidated EBITDA at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value); *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(20) any Investments in licenses, concessions, authorisations, franchises, permits or similar arrangements that are related to the Parent Guarantor's or any Restricted Subsidiary's business;

(21) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Parent Guarantor or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization, recapitalization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes with Persons who are not Affiliates or as a result of a foreclosure by the Issuer or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(22) Investments represented by bank deposits, trade credit, advances to customers, and accounts and notes receivable created or acquired in the ordinary course of business; and

(23) Investments to the extent such Investments consist of prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and other similar deposits made in the ordinary course of business by the Issuer or any of its Restricted Subsidiaries.

"**Permitted Liens**" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not the Issuer or a Guarantor securing Indebtedness of any Restricted Subsidiary that is not the Issuer or a Guarantor;

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other similar Liens, in each case, for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of the Issuer of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Parent Guarantor or any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Parent Guarantor and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Parent Guarantor and its Restricted Subsidiaries;

(7) Liens on assets or property of the Parent Guarantor or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Parent Guarantor or any Restricted Subsidiary for the purpose of (a) securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business or (b) securing Indebtedness permitted under clause (14) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"; *provided* that (i) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (ii) any such Lien may not extend to any assets or property of the Parent Guarantor or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens or similar general terms and conditions of banks with whom the Parent Guarantor or a Restricted Subsidiary maintain a banking relationship, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Parent Guarantor and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on the Issue Date, excluding Liens securing the Senior Revolving Credit Facilities, of the Senior Opco Credit Facilities and the Notes;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Parent Guarantor or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Parent Guarantor or any Restricted Subsidiary); *provided*, *however*, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided*, *further*, that such Liens are limited to all or part of the same property, other assets or stock (*plus* improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of the Parent Guarantor or any Restricted Subsidiary securing Indebtedness or other obligations of the Parent Guarantor or such Restricted Subsidiary owing to the Parent Guarantor or another Restricted Subsidiary, or Liens in favor of the Parent Guarantor or any Restricted Subsidiary;

(16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture (other than Liens initially Incurred pursuant to clause (24) of this definition); *provided* that any such Lien is limited to all or part of the same property or assets (*plus* improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Parent Guarantor or any Restricted Subsidiary of the Parent Guarantor has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any Lien, encumbrance or restriction (including put and call arrangements) with respect to Capital Stock, ownership interests in or assets of any joint venture or similar arrangement pursuant to any joint venture or similar agreement or any financing obligations owed by such joint ventures;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(22) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts securing cash pooling arrangements;

(23) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(24) Liens Incurred in the ordinary course of business with respect to obligations which do not exceed the greater of €150 million and 12.5% of Consolidated EBITDA at any one time outstanding;

(25) (a) Liens created for the benefit of or to secure, directly or indirectly, the Notes, (b) Liens pursuant to the Intercreditor Agreement and the security documents entered into pursuant to the Indenture and the Senior Revolving Credit Facilities, (c) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss sharing as among the Holders of the Notes and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement, and (d) Liens on rights under any proceeds loan that are assigned to the third party creditors of the Indebtedness

incurred by the Issuer to finance such proceeds loan and incurred in compliance with the Indenture and securing that Indebtedness;

(26) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(27) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing;

(28) Liens over cash paid into an escrow account (a) pursuant to any purchase price retention arrangement as part of any permitted disposal by the Parent Guarantor or a Restricted Subsidiary on condition that the cash paid into such escrow account in relation to a disposal does not represent more than 20% of the net proceeds of such disposal; (b) to fund an acquisition or pay related fees and expenses pending the closing of such acquisition by the Parent Guarantor or any Restricted Subsidiary; and (c) pursuant to any purchase price retention arrangement or deferred consideration in connection with any acquisition by the Issuer or any Restricted Subsidiary;

(29) Liens on telecommunications capacity to secure any Indebtedness used to purchase the telecommunications capacity subject to such Lien; and

(30) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (29); *provided* that any such extension, renewal or replacement shall not extend in any material respect to any additional property or assets.

"**Permitted Reorganization**" means any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving the Parent Guarantor or any of its Restricted Subsidiaries (a "**Reorganization**") that is made on a solvent basis; *provided* that:

(a) any payments or assets distributed in connection with such Reorganization remain within the Parent Guarantor and its Restricted Subsidiaries; and

(b) if any shares or other assets form part of the Collateral, substantially equivalent Liens must be granted over such shares or assets of the recipient such that they form part of the Collateral.

"**Person**" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"**PFA**" means, from time to time PFA Pension, Forsikringsaktieselskab, company reg. no. 13594376, having its registered office at Sundkrogsgade 4, DK-2100 København Ø ("**PFA Pension Fund**").

"**PKA**" means, from time to time:

(1) Pensionskassen for Sygeplejersker og Lægesekretærer, company reg. no. 71971511, having its registered office at Tuborg Boulevard 3, DK-2900 Hellerup ("**PKA 1**");

(2) Pensionskassen for Socialrådgivere, Socialpædagoger og Kontorpersonale, company reg. no. 71974316, having its registered at Tuborg Boulevard 3, DK-2900 Hellerup ("**PKA 2**");

(3) Pensionskassen for Sundhedsfaglige, company reg. no. 71973514, having its registered office at Tuborg Boulevard 3, DK-2900 Hellerup ("**PKA 3**");

(4) Pensionskassen for Farmakonomer, company reg. no. 10496837, having its registered office at Tuborg Boulevard 3, DK-2900 Hellerup ("**PKA 4**") (PKA 1, PKA 2, PKA 3 and PKA 4 each a "**PKA Pension Fund**" and jointly the "**PKA Pension Funds**"); and

(5) any entity that is solely or jointly controlled by one or more of the PKA Pension Funds (excluding any operational portfolio companies of a PKA Pension Fund).

"**Preferred Stock**," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"**Public Debt**" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"**Public Market**" means any time after:

(1) an Equity Offering or Public Listing has been consummated; and

(2) shares of common stock or other common equity interests of the Listed Entity having a market value in excess of €100 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"**Public Offering**" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

"**Public Listing**" means the listing of shares of common stock or other common equity interests of a Listed Entity on the regulated market of an internationally recognized exchange or traded on an internationally recognized market following which there is a Public Market.

"**Purchase Money Obligations**" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"**Qualified Receivables Financing**" means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) the Board of Directors or an Officer of the Parent Guarantor shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Parent Guarantor and the Receivables Subsidiary, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary are made at fair market value (as determined in good faith by the Parent Guarantor), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Parent Guarantor) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Parent Guarantor or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"**Receivables Assets**" means any assets that are or will be the subject of a Qualified Receivables Financing.

"**Receivables Fees**" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

"**Receivables Financing**" means any transaction or series of transactions that may be entered into by the Parent Guarantor or any of its Subsidiaries pursuant to which the Parent Guarantor or any of its Subsidiaries may sell, convey or otherwise transfer to (1) a Receivables Subsidiary (in the case of a transfer by the Parent Guarantor or any of its Subsidiaries), or (2) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Parent Guarantor or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable, the bank accounts in which the proceeds of such receivable are collected (and the cash deposited therein) and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Parent Guarantor or any such Subsidiary in connection with such accounts receivable.

"**Receivables Repurchase Obligation**" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"**Receivables Subsidiary**" means a Wholly Owned Subsidiary of the Parent Guarantor (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Parent Guarantor in which the Parent Guarantor or any Subsidiary of the Parent Guarantor makes an Investment and to which the Parent Guarantor or any Subsidiary of the Parent Guarantor transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Parent Guarantor and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Parent Guarantor (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (a) is guaranteed by the Parent Guarantor or any other Restricted Subsidiary of the Parent Guarantor (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (b) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Parent Guarantor or any other Restricted Subsidiary of the Parent Guarantor, (c) is recourse to or obligates the Parent Guarantor or any other Restricted Subsidiary of the Parent Guarantor in any way other than pursuant to Standard Securitization Undertakings, or (d) subjects any property or asset of the Parent Guarantor or any other Restricted Subsidiary of the Parent Guarantor, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Parent Guarantor nor any other Restricted Subsidiary of the Parent Guarantor has any contract, agreement, arrangement or understanding other than on terms which the Parent Guarantor reasonably believes to be no less favorable to the Parent Guarantor or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Parent Guarantor; and

(3) to which neither the Parent Guarantor nor any other Restricted Subsidiary of the Parent Guarantor has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Parent Guarantor shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Parent Guarantor giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"**Refinance**" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "refinances," "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"**Refinancing Indebtedness**" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Parent Guarantor that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Parent Guarantor or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final Stated Maturity of the Indebtedness being refinanced or, if shorter, the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (*plus*, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes or the Note Guarantees, such Refinancing Indebtedness is subordinated to the Notes or the Note Guarantees on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced, *provided*, *however*, that Refinancing Indebtedness shall not include Indebtedness of the Parent Guarantor or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"**Regulation S Notes**" means the Notes to be offered and sold in offshore transactions in reliance on Regulation S of the Securities Act in transactions exempt from registration under the Securities Act.

"**Related Person**" with respect to any Initial Investor means:

(1) any controlling equityholder or Subsidiary of such Person; or

(2) in the case of an individual, any spouse, civil union or similar partner, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, civil union or similar partner, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"**Related Taxes**" means:

(1) any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (*provided* such Taxes are in fact paid) by any Parent by virtue of its:

(a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Parent Guarantor or any of the Parent Guarantor's Subsidiaries);

(b) issuing or holding Subordinated Shareholder Funding;

(c) being a holding company parent, directly or indirectly, of the Parent Guarantor or any of the Parent Guarantor's Subsidiaries;

(d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Parent Guarantor or any of the Parent Guarantor's Subsidiaries; or

(e) having made any payment in respect to any of the items for which the Parent Guarantor is permitted to make payments to any Parent pursuant to "*—Certain Covenants—Limitation on Restricted Payments*"; or

(2) if and for so long as the Parent Guarantor is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income for which such Parent is liable up to an amount not to exceed the amount of any such Taxes that the Parent Guarantor and its Restricted Subsidiaries that are members of such group would have been required to pay on a separate company basis or on a consolidated basis, taking into account prior year losses, if the Parent Guarantor and such Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Parent Guarantor and such Subsidiaries, *less* any amounts paid directly by the Parent Guarantor and such Subsidiaries with respect to such Taxes.

"**Restricted Investment**" means any Investment other than a Permitted Investment.

"**Restricted Subsidiary**" means any Subsidiary of the Parent Guarantor other than an Unrestricted Subsidiary.

"**Reversion Date**" means, after the Notes have achieved Investment Grade Status, the date, if any, that such Notes shall cease to have such Investment Grade Status.

"**Rule 144A Notes**" means the Notes to be offered and sold exclusively to qualified institutional buyers, as defined under Rule 144A of the Securities Act in transactions exempt from registration under the Securities Act.

"**S&P**" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**SEC**" means the U.S. Securities and Exchange Commission or any successor thereto.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"**Security Documents**" means the Intercreditor Agreement, any Additional Intercreditor Agreement and each collateral pledge agreement, security assignment agreement or other document under which Collateral is pledged to secure the Notes.

"**Senior Bridge Facilities Agreement**" means the senior bridge facilities agreement, originally dated February 12, 2018, as amended and/or restated from time to time, comprised of the (i) €1,800 million senior five-year bridge facility and (ii) €1,000 million senior six-year bridge facility (together, the "**Senior Bridge Facilities**"), among, *inter alios*, the Issuer and the Lenders as defined therein, as amended, restated, modified, renewed, refunded, replaces, restructured, refinances, repaid, increased or extended in whole or in part from time to time.

"**Senior Opco Credit Facilities Agreement**" means the senior credit facilities agreement, dated May 29, 2018, comprised of a €3,951 million senior term loan facility B and a €500 million revolving credit facility (collectively the "**Senior Opco Credit Facilities**"), among, *inter alios*, Target, certain members of the Target Group, the Lenders names therein, Barclays Bank PLC, as agent and security agent, as amended, restated, modified, renewed, refunded, replaces, restructured, refinances, repaid, increased or extended in whole or in part from time to time.

"**Senior Opco Incremental Capital Expenditure Facility**" means the €200 million incremental capital expenditure facility provided for in the Senior Opco Credit Facilities Agreement as in effect on the date hereof.

"**Senior Revolving Credit Facilities Agreement**" means the agreement governing €100 million senior revolving credit facilities (the "**Senior Revolving Credit Facilities**") dated as of the Issue Date, between the Issuer and the Lenders named therein, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"**Significant Subsidiary**" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Parent Guarantor's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Parent Guarantor and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Parent Guarantor's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Parent Guarantor and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Parent Guarantor's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Parent Guarantor and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"**Similar Business**" means (1) any businesses, services or activities engaged in by the Parent Guarantor or any of its Subsidiaries or any Associates on the Issue Date, (2) the telecommunications business, including the distribution, sale and for provision of mobile voice and data, fixed-line voice and internet services, transit voice traffic services, and other services in relation thereto, and (3) any business services and activities engaged in by Parent Guarantor or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"**Squeeze-Out**" means, following the acquisition by Bidco of more than 90% of the Target Shares pursuant to the Offer, any squeeze-out procedure to acquire the remaining Target Shares held by Minority Shareholders pursuant to Section 70-72 of the Danish Companies Act.

"**Standard Securitization Undertakings**" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Parent Guarantor which the Parent Guarantor has determined in good faith to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"**Stated Maturity**" means, with respect to any Indebtedness, the date specified in such Indebtedness as the fixed date on which the payment of principal of such Indebtedness is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"**Subordinated Indebtedness**" means, with respect to any Person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or its Note Guarantees pursuant to a written agreement, including any Subordinated Shareholder Funding.

"**Subordinated Shareholder Funding**" means, collectively, any funds provided to the Parent Guarantor by any Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by a Parent or a Permitted Holder, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Parent Guarantor or any funding meeting the requirements of this definition);

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(3) contains no change of control, asset sale or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes;

(4) does not provide for or require any security interest or encumbrance over any asset of the Parent Guarantor or any of its Subsidiaries; and

(5) pursuant to its terms or to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Issue Date with respect to the "Subordinated Liabilities" (as defined therein); *provided, however*, that if any event or circumstance results in such Indebtedness ceasing to qualify as Subordinated Shareholder Funding, such Indebtedness shall constitute an Incurrence of such Indebtedness by the Parent Guarantor as of the date of such event or circumstance, and any and all Restricted Payments made through the use of the net proceeds from the Incurrence of such Indebtedness since the date of the original Incurrence of such Subordinated Shareholder Funding shall constitute new Restricted Payments that are deemed to have been made after the date of the original Incurrence of such Subordinated Shareholder Funding.

"**Subsidiary**" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors,

managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

(a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

(b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"**Successor Company**" means either a Successor Issuer or Successor Parent Guarantor, as applicable.

"**Successor Parent**" with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

"**Target**" means TDC A/S, a limited liability company incorporated under the laws of Denmark with registration number (CVR) 14 77 39 08 and having its registered address at Teglholmsgade 1, 2450 Copenhagen Denmark.

"**Target Group**" means, collectively, the Target and its subsidiaries

"**Target Offer Document**" means the public offer document approved by the Denmark Financial Supervisory Authority (in Danish: *Finanstilsynet*) setting out the terms of the Offer.

"**Target Shares**" means the stock representing the issued capital of the Target, but excluding any treasury shares.

"**Tax Sharing Agreement**" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture and any arrangements or transactions made between the Parent Guarantor and/or any of its Subsidiaries and any Parent in order to satisfy the obligations arising under any such Tax Sharing Agreement (including, for the avoidance of doubt, distributions for purposes of compensating accounting losses in relation to a profit and loss pooling agreement and/or upstream loans to any Parent to enable a Parent to compensate the Parent Guarantor or such Subsidiary for losses incurred which may need to be compensated by a Parent under any profit and loss pooling agreement).

"**Taxes**" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"**Temporary Cash Investments**" means any of the following:

(1) any investment in:

(a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any Permissible Jurisdiction, (iii) Switzerland, Norway or Japan, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Parent Guarantor or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or

(b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any institution authorized to operate as a bank in any of the countries or member states referred to in sub-clause (1)(a) above; or

(b) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Parent Guarantor or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any Permissible Jurisdiction or Switzerland, Norway, Japan or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB-" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"**Transactions**" shall have the meaning ascribed to such term in this Offering Memorandum under the caption "*Summary—The Transactions*".

"**Treasury Rate**" means, with respect to the Dollar Notes, as of the applicable redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days (but not more than five business days) prior to such redemption date (or, if such Statistical Release is no longer published or otherwise available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from such redemption date to , 2020; *provided*, *however*, that if the period from the redemption date to , 2020 is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from such redemption date to , 2020 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used; and provided further, that in no case shall the Treasury Rate be less than zero.

"**Trust Indenture Act**" means the U.S. Trust Indenture Act of 1939, as amended.

"**Uniform Commercial Code**" means the New York Uniform Commercial Code.

"**Unrestricted Subsidiary**" means:

(1) any Subsidiary of the Parent Guarantor (other than the Issuer or Bidco) that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Parent Guarantor in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Parent Guarantor may designate any Subsidiary of the Parent Guarantor (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein but not including the Parent Guarantor but excluding the Issuer, Bidco and any Parent thereof) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Parent Guarantor or any other Subsidiary of the Parent Guarantor which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Parent Guarantor in such Subsidiary complies with "*—Certain Covenants—Limitation on Restricted Payments*."

Any such designation by the Board of Directors of the Parent Guarantor shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Parent Guarantor giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Parent Guarantor may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided*, that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Parent Guarantor could Incur at least €1.00 of additional Indebtedness pursuant to the Consolidated Net Leverage Ratio test in the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or (y) the Consolidated Net Leverage Ratio would not be greater than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors of the Parent Guarantor shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of such Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"**U.S. GAAP**" means generally accepted accounting principles in the United States of America as in effect from time to time.

"**U.S. Government Obligations**" means direct non-callable and non-redeemable obligations of, or obligations guaranteed by the United States government, and the payment for which the United States government pledges its full faith and credit.

"**Voting Stock**" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"**Wholly Owned Subsidiary**" means a Restricted Subsidiary of the Issuer, all of the Voting Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Parent Guarantor or another Wholly Owned Subsidiary) is owned by the Issuer or another Wholly Owned Subsidiary.

BOOK-ENTRY, DELIVERY AND FORM

General

Each series of Notes sold to qualified institutional buyers ("**QIBs**") in reliance on Rule 144A under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "**Rule 144A Global Note**"). The Rule 144A Global Notes representing the Dollar Notes (the "**Dollar 144A Global Notes**") will be deposited upon issuance with the custodian for DTC and registered in the name of Cede & Co., as nominee of DTC. The Rule 144A Global Notes representing the Euro Notes (the "**Euro 144A Global Notes**") will be deposited upon issuance with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Each series of Notes sold outside the United States in reliance on Regulation S under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "**Regulation S Global Note**" and, together with the Rule 144A Global Note, the "**Global Notes**"). The Regulation S Global Notes representing the Dollar Notes (the "**Dollar Regulation S Global Notes**" and, together with the Dollar 144A Global Notes, the "**Dollar Global Notes**") will be deposited upon issuance with the custodian for The Depository Trust Company ("**DTC**") and registered in the name of Cede & Co., as nominee of DTC. The Regulation S Global Notes representing the Euro Notes (the "**Euro Regulation S Global Notes**" and, together with the Euro 144A Global Notes, the "**Euro Global Notes**") will be deposited upon issuance with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**").

The Notes may only be offered or sold within the United States pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Ownership of interests in the Dollar Global Notes (the "**Dollar Book Entry Interests**") and ownership interests in the Euro Global Notes (the "**Euro Book Entry Interests**" and together with the Dollar Book Entry Interests, the "**Book Entry Interests**") will be limited to persons that have accounts with DTC or Euroclear and/or Clearstream, respectively, or persons who hold interests through such participants. Clearstream and Euroclear are direct and indirect participants, respectively, in DTC and, accordingly, persons who have accounts with Clearstream or Euroclear (or with participants in Clearstream or Euroclear) may own Dollar Book Entry Interests. Book Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book entry form by DTC or Euroclear and Clearstream, as applicable, and their participants.

The Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in the book-entry form by DTC, Euroclear and Clearstream and their participants. The Euro Book-Entry Interests in the Euro Global Notes will be issued only in denominations of €100,000 and in integral multiples of €1,000. The Dollar Book Entry Interests will be issued only in denominations of $200,000 and in integral multiples of $1,000 in excess thereof. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not receive physical delivery of the Notes in certificated form and will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, the common depositary for DTC, Euroclear or Clearstream (or the common depositary's nominee), will be considered the sole holders of the Global Notes for all purposes under the Indenture governing the Notes. In addition, participants must rely on the procedures of DTC, Euroclear and Clearstream, and indirect participants must rely on the procedures of DTC, Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

Neither we, the Trustee, any of the Paying Agent, the Transfer Agent, and the Registrar (collectively, the "**Agents**"), nor any of their respective agents will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, DTC, Euroclear or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by DTC, Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under the existing practices of DTC, Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, DTC, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate unless otherwise required by law or applicable stock exchange or depositary requirements; provided, however, that no Book-Entry Interest of less than €100,000 principal amount in the case of a Euro Book-Entry Interest, or $200,000 principal amount in the case of a Dollar Book Entry Interest may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, and interest) to the Paying Agent. The Paying Agent will, in turn, make such payments to DTC or its nominee (in the case of the Dollar Global Notes) and to Euroclear and Clearstream (in the case of the Euro Global Notes), which will distribute such payments to participants in accordance with their respective customary procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of Notes*." If any such deduction or withholding is required to be made, then, to the extent described under "*Description of Notes*" above, the Issuer will pay additional amounts as may be necessary in order for the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding to equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Trustee, the Agents or any of their respective agents will treat the registered holders of the Global Notes (i.e. DTC, Euroclear or Clearstream or their respective nominees) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the Agents or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, or DTC, Euroclear, Clearstream or any participant or indirect participant;
- payments made by DTC, Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to payments made on account of a Book-Entry Interest;
- DTC, Euroclear, Clearstream, or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants as is now the case with securities held for the accounts of subscribers registered in "stock name".

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Euro Global Notes will be paid through Euroclear or Clearstream in euro. The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Dollar Global Notes will be paid to holders of interests in such Notes through DTC in U.S. dollars.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of the Issuer, the Initial Purchasers, the Trustee, the Agents or any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with such payment.

Action by Owners of Book-Entry Interests

DTC, Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. DTC, Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes.

Transfers

Transfers between participants in DTC will be done in accordance with DTC rules and will be settled in immediately available funds. Transfers between participants in Euroclear and Clearstream will be done in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of DTC, Euroclear and Clearstream and in accordance with the provisions of the Indenture.

The Global Notes will bear a legend to the effect set forth in "*Notice to Investors*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "*Notice to Investors*."

Through and including the 40th day after the later of the commencement of the offering of the Notes and the closing of the offering (the "**40-day Period**"), beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note denominated in the same currency only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the applicable Trustee a certificate (in the form provided in the applicable Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

After the expiration of the 40-day distribution period (as defined in Regulation S), beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A Global Note denominated in the same currency without compliance with these certification requirements.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note denominated in the same currency only upon receipt by the Transfer Agent of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144A under the U.S. Securities Act (if available).

This paragraph refers to transfers and exchanges with respect to the Dollar Global Notes only. Transfers involving an exchange of a Dollar Book Entry Interest in a Regulation S Global Note for a Dollar Book Entry Interest in a 144A Global Note will be done by DTC by means of an instruction originating from the Trustee through the DTC Deposit/Withdrawal at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the relevant Regulation S Global Note and a corresponding increase in the principal amount of the corresponding 144A Global Note. The policies and practices of DTC may prohibit transfers of unrestricted Book Entry Interests in a Regulation S Global Note prior to the expiration of the 40 days after the date of issuance of the Notes. Any Book Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book Entry Interest in any other Global Note will, upon transfer, cease to be a Book Entry Interest in the first mentioned Global Note and become a Book Entry Interest in such other Global Note, and accordingly will thereafter be subject to all applicable transfer restrictions, if any, and other procedures applicable to Book Entry Interests in such other Global Note for as long as it remains such a Book Entry Interest.

Subject to the foregoing, and as set forth in "*Notice to Investors*," Book-Entry Interests may be transferred and exchanged as described under "*Description of Notes—Transfer and Exchange*." Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note of the same denomination will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it retains such a Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book- Entry Interests in a Global Note only as described under "*Description of Notes—Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes. See "*Notice to Investors*."

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes (as defined below):

(i) if DTC, Euroclear or Clearstream notifies us that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days;

(ii) if DTC, Euroclear or Clearstream so requests following an Event of Default under the Indenture; or

(iii) if the owner of a Book-Entry Interest requests such an exchange in writing delivered through DTC, Euroclear or Clearstream following an Event of Default under the Indenture.

Euroclear and Clearstream have advised us that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (iii), their current procedure is to request that we issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names of holders and issued in any approved denominations, requested by or on behalf of DTC, Euroclear, Clearstream or us, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

In the case of the issue of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Definitive Registered Note by surrendering it to the Registrar. In the event of a partial transfer or a partial redemption of one Definitive Registered Note, a new Definitive Registered Note will be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note will be issued to the transferor or the holder, as applicable, in respect of the balance of the holding not transferred or redeemed; provided that a euro-denominated Definitive Registered Note will only be issued in denominations of €100,000 or in integral multiples of €1,000 in excess thereof and a US dollar-denominated Definitive Registered Note will only be issued in denominations of $200,000 or in integral multiples of $1,000 in excess thereof.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken, or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of a Transfer Agent, we will issue and the Trustee or an Authenticating Agent appointed by the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and our requirements are met. We or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both the Trustee and us to protect us, the Trustee, the Paying Agent, the Transfer Agent or the Registrar appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. We and/or the Trustee may charge for expenses in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by us pursuant to the provisions of the indenture, we in our discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests only in accordance with the Indenture and, if required, only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Notice to Investors*."

To the extent permitted by law, we, the Trustee, the Paying Agent, the Transfer Agent, the Registrar and their respective agents shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in DTC, Euroclear and Clearstream.

Information Concerning DTC, Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of DTC, Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer, the Trustee, the Agents, the Initial Purchasers nor any of their respective agents are responsible for those operations or procedures.

DTC advised the Issuer that it is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the U.S. Exchange Act. DTC holds and provides asset servicing for issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments (that DTC's direct participants deposit with DTC). DTC also facilitates the post trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between direct participants' accounts. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.

We understand as follows with respect to Euroclear and Clearstream. Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

As DTC, Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the DTC, Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the DTC, Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through DTC, Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the Official List of the Exchange. Transfers of interests in the Global Notes between participants in DTC, Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Although DTC, Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of us, the Trustee, the Agents, or any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Euro Notes will be made in euro and for the Dollar Notes will be made in U.S. Dollars. Book-Entry Interests owned through DTC, Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of DTC, Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of DTC, Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Although DTC, Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of us, the Trustee or the paying agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the purchase agreement to be dated the date of the final Offering Memorandum (the "**Purchase Agreement**"). The Purchase Agreement will be entered into by and among the Issuer, the Parent Guarantor and the Initial Purchasers. The Issuer has agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase from the Issuer, together with all other Initial Purchasers, Notes in an aggregate principal amount of €1,400 million (equivalent).

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other customary closing conditions, the delivery of certain legal opinions by their counsel. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

The Purchase Agreement provides that the Issuer and the Parent Guarantor will indemnify the Initial Purchasers against certain liabilities, including certain liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. During a period of 90 days from the date of this Offering Memorandum, no company of the Group will offer for sale, sell, contract to sell, grant an option for the sale of, or otherwise dispose of, directly or indirectly (except through the Initial Purchasers or with the prior written consent of the Joint Global Coordinators), any other debt securities or preferred equity securities issued or guaranteed by any company of the Group (other than the Notes) or securities of any company of the Group that are convertible into, or exchangeable with, the Notes or such other debt securities or preferred equity securities.

The Issuer expects that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this Offering Memorandum, which will be business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "T+ "). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this Offering Memorandum or the next succeeding business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

The Notes will constitute a new class of securities with no established trading market. The Initial Purchasers have advised the Issuer that they presently intend to make a market in the Notes as permitted by applicable laws and regulations. The Initial Purchasers are not obligated, however, to make a market in the Notes and any such market making may be discontinued at any time at the sole discretion of the Initial Purchasers. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk Factors—Risks Relating to our Indebtedness, Structure and the Notes—There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited*."

In connection with the Offering, the Stabilizing Manager, or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in the open markets to stabilize the price of the Notes. The Stabilizing Manager, or persons acting on its behalf, may also over allot the Offering, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager or persons acting on its behalf, may bid for and purchase Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities and may end these activities at any time. Accordingly, no assurances can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk Factors—Risks Relating to our Indebtedness, Structure and the Notes—There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited*" and "Stabilization."

Each Initial Purchaser has represented that it (i) has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Parent

Guarantor and (ii) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

The Notes and the Note Guarantee have not been registered under the U.S. Securities Act and may only be offered or sold (i) in the U.S. to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in reliance on the exemption from registration provided by Rule 144A or (ii) outside the U.S. in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Each Initial Purchaser agrees that it and its affiliates have not entered or will not enter into any connected arrangement with respect to the distribution of the Notes or the Note Guarantee, other than a customary agreement among the Initial Purchasers, except with the Issuer's prior written consent.

Each Initial Purchaser has further agreed that, at or prior to the confirmation of sale of Notes sold in reliance on Regulation S, it shall send to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period (within the meaning of Regulation S) a confirmation or notice that the Notes covered hereby have not been registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Offering and the date of closing of the Offering, except, in either case, in accordance with Regulation S or Rule 144A under the U.S. Securities Act. Until 40 days after the later of the commencement of the Offering and the date of closing of the Offering, an offer or sale of the Notes within the U.S. by a dealer that is not participating in the Offering may violate the registration requirements of the U.S. Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

Application will be made for the Notes to be listed on the Official List of the Exchange. The Issuer cannot assure that the Notes will be approved for listing and admission to trading, and will remain listed on the Official List of the Exchange.

The Notes will initially be offered at the price indicated on the cover page hereof. After the initial Offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice. Sales in the United States will be made through certain affiliates of the Initial Purchasers. Nordea Bank AB (publ) is not registered with the SEC as a U.S. registered broker-dealer and it will effect offers and sales of the Securities solely outside of the United States to non-U.S. persons in reliance on Regulation S.

The Initial Purchasers and their respective affiliates have, from time to time, provided and may in the future provide, M&A advisory, investment banking, transaction banking, commercial lending, consulting and financial advisory services to the Issuer, its subsidiaries and their respective affiliates, for which they may receive customary advisory and transaction fees and expense reimbursement. In particular, certain of the Initial Purchasers or their respective affiliates provide debt capital markets products and services to, are lenders to and/or have outstanding hedging arrangements with affiliates of the Issuer. Nordea Bank AB (publ) and Danske Bank A/S provides a range of banking and advisory services to members of the Consortium, including ATP, PKA and PFA. PFA currently owns a minority stake in the shares of Nykredit A/S, which is the parent company of Nykredit Bank A/S. In addition, the CEO of the TDC Group is a director of Nordea Bank AB (publ).

In the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and such investments and securities activities may involve securities and/or instruments of the Issuer, its subsidiaries and their respective affiliates, including the Existing Notes. The Initial Purchasers or their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Certain of the Initial Purchasers or their affiliates are also arrangers or lenders under the Bridge Facility Agreement and will receive a portion of the proceeds of the repayment thereof. Certain of the Initial Purchasers or their affiliates are arrangers or lenders under the Target Facilities Agreement and the New Revolving Credit Facility Agreement. Deutsche Bank AG, London Branch also acts as facility agent under the Bridge Facility Agreement and as agent under the New Revolving Credit Facility Agreement, and Barclays Bank PLC acts as agent under the Target Facilities Agreement. Each has received and will receive customary fees for their services in such capacities. See also "*Use of Proceeds*." Macquarie Capital (Europe) Limited

("**Macquarie Capital**") is acting as a financial adviser to the Issuer in connection with the Acquisition and is an Initial Purchaser. The proceeds of the Offering will be used to partially fund the Acquisition. The Issuer is indirectly 50% owned by MIRA HoldCo, which is managed by Macquarie Infrastructure and Real Assets (Europe) Limited ("**MIRAEL**"), a member of the Macquarie Group. MIRAEL is an indirect subsidiary of Macquarie Group Limited, which is the ultimate parent of Macquarie Capital. Certain of the Initial Purchasers may be lenders to and/or have outstanding hedging agreements with the Issuer and its subsidiaries, and certain of the Initial Purchasers shall enter into new hedging agreements with the Issuer and its subsidiaries in connection with the Offering. Typically, the Initial Purchasers and their affiliates would hedge such exposure by entering into transactions, which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and the Note Guarantee have not been and will not be registered under the U.S. Securities Act, or the securities laws of any other jurisdiction, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and the securities laws of any other applicable jurisdiction. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A under the U.S. Securities Act and in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

We use the terms "offshore transaction" and "United States" with the meanings given to them in Regulation S. Each purchaser of the Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer, each Guarantor and the Initial Purchasers as follows:

(1) The purchaser understands and acknowledges that the Notes and the Note Guarantee have not been registered under the U.S. Securities Act or the securities laws of any other applicable jurisdiction and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, including sales pursuant to Rule 144A under the U.S. Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act and any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.

(2) The purchaser is not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of the Issuer or any Guarantor, is not acting on behalf of the Issuer or any Guarantor and is either (a) a qualified institutional buyer, within the meaning of Rule 144A under the U.S. Securities Act and is aware that any sale of these Notes to you will be made in reliance on Rule 144A under the U.S. Securities Act, and such acquisition will be for your own account or for the account of another qualified institutional buyer; or (b) not a U.S. person (and is not purchasing the Notes for the account or benefit of a U.S. person) and is purchasing the Notes in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.

(3) The purchaser acknowledges that none of the Issuer, the Guarantors, or the Initial Purchasers, nor any person representing any of them, has made any representation to it with respect to us or the offer or sale of any of the Notes, other than the information contained elsewhere in this Offering Memorandum, which Offering Memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this Offering Memorandum. It has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.

(4) The purchaser is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state or other securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act, or in any transaction not subject to the U.S. Securities Act.

(5) The purchaser agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "**Resale Restriction Termination Date**") that is, in the case of Notes sold in reliance on Rule 144A under the U.S. Securities Act, one year after the later of the Issue Date, the issue date of any additional Notes and the last date on which we or any of our affiliates were the owner of such Notes (or any predecessor thereto) or, in the case of Notes sold in reliance on Regulation S under the U.S. Securities Act, 40 days after the later of the Issue Date, the issue date of any additional Notes and the date on which such Notes (or any predecessor thereto) were first offered to persons other than distributors (as defined in Rule 902 of Regulation S), only (i) to us, (ii) pursuant to a registration

statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A under the U.S. Securities Act, to a person it reasonably believes is a qualified institutional buyer that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A under the U.S. Securities Act, (iv) pursuant to offshore transactions to non-U.S. persons occurring outside the United States within the meaning of Regulation S under the U.S. Securities Act and in reliance of Regulation S under the U.S. Securities Act, or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to our and the trustee's rights prior to any such offer, sale or transfer (I) pursuant to clauses (iv) or (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

(6) Each purchaser and holder of a Note (or interest therein) represents and agrees that either (i) it is not, and is not acquiring or holding the Note (or interest therein) on behalf of or with the "plan assets" of, a Plan or a plan subject to Similar Law, or (ii) the acquisition, holding and disposition of the Note (or interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any Similar Laws;

(7) Each purchaser or transferee of the Notes (or interest therein) that is a Plan, including any fiduciary acquiring the Notes on behalf of a Plan or who represents the Plan with respect to such acquisition, will be deemed to have represented by its acquisition of the Notes (or interest therein) that: (1) none of the Transaction Parties has provided or will provide advice with respect to the acquisition of the Notes by the Plan; (2) with respect to the acquisition of the Notes, the Plan is represented by a fiduciary (the "**Plan Fiduciary**") that either: (a) is a bank as defined in Section 202 of the Investment Advisers Act of 1940 (the "**Advisers Act**"), or similar institution that is regulated and supervised and subject to periodic examination by a state or federal agency; (b) is an insurance carrier which is qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of assets of a Plan; (c) is an investment adviser registered under the Advisers Act, or, if not registered an as investment adviser under the Advisers Act by reason of paragraph (1) of Section 203A of the Advisers Act, is registered as an investment adviser under the laws of the state in which it maintains its principal office and place of business; (d) is a broker-dealer registered under the Securities Exchange Act of 1934, as amended; or (e) has, and at all times that the Plan is invested in the Notes will have, total assets of at least U.S. $50,000,000 under its management or control (provided that this clause (e) shall not be satisfied if the Plan Fiduciary is either (i) the owner or a relative of the owner of an investing individual retirement account or (ii) a participant or beneficiary of the Plan investing in the Notes in such capacity); (3) the Plan Fiduciary is capable of evaluating investment risks independently, both in general and with respect to particular transactions and investment strategies, including without limitation the acquisition by the Plan of the Notes; (4) the Plan Fiduciary is a "fiduciary" with respect to the Plan within the meaning of Section 3(21) of ERISA, Section 4975 of the Code, or both, is "independent" within the meaning of 29 C.F.R. § 2510.3-21(c) and is independent of the Transaction Parties for purposes of the Fiduciary Rule and responsible for exercising independent judgment in evaluating the Plan's acquisition of the Notes; (5) none of the Transaction Parties has exercised any authority to cause the Plan to invest in the Notes or to negotiate the terms of the Plan's investment in the Notes; and (6) the Plan Fiduciary has been informed by the Transaction Parties: (a) that none of the Transaction Parties has undertaken or will undertake to provide impartial investment advice or has given or will give advice in a fiduciary capacity in connection with the Plan's acquisition of the Notes; (b) of the existence and nature of the fees, compensation arrangements and/or financial interests of the Transaction Parties in the Plan's acquisition of the Notes; and (c) that none of the Transaction Parties receives a fee or other compensation directly from the Plan or the Plan Fiduciary for the provision of investment advice (as opposed to other services) in connection with the Plan's acquisition or holding of the Notes. The above representations in this paragraph are intended to comply with the Fiduciary Rule. If the U.S. Department of Labor regulation 29 C.F.R. Section 2510.3-21(c)(1) is revoked, repealed or no longer effective, the representations in this paragraph that are responsive to such U.S. Department of Labor regulation shall be deemed to not be in effect;

(8) You understand that the Global Notes will bear a legend substantially to the following effect:

i. THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "*U.S. SECURITIES ACT*"), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

ii. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "*QUALIFIED INSTITUTIONAL BUYER*" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN "*OFFSHORE TRANSACTION*" PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES THAT IT WILL NOT, ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES, PRIOR TO (X) THE DATE WHICH IS [IN THE CASE OF THE RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF SUCH NOTE)] [IN THE CASE OF THE REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE DATE ON WHICH THIS NOTE (OR OF ANY PREDECESSOR OF THIS NOTE) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S] AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW (THE "*RESALE RESTRICTION TERMINATION DATE*"), OFFER, SELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "*QUALIFIED INSTITUTIONAL BUYER*" AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE U.S. SECURITIES ACT, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSES (D) AND (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE.

iii. BY ITS ACQUISITION HEREOF, THE HOLDER REPRESENTS THAT EITHER (A) IT IS NOT, AND IS NOT ACQUIRING OR HOLDING THIS NOTE (OR ANY INTEREST HEREIN) ON BEHALF OF OR WITH THE "PLAN ASSETS" OF, (I) AN EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("*ERISA*"), (II) A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "*CODE*") OR (III) AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "*PLAN ASSETS*" OF SUCH EMPLOYEE BENEFIT PLANS, PLANS, ACCOUNTS OR ARRANGEMENTS PURSUANT TO THE U.S. DEPARTMENT OF LABOR "*PLAN ASSETS*" REGULATION, 29 CFR SECTION 2510.3-101, AS AMENDED BY SECTION 3(42) OF ERISA (EACH OF THE FOREGOING, A "*PLAN*"), OR (IV) A PLAN THAT IS SUBJECT TO ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (COLLECTIVELY, "*SIMILAR LAWS*"), OR (B) THE ACQUISITION, HOLDING AND DISTRIBUTION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION UNDER ANY SIMILAR LAWS.

iv. EACH PURCHASER OR TRANSFEREE OF THIS NOTE (OR INTEREST HEREIN) THAT IS A PLAN, INCLUDING ANY FIDUCIARY ACQUIRING THIS NOTE (OR INTEREST HEREIN) ON BEHALF OF A PLAN OR WHO REPRESENTS THE PLAN WITH RESPECT TO SUCH ACQUISTION, WILL BE DEEMED TO HAVE REPRESENTED BY ITS ACQUISITION OF THIS NOTE (OR INTEREST HEREIN) THAT: (1) NONE OF THE ISSUER, GUARANTORS, TRUSTEE, PAYING AGENTS, TRANSFER AGENTS, REGISTRAR OR THEIR RESPECTIVE AFFILIATES ("*TRANSACTION PARTIES*") HAS PROVIDED OR WILL PROVIDE ADVICE WITH RESPECT TO THE ACQUISITION OF THIS NOTE BY THE PLAN; (2) WITH RESPECT TO THE ACQUISITION OF THIS NOTE, THE PLAN IS REPRESENTED BY A FIDUCIARY (THE "*PLAN FIDUCIARY*") THAT EITHER: (A) IS A BANK AS DEFINED IN SECTION 202 OF THE INVESTMENT ADVISERS ACT OF 1940 (THE "*ADVISERS ACT*"), OR SIMILAR INSTITUTION THAT IS REGULATED AND SUPERVISED AND SUBJECT TO PERIODIC EXAMINATION BY A STATE OR FEDERAL AGENCY; (B) IS AN INSURANCE CARRIER WHICH IS QUALIFIED UNDER THE LAWS OF MORE THAN ONE STATE TO PERFORM THE SERVICES OF MANAGING, ACQUIRING OR DISPOSING OF ASSETS OF A PLAN; (C) IS AN INVESTMENT ADVISER REGISTERED UNDER THE ADVISERS ACT, OR, IF NOT REGISTERED AN AS INVESTMENT ADVISER UNDER THE ADVISERS ACT BY REASON OF PARAGRAPH (1) OF SECTION 203A OF THE ADVISERS ACT, IS REGISTERED AS AN INVESTMENT ADVISER UNDER THE LAWS OF THE STATE IN WHICH IT MAINTAINS ITS PRINCIPAL OFFICE AND PLACE OF BUSINESS; (D) IS A BROKER-DEALER REGISTERED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED; OR (E) HAS, AND AT ALL TIMES THAT THE PLAN IS INVESTED IN THIS NOTE WILL HAVE, TOTAL ASSETS OF AT LEAST U.S. $50,000,000 UNDER ITS MANAGEMENT OR CONTROL (PROVIDED THAT THIS CLAUSE (E) SHALL NOT BE SATISFIED IF THE PLAN FIDUCIARY IS EITHER (I) THE OWNER OR A RELATIVE OF THE OWNER OF AN INVESTING INDIVIDUAL RETIREMENT ACCOUNT OR (II) A PARTICIPANT OR BENEFICIARY OF THE PLAN INVESTING IN THIS NOTE IN SUCH CAPACITY); (3) THE PLAN FIDUCIARY IS CAPABLE OF EVALUATING INVESTMENT RISKS INDEPENDENTLY, BOTH IN GENERAL AND WITH RESPECT TO PARTICULAR TRANSACTIONS AND INVESTMENT STRATEGIES, INCLUDING WITHOUT LIMITATION THE ACQUISITION BY THE PLAN OF THIS NOTE; (4) THE PLAN FIDUCIARY IS A "*FIDUCIARY*" WITH RESPECT TO THE PLAN WITHIN THE MEANING OF SECTION 3(21) OF ERISA, SECTION 4975 OF THE CODE, OR BOTH, IS "*INDEPENDENT*" WITHIN THE MEANING OF 29 C.F.R. § 2510.3-21(C) (THE "*FIDUCIARY RULE*") AND IS INDEPENDENT OF THE TRANSACTION PARTIES FOR PURPOSES OF THE FIDUCIARY RULE AND RESPONSIBLE FOR EXERCISING INDEPENDENT JUDGMENT IN EVALUATING THE PLAN'S ACQUISITION OF THIS NOTE; (5) NONE OF THE TRANSACTION PARTIES HAS EXERCISED ANY AUTHORITY TO CAUSE THE PLAN TO INVEST IN THIS NOTE OR TO NEGOTIATE THE TERMS OF THE PLAN'S INVESTMENT IN THIS NOTE; AND (6) THE PLAN FIDUCIARY HAS BEEN INFORMED BY THE TRANSACTION PARTIES: (A) THAT NONE OF THE TRANSACTION PARTIES HAS UNDERTAKEN OR WILL UNDERTAKE TO PROVIDE IMPARTIAL INVESTMENT ADVICE OR HAS GIVEN OR WILL GIVE ADVICE IN A FIDUCIARY CAPACITY IN CONNECTION WITH THE PLAN'S ACQUISITION OF THIS NOTE; (B) OF THE EXISTENCE AND NATURE OF THE FEES, COMPENSATION ARRANGEMENTS AND/OR FINANCIAL INTERESTS OF THE TRANSACTION PARTIES IN THE PLAN'S ACQUISITION OF THIS NOTE; AND (C) THAT NONE OF THE TRANSACTION PARTIES RECEIVES A FEE OR OTHER COMPENSATION DIRECTLY FROM THE PLAN OR THE PLAN FIDUCIARY FOR THE PROVISION OF INVESTMENT ADVICE (AS OPPOSED TO OTHER SERVICES) IN CONNECTION WITH THE PLAN'S ACQUISITION OR HOLDING OF THIS NOTE. THE ABOVE REPRESENTATIONS IN THIS PARAGRAPH ARE INTENDED TO COMPLY WITH THE FIDUCIARY RULE. IF THE U.S. DEPARTMENT OF LABOR REGULATION 29 C.F.R. SECTION 2510.3-21(C)(1) IS REVOKED, REPEALED OR NO LONGER EFFECTIVE, THE REPRESENTATIONS IN THIS PARAGRAPH THAT ARE RESPONSIVE TO SUCH U.S. DEPARTMENT OF LABOR REGULATION SHALL BE DEEMED TO NOT BE IN EFFECT.

If the purchaser purchases Notes, it will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(9) The purchaser agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on the transfer of such Notes.

(10) If it is a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, it acknowledges that until the expiration of the "distribution compliance period" (as defined below), it shall not make any offer or sale of Notes to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the U.S. Securities Act. The "distribution compliance period" means the 40 day period following the Issue Date for the Notes.

(11) The purchaser acknowledges that until 40 days after the commencement of the Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in

accordance with Rule 144A under the U.S. Securities Act or pursuant to another exemption from registration under the U.S. Securities Act.

(12) The purchaser acknowledges that the Registrar will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set forth therein have been complied with.

(13) The purchaser acknowledges that the Issuer, the Guarantors, the Initial Purchasers and others will rely upon the truth and accuracy of its acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(14) The purchaser understands that no action has been taken in any jurisdiction (including the United States) by the Issuer, the Guarantors or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of Distribution*" and "*Important Information about this Offering Memorandum*."

Representations of Canadian Purchasers

By purchasing Notes in Canada and accepting delivery of a purchase confirmation, a purchaser is representing to us and the dealer from whom the purchase confirmation is received that:

- the purchaser is entitled under applicable provincial securities laws to purchase the Notes without the benefit of a prospectus qualified under those securities laws as it is an "accredited investor" as defined under National Instrument 45-106—Prospectus Exemptions or Section 73.3(1) of the Securities Act (Ontario), as applicable,

- the purchaser is a "permitted client" as defined in National Instrument 31-103—Registration Requirements, Exemptions and Ongoing Registrant Obligations,

- where required by law, the purchaser is purchasing as principal and not as agent, and

- the purchaser has reviewed the resale restrictions in "*Notice to Investors in Canada.*"

CERTAIN ERISA CONSIDERATIONS

Sections 404 and 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") impose fiduciary obligations and prohibited transaction restrictions on the activities of (a) employee benefit plans (as defined in Section 3(3) of ERISA) that are subject to Part 4 of Subtitle B of Title I of ERISA, (b) plans (as defined in Section 4975(e)(1) of the Code) that are subject to Section 4975 of the Code or (c) any entities whose underlying assets include "plan assets" by reason of any such employee benefit plan's or plans' investment in the entity, including investment funds, bank collective investment funds and insurance company accounts whose assets are deemed to be "plan assets" for purposes of such provisions of law (together referred to as "**Benefit Plan Investors**" or "**Plans**").

Governmental plans (as defined in Section 3(32) of ERISA), plans maintained outside the United States primarily for the benefit of persons substantially all of whom are non-resident aliens and certain church plans (as defined in Section 3(33) of ERISA) are not subject to Sections 404 and 406 of ERISA or Section 4975 of the Code ("**Non-ERISA Arrangement**"), but may be subject to laws that are substantially similar to Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"). The Issuer, the Guarantors, the Trustee, the Paying Agents, the Transfer Agents, the Registrar and their respective affiliates (collectively, the "**Transaction Parties**") may be "parties in interest" or "disqualified persons" to certain Benefit Plan Investors. A Benefit Plan Investor's acquisition or holding of the Notes could be or could result in a prohibited transaction, unless a statutory or administrative exemption applies. Fiduciaries and other persons involved in a non-exempt prohibited transaction could be subject to penalties and other liabilities under ERISA or Section 4975 of the Code, and the prohibited transaction may need to be unwound or otherwise corrected.

There are statutory or administrative exemptions that might apply, depending on the circumstances, to exempt the acquisition or holding of the Notes from some of the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, including, but not limited to: Prohibited Transaction Class Exemption ("**PTCE**") 84-14 (applicable to qualified professional asset managers); PTCE 90-1 (applicable to insurance company pooled separate accounts); PTCE 91-38 (applicable to bank collective investment funds); PTCE 95-60 (applicable to insurance company general accounts); and PTCE 96-23 applicable to an in-house asset managers). In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code generally exempt certain transactions with a person that is a party in interest or disqualified person to a Benefit Plan Investor only because it or its affiliate provides or has provided services to the Benefit Plan Investor, the services are not provided as a fiduciary in connection with the investment of the Benefit Plan Investor's assets that are involved in the transaction, and the Benefit Plan Investor pays no more than and receives no less than adequate consideration in connection with the transaction. No one can give any assurance that any prohibited transaction exemption will apply to the acquisition or holding, or subsequent transfer or other disposition, of Notes by any particular Benefit Plan Investor or, even if all of the conditions set out in an exemption were satisfied, that the exemption would apply to all prohibited transactions that may occur in connection with the investment.

Each Benefit Plan Investor and its fiduciary acting on its behalf will be responsible for determining whether any prohibited transaction exemptions apply and whether they provide full relief to the acquisition and holding of the Notes by the Benefit Plan Investor. Accordingly, any purchaser or transferee (and if the purchaser or transferee is a Benefit Plan Investor or Non-ERISA Arrangement, its fiduciary or trustee) of the Notes (or any interests therein) will be deemed to have represented and warranted by its acquisition and holding of the Notes (or any interests therein) that either (1) it is not a Benefit Plan Investor and is not acquiring or holding the Notes (or any interest therein) on behalf of or with "plan assets" of any Benefit Plan Investor, and it is not a Non-ERISA Arrangement subject to Similar Law, or (2) its acquisition, holding and disposition of the Notes (or any interests therein) will not constitute or give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or, in the case of a Non-ERISA Arrangement, will not constitute or result in a violation of the provisions of any Similar Law. Each of the Transaction Parties has its own interests in the offering and sale of the Notes and related transactions, which differ from the interests of any Benefit Plan Investor who considers acquiring or holding the Notes, and those financial interests are disclosed in this Offering Memorandum. Any person that, for any direct or indirect compensation, makes a suggestion, directly or indirectly, to engage in or refrain from a particular action in connection with the acquisition or holding of a Note by any Benefit Plan Investor might be giving "investment advice" so as to become a fiduciary to the Benefit Plan Investor. The Transaction Parties, as well as their respective directors, officers, employees or agents are not authorized to, have not provided and do not undertake to provide any impartial investment advice or to give advice in any fiduciary capacity to any

Benefit Plan Investor or any fiduciary, representative or any of their agents. There is an exemption that applies to persons who wish to avoid being a "fiduciary" to any Benefit Plan Investor by reason of investment advice if, among other requirements, the Benefit Plan Investor is represented by an independent fiduciary with financial expertise that meets all of the requirements described in U.S. Department of Labor regulation Section 2510.3-21(c)(1). Accordingly, each purchaser and transferee of any Note or interest therein that is a Benefit Plan Investor shall be required or deemed to represent and warrant to the Issuer, on each day from the date on which such beneficial owner acquires such Note or interest therein through and including the date on which it disposes of such Note or interest therein, and at any time when regulation 29 C.F.R. Section 2510.3-21, as modified in 2016, is applicable, that (a) the fiduciary making the decision to invest in such Note on its behalf (the "**Independent Fiduciary**") is a bank, insurance carrier, registered investment adviser, broker dealer or other person with financial expertise, in each case as described in 29 C.F.R. Section 2510.3-21(c)(1)(i); (b) the Independent Fiduciary is an independent plan fiduciary within the meaning of 29 C.F.R. Section 2510.3-21(c); (c) the Independent Fiduciary is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies; (d) the Independent Fiduciary is responsible for exercising independent judgment in evaluating the acquisition, holding and disposition of such Note; and (e) neither the Benefit Plan Investor nor the Independent Fiduciary is paying or has paid any fee or other compensation directly to any of the Transaction Parties for investment advice (as opposed to other services) in connection with its acquisition or holding of such Note. In addition, each such purchaser or transferee will be required or deemed to acknowledge and agree that the Independent Fiduciary (x) understands that none of the Transaction Parties or other persons that provide marketing services, nor any of their affiliates, has provided, and none of them will provide, impartial investment advice and they are not giving any advice in a fiduciary capacity, in connection with the purchaser's or transferee's acquisition or holding of such Note and (y) has received and understands the disclosure of the existence and nature of the financial interests contained in this Offering Memorandum and related materials.

Any fiduciary or representative of a Benefit Plan Investor or other employee benefit plan or Non-ERISA Arrangement that proposes to acquire or hold the Notes on behalf of or with assets of any such investor is encouraged to consult with its counsel regarding the application of the fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Code, or in the case of such Non-ERISA Arrangements, the applicability of any Similar Law before making the proposed investment.

The sale of the Notes to a Benefit Plan Investor is in no respect a representation by the Issuer that such an investment meets all relevant legal requirements with respect to investments by Benefit Plan Investors generally or any particular Benefit Plan Investor, or that such an investment is appropriate for Benefit Plan Investors generally or any particular Benefit Plan Investor.

TAX CONSIDERATIONS

The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in the European Union and the United States and does not purport to address the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

Prospective purchasers of the Notes are advised to consult with their own tax advisors as to the tax consequences of a purchase of Notes including, without limitation, the consequences of receipt of interest and premium paid (if any), and the sale or redemption of the Notes or any interest therein.

The summaries set forth below are based upon, as applicable, European Union, Danish or United States law as in effect on the date of this Offering Memorandum and are subject to any change in such law that may take effect after such date. References in this section to holders of the Notes include the beneficial owners of the Notes. Terms defined under each subsection related to EU, Danish and United States tax law below only have such meanings as defined therein for such respective section. The statements regarding the United States laws and practices set forth below assume that the Notes will be issued, and the transfers thereof will be made, in accordance with the Indenture.

Danish Taxation

The following is a summary description of the taxation in Denmark of the Notes according to the Danish tax laws in force at the date hereof and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as professional dealers in securities) may be subject to special rules. Potential investors are under all circumstances strongly recommended to contact their own tax advisor to clarify the individual consequences of their investment in, holding of and disposal of the Notes. The Issuer makes no representations regarding the tax consequences of purchase, holding or disposal of the Notes.

Taxation at source

Under existing Danish tax laws no general withholding tax or coupon tax should apply to payments of interest or principal or other amounts due on the Notes, other than in certain cases on payments in respect of controlled debt in relation to the Issuer. This will not have any impact on holders of Notes who are not — alone or together with others (including pursuant to agreement hereon or as a consequence of "joint management") — "affiliated" with the Issuer pursuant to section 3B of the Danish Tax Control Act (Consolidated Act no. 1264 of 31 October 2013) (i.e., they control or are controlled (directly or indirectly) by the Issuer or are controlled by the same group of shareholders as the Issuer).

Resident holders of Notes

Under existing Danish tax laws, private individuals, including persons who are engaged in financial trade, and companies, funds and similar entities, who are domiciled in Denmark for tax purposes, are generally liable to pay tax on capital gains on the Notes and on payments of interest under the Notes.

Non-resident holders of Notes

Under the Danish tax laws, payments of interest or principal amounts to any non-resident holders of Notes should not be subject to taxation in Denmark, no withholding tax should be payable with respect to such payments and any capital gain realised upon the sale, exchange or retirement of a Note should not be subject to taxation in Denmark, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to under "*—Taxation at source*" above.

This tax treatment applies solely to holders of Notes who are not subject to full tax liability in Denmark or included in a Danish joint taxation scheme and do not carry on business in Denmark through a permanent establishment.

Reporting

The paying agent will generally be required to report certain specific information about the holders of beneficial interests in the Notes to the Danish tax authorities.

Certain United States Federal Income Tax Considerations

The following discussion is a summary of certain U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes by a U.S. Holder (defined below), but does not purport to be a complete analysis of all potential tax effects. This summary is based upon the Internal Revenue Code of 1986, as amended, Treasury regulations issued thereunder, and judicial and administrative interpretations thereof, each as in effect and available on the date hereof, and all of which are subject to change, possibly with retroactive effect. No rulings from the Internal Revenue Service ("**IRS**") have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances or to holders subject to special rules, such as financial institutions, U.S. expatriates, insurance companies, dealers in securities or currencies, traders in securities, U.S. Holders whose functional currency is not the U.S. dollar, tax-exempt organizations, regulated investment companies, real estate investment trusts, partnerships or other pass through entities (or investors in such entities), persons liable for alternative minimum tax and persons holding the Notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction. In addition, this discussion is limited to persons who purchase the Notes for cash at original issue and at their "issue price" (i.e., the first price at which a substantial amount of Notes are sold for cash to investors (excluding persons acting in the capacity of underwriters)) and who hold the Notes as capital assets for U.S. federal income tax purposes (generally, property held for investment).

For purposes of this discussion, a "**U.S. Holder**" is a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A holder that is a partnership, and partners in such partnerships, should consult their tax advisors regarding the tax consequences of the purchase, ownership and disposition of the Notes.

Prospective purchasers of the Notes should consult their tax advisors concerning the tax consequences of holding Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of U.S. federal estate and gift tax laws, the Medicare tax on net investment income and state, the alternative minimum tax, local, non-U.S. or other tax laws.

Characterization of the Notes

The characterization and treatment for U.S. federal income tax purposes of securities such as the Notes is an inherently factual question and no single factor is determinative. Although the issue is not entirely clear, we intend, to the extent relevant, to treat the Notes as debt for U.S. federal income tax purposes issued as of the date of the Indenture. However, no ruling will be obtained from the IRS in this regard, and there can be no assurance that the IRS or the courts would agree with this characterization of the Notes. If the Notes were treated as equity interests in the Issuer, U.S. Holders could be subject to consequences that are materially different from what is discussed below. U.S. Prospective investors should consult their tax advisors regarding the characterization of the Notes, the possibility that the Notes will be classified as equity interests in the Issuer and the consequences of owning an equity interest in an entity such as the Issuer. The discussion below assumes that the Notes will be treated as debt for U.S. federal income tax purposes issued as of the date of the Indenture.

Special rules applicable to certain accrual method taxpayers

Pursuant to recent legislation, for taxable years beginning after December 31, 2017 (or, in the case of Notes issued with original issue discount for U.S. federal income tax purposes, taxable years beginning after December 31, 2018), an accrual method taxpayer that reports revenues on an "applicable financial statement" generally must recognize income for U.S. federal income tax purposes no later than the taxable year in which such income is taken into account as revenue in the applicable financial statements. This rule could potentially require such a taxpayer to recognize income for U.S. federal income tax purposes with respect to Notes prior to the time such income otherwise would be recognized pursuant to the rules described below. U.S. Holders should consult their tax advisors regarding the potential applicability of these rules to their investment in Notes.

Payments of stated interest

Payments of stated interest on the Notes (including any non-U.S. tax withheld on such payments, if any) generally will be taxable to a U.S. Holder as foreign-source ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes.

A U.S. Holder that uses the cash method of accounting for U.S. federal income tax purposes and that receives a payment of stated interest in euros will be required to include in ordinary income the U.S. dollar value of the interest payment (translated at a "spot rate" on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars. Such gain or loss will generally constitute ordinary income or loss and be treated as U.S. source income or as an offset to U.S. source income, respectively.

A U.S. Holder of a Note denominated in euros (a "euro Note") that uses the accrual method of accounting for U.S. federal income tax purposes will be required to include in income the U.S. dollar value of the amount of interest income that has accrued during an accrual period. The U.S. dollar value of such accrued income will be determined by translating such income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within each taxable year. A U.S. Holder may elect, however, to translate such accrued interest income using the rate of exchange on the last day of the accrual period or, with respect to an accrual period that spans two taxable years, using the rate of exchange on the last day of the portion of the accrual period within each respective taxable year. If the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a U.S. Holder may translate such interest at a "spot rate" on the date of receipt. The above election will apply to other obligations held by the U.S. Holder and may not be changed without the consent of the IRS. A U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes will recognize exchange gain or loss with respect to accrued interest income on the date such interest is received. The amount of exchange gain or loss recognized will equal the difference, if any, between the U.S. dollar value of the euro payment received in respect of such accrual period (translated at a "spot rate" on the date of receipt) and the U.S. dollar value of interest income that has accrued during such accrual period (as determined above), regardless of whether the payment is in fact converted to U.S. dollars. Such gain or loss will generally constitute ordinary income or loss and be treated as U.S. source income or as an offset to U.S. source income, respectively.

The Notes may be treated as issued with original issue discount ("**OID**") if they price at a discount of 0.25% for each complete year to maturity in the term of the Notes or greater. If the Notes are issued with OID, a U.S. Holder generally will be required to include the OID in income (as ordinary income) for U.S. federal income tax purposes as it accrues (regardless of the U.S. Holder's accounting method for U.S. federal income tax purposes), in accordance with a constant yield method based on a compounding of interest, before the receipt of cash payments attributable to this income. Under this method, a U.S. Holder of the Notes generally will be required to include in income increasingly greater amounts of OID in successive accrual periods. All U.S. Holders of euro Notes will account for the accrual of OID in U.S. dollar terms in a manner similar to that described above for accrual method taxpayers with respect to the accrual of stated interest.

Sale, exchange, redemption, retirement or other taxable disposition of Notes

Generally, upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. Holder will recognize taxable U.S. source gain or loss equal to the difference between the amount realized on the disposition determined in U.S. dollars (less any amount attributable to accrued but unpaid stated interest, which will be treated as a payment of interest) and such U.S. Holder's adjusted basis in the Note (which will be adjusted to reflect accruals of OID, if any, on the Note). U.S. Holders should consult their own advisers with respect to how to calculate their amount realized and basis in U.S. dollar terms, and how to account for payments made or received in a currency other than the U.S. dollar.

The gain or loss recognized on the disposition of a euro Note will be U.S. source ordinary income or loss to the extent of the difference between (i) the U.S. dollar value of the euro purchase price of the Note, determined on the date such payment is received from us for the Note or such Note is disposed of, and (ii) the U.S. dollar value of the euro purchase price of the Note, determined on the date the U.S. Holder acquired such Note. However, the recognition of such gain or loss, as well as any foreign exchange gain or loss with respect to accrued but unpaid interest or a final interest payment at maturity will be limited to the amount of overall gain or loss realized on the disposition of such a euro Note.

To the extent that there is additional gain or loss on the disposition of the disposition of a euro Note, it generally will be U.S. source capital gain or loss, and will be long-term capital gain or loss if at the time of the sale, exchange, redemption, retirement or other disposition the Note has been held by such U.S. Holder for more than one year. Long-term capital gain realized by a non-corporate U.S. Holder will generally be subject to taxation at a reduced rate. The deductibility of capital losses is subject to limitation. Prospective purchasers should consult their tax advisors as to the foreign tax credit implications of the sale, exchange, redemption or other taxable disposition of the Notes.

Information reporting and backup withholding

Information returns may be filed with the IRS in connection with payments of principal and interest including OID in respect of, and the proceeds from sales of, Notes held by a U.S. Holder unless the U.S. Holder establishes, if required, that it is exempt from the information reporting rules, for example by properly establishing that it is a corporation. If the U.S. Holder does not establish that it is exempt from these rules, the U.S. Holder may be subject to backup withholding on these payments if it fails to provide a taxpayer identification number or otherwise comply with the backup withholding rules. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

U.S. Holders should consult their tax advisors regarding any tax reporting or filing requirements they may have as a result of the acquisition, ownership or disposition of the Notes. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

LEGAL MATTERS

The validity of the Notes, the Note Guarantee and certain other legal matters are being passed upon for the Group by Clifford Chance LLP with respect to matters of U.S. federal, New York state and English law and by Plesner Advokatpartnerselskab with respect to matters of Danish law.

Certain legal matters will be passed upon for the Initial Purchasers by Allen & Overy LLP with respect to matters of U.S. federal, New York state and English law and by Horten Advokatpartnerselskab with respect to matters of Danish law.

INDEPENDENT AUDITORS

The consolidated financial statements of TDC A/S, as of December 31, 2017 and 2016 and for each of the years ended December 31, 2017 and 2016, included in this Offering Memorandum, have been audited by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, independent auditors, as stated in their reports appearing herein.

The signing auditors are members of FSR – Danish Auditors (*FSR – danske revisorer*). The registered office of PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab is at Strandvejen 44, 2900 Copenhagen, Denmark.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

Each purchaser of Notes from an Initial Purchaser will be furnished a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to the Offering Memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from the Issuer and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to clause (1) above, no person has been authorized to give any information or to make any representation concerning the Notes or the Note Guarantee offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by either the Issuer or the Initial Purchasers.

For so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, the Issuer will, during any period in which it is not subject to Section 13 or 15(d) under the U.S. Exchange Act, nor exempt from reporting thereunder pursuant to Rule 12g3-2(b), make available to any holder or beneficial holder of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act upon the written request of any such holder or beneficial owner. Any such request should be directed to the Issuer at fax, +44 (0) 20 3037 20411.

Upon request, the Issuer will provide you with copies of the Indenture and the form of the Notes. You may request copies of such document by contacting Daniel Mendes, of the Issuer at fax, +44 (0) 20 3037 20411.

The Issuer is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture that will govern the Notes, the Issuer will agree to furnish periodic information to the holders of the Notes. See "*Description of Notes—Reports*."

ENFORCEMENT OF CIVIL LIABILITIES AND SERVICE OF PROCESS

Enforcement of Civil Liabilities

The Issuer and the Parent Guarantor are incorporated under the laws of Denmark, and substantially all of the Issuer's and the Parent Guarantor's assets are located in Denmark.

Depending on the applicable rules under Danish and/or foreign law in the specific case and on any jurisdiction- or arbitration agreements, the general starting point under Danish law would be that any civil lawsuit against the Issuer and/or Parent Guarantor shall be filed in Denmark before the Danish courts.

If, under the mentioned circumstances, such lawsuit is filed in a country other than Denmark, for instance in the United States, it may not be possible to enforce court judgements or orders obtained in such country against the Issuer and/or the Parent Guarantor (as the case may be) in Denmark without re-examination of the substantive matters in dispute in a lawsuit before the Danish courts, since there may not be an applicable treaty or other instrument in place providing for the recognition and enforcement in Denmark of foreign judgements or orders in civil and commercial matters. This may include cases filed in the United States based on the civil liability provisions of federal or state securities laws of the United States. In addition, there is no certainty that Danish courts will otherwise entertain actions in other jurisdictions.

Furthermore, certain substantive remedies available under foreign law, such as punitive damages under federal or state law of the United States, may not be available under Danish law or otherwise in connection with a lawsuit before the Danish courts. The Danish courts may award damages only to the extent necessary to compensate for actual economic losses. Similarly, procedural remedies under foreign law, including specific rules on the taking of evidence such as the rules on "discovery" in the United States, may not be available in legal proceedings before Danish courts.

Similarly to the above, there can be no certainty that the Danish courts will enforce court judgements or orders obtained in other jurisdictions, including the United States, against any of the Issuer's and/or Parent Guarantor's directors, officers, or other executives, or that Danish courts will otherwise entertain actions in other jurisdictions.

Foreign arbitral awards against the Issuer and/or the Parent Guarantor (or against any of their directors, officers or other executives) may be enforced in Denmark under the 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards and the 2005 Danish Arbitration Act.

Service of Process

All of the directors, officers and other executives of the Issuer and the Parent Guarantor are neither residents nor citizens of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer, the Parent Guarantor or such persons or to enforce against them judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws despite the fact that, pursuant to the terms of the Indenture, the Issuer and the Parent Guarantor have appointed, or will appoint, an agent for the service of process in New York.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE COLLATERAL AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

The following is a summary of certain limitations on the validity and enforceability of the Notes, the Note Guarantee and the Collateral, and a summary of certain Danish insolvency law considerations. The description below is only a summary and does not purport to be complete or to discuss all of the limitations or considerations that may affect the validity and enforceability of the Notes offered hereby, the Note Guarantee or the Collateral. Prospective investors in the Notes offered hereby should consult their own legal advisors with respect to such limitations and considerations.

Denmark

Insolvency Proceedings under Danish Law

Each of the Issuer and the Parent Guarantor is incorporated under the laws of Denmark. Accordingly, any insolvency proceedings with respect to the Issuer or the Parent Guarantor may proceed under, and be governed by, the insolvency laws of Denmark. These laws may adversely affect the enforcement of the Noteholders' rights under the Notes and the Note Guarantee and will not be as favorable to their interests as a creditor as the laws of other jurisdictions.

In a Danish bankruptcy, the debtor's assets are liquidated and the proceeds are distributed to the creditors based on a priority of claims. Such liquidation may not yield the same value to the creditors as a reorganization and sale of a going concern.

As a general rule, the debtor or any creditor may present a petition for bankruptcy. A bankruptcy requires the bankruptcy court to be satisfied that the debtor is insolvent based on a statement of the debtor's liquidity status and that the insolvency is not of a purely temporary nature. A bankruptcy petition by a creditor is barred if the creditor is adequately protected in the event of the debtor's insolvency by means of good and valid security.

If bankruptcy proceedings are commenced against the Issuer, payments from the Issuer under the Notes will cease. Under these circumstances the bondholders, however, can demand payments from the Note Guarantee if bankruptcy proceedings are not commenced against the Parent Guarantor. If insolvency proceedings are commenced against the Issuer and the Parent Guarantor, the bondholders will receive payments from the Issuer and the Note Guarantee as a calculated dividend of the proceeds of assets which have been liquidated as part of the bankruptcy proceedings based on the outstanding bond debt. The dividend will be disbursed as a lump sum at the time of the conclusions of the bankruptcy estates.

Provisions on avoidance and set-off may adversely affect the enforcement of rights under the Notes or the Note Guarantee. Enforcement of security interests is restricted under Danish bankruptcy laws. Security interests (except for those qualified as "*håndpant eller anden tilsvarende sikkerhedsret*" under the Danish Insolvency Act (*Konkursloven*)) may only be enforced by the bankruptcy trustee (*Kurator*), however, mortgagees and execution creditors may demand enforcement of such security interests six months after the declaration of bankruptcy.

Danish insolvency law also includes a scheme for reconstruction of insolvent companies. In broad terms, this scheme provides for reconstruction of an insolvent company by (i) transfer of the business in full or in part, (ii) by a compulsory composition/moratorium or (iii) by a combination of (i) and (ii). During the reconstruction procedure, creditors are restricted in their ability to enforce their claims, but valid and binding security may be enforced under certain conditions. In general, the provisions on avoidance and set-off applicable in a bankruptcy also applies when reconstruction proceedings are commenced. If a reconstruction procedure fails, bankruptcy proceedings will be initiated automatically against the debtor.

Order of Priority of Creditors

The Danish bankruptcy scheme is based on the fundamental principle of pari passu satisfaction of the debtor's unsecured creditors. However, claims against the debtor are subject to priority ranking, giving first priority to costs incurred during the bankruptcy proceedings, including the fee for the bankruptcy trustee. Second rank is given to claims incurred during preceding reconstruction proceedings and other costs incurred with the approval of the reconstructor. Third rank, "privileged claims," are mainly salary claims, including salary income taxes (relating to salary claims being filed) but excluding salary claims from the top management (*direktører*), who are not salaried employees (*funktionærer*). Fourth rank is given to suppliers' claim for duty on products that are delivered to the debtor and duty paid for the purpose of resale within a period of twelve months prior to the Reference Date, but only (i) as regards certain specifically listed duties, and (ii) to the extent of the supplier's claim for reimbursement of the duties are prepaid.

After fulfillment, if any, of these priority ranking claims, in the above order, any excess proceeds will be distributed among all ordinary, unsecured creditors, including the bondholders. Interest accrued on ordinary, unsecured claims will rank as ordinary claims up to the date of the bankruptcy order, after which date the accrued interest will rank as a deferred claim. Deferred claims include, among others, subordinated loans and penalties.

In the event of bankruptcy, claims in foreign currencies will be converted into Danish kroner using the relevant currency rate as of the date of the bankruptcy order.

The status of a claim is dependent upon express statutory authority (except for subordinated loans).

Voidable Transactions

Danish bankruptcy law contains several provisions enabling the bankruptcy trustee to initiate proceedings to have certain transactions prior to the bankruptcy avoided. Some avoidance provisions require the payment or security to be granted within three months before the Reference Date. In some cases, however, avoidance can be claimed for payments or security granted within two years or more before the Reference Date.

Under Danish bankruptcy law, payments made by a Danish company could be void if, among other things:

(i) payments are made before they are due or with an amount that has a distinctly impairing effect on such Danish company's ability to pay its debts, provided the payment does not appear to be ordinary;

(ii) payments are made after the Reference Date unless the person in favour of whom the payments were effected neither knew nor should have known the circumstances forming the basis of the Reference Date; or

(iii) payments are made in an improper way that favors a creditor to the detriment of the other creditors, provided that such Danish company was or became insolvent by the payment and the beneficiary knew or ought to have known about the insolvency and the circumstances that made the payment improper.

Granting of security could be void under Danish bankruptcy law if, among other things:

(iv) security for the debts was not granted to the creditor before or at the time the debt was incurred; or

(v) security was not perfected no later than without undue delay after the time the debt was incurred.

The above timing requirements in respect of granting of security and perfection of security are interpreted very strictly under Danish law and should be considered carefully by the creditor.

Under Danish bankruptcy law the issuance of guarantees may be subject to avoidance if, among other things (i) the issuance was made at a time when the issuer was insolvent, (ii) the issuance is without due consideration and/or (iii) the issuance is between closely related parties.

A claim for avoidance can be made against the creditor who has received the voidable payment or against the beneficiary of the security. Any proceeds relating to a voidable claim are considered an asset of the bankruptcy estate and are to be distributed to the creditors including the bondholders in accordance with the rules governing priority of debts in bankruptcy.

Limitations on the Validity and Enforceability of Guarantees and Security Interests

It is a requirement under Danish law that a guarantor or security provider obtains an adequate corporate benefit from the issuance of a guarantee or the granting of security. This is due to a requirement under Danish law that the management of a company must always ensure a proper management of the company's assets.

Further, the management of the company is obliged to act in accordance with the company's individual interests, including consideration of the company's financial position, the benefits the company will obtain through and the risks related to the granting of security, assessment of the debtor, securing that the arrangement is on market terms, etc. If such benefit is not obtained, among others, the guarantee or security interest may be null and void. It is not clear under Danish case law to what extent such corporate benefit is established when a subsidiary guarantees and/or secures debt of a direct or indirect parent company.

The Danish Companies Act furthermore contains restrictions on financial assistance by Danish companies. Danish companies are generally prohibited from granting loans, guarantees, security or any other financial assistance in connection with the financing or refinancing of the acquisition of, or subscription for, their own shares or shares in their direct or indirect parent companies and any such loan, guarantee, security or other means of financial assistance will be invalid and unenforceable. To the extent that any such acquisition debt cannot be separated from other debt, such other debt may be deemed acquisition debt and any loans, guarantees or security granted by Danish companies for such other debt may then also be invalid or unenforceable. The prohibition on financial assistance also extends to non-Danish subsidiaries of Danish companies even if, under the local financial assistance and other laws otherwise applicable to such non-Danish subsidiaries, the relevant financial assistance could validly be granted.

If loans, guarantees, security or other financial assistance are granted in violation of the prohibitions above, such loans, guarantees, security or other financial assistance will be invalid and unenforceable and must be repaid with interest.

Enforcement of Security Interests outside bankruptcy

The parties to a security agreement can include contractually agreed enforcement procedures and, if there are no bankruptcy proceedings, the agreed procedures will be binding on the parties. However, sales of assets may be voidable in a later bankruptcy proceeding if the assets were transferred below market value.

The agreed enforcement procedures are not binding on third parties such as creditors that have registered an attachment or valid security against the encumbered assets.

Such third-party attachments and rights can only be cleared through a court administered public auction.

In the absence of specifically agreed enforcement procedures, Danish law requires conduct of a public auction in accordance with the Danish Administration of Justice Act (*Retsplejeloven*).

Pledges of shares and accounts as well as security assignments of receivables may be enforced without an execution order. However, at least eight days' prior notice requesting the debtor to pay the secured debt must be given to the pledgor by registered mail unless a sale is necessary to avoid or reduce a loss.

Perfection of Security Interests

The Collateral governed by Danish law will be granted and perfected, inter alia, in favour of the Noteholders represented by the Security Agent. Rules have been enacted in the Danish Capital Markets Act (Lov om kapitalmarkeder) allowing representatives to hold security on behalf of bondholders and the Security Agent may be appointed as representative pursuant to the Danish Capital Markets Act. There is not yet any case law relating to this legislation confirming the right of the representative to enforce on behalf of the holders of the Notes so there is a risk that enforcement may be delayed.

The Collateral governed by Danish law will be perfected by the Issuer and the Parent Guarantor in favour of the Security Agent, however, some of the Collateral may only be perfected after the occurrence of certain events having occurred or may not be perfected at all. Absent perfection, the holder of the security interest may not be able to enforce its rights in the collateral against third parties, including a bankruptcy trustee or other creditors who claim an interest in the same assets. Moreover, if perfection occurs only after the occurrence of certain events, the transaction may be voidable. See "*—Voidable Transactions*" above.

Under Danish law, the ranking of security rights is determined by the date on which the relevant act of perfection has been taken, and if a security interest created later in time over that same collateral, but in respect of which the act of perfection is completed prior to perfection of the pre-existing security interest then the security interest created later will have priority.

LISTING AND GENERAL INFORMATION

Listing Information

Application will be made to the Authority for the listing of and permission to deal in the Notes on the Official List of the Exchange. There can be no assurance that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.

Neither the admission of the Notes to the Official List of the Exchange nor the approval of this Offering Memorandum pursuant to the listing requirements of the Authority shall constitute a warranty or representation by the Authority as to the competence of the service providers to, or any other party connected with, us, the adequacy and accuracy of information contained in this Offering Memorandum or the suitability of the Issuer for investment or for any other purpose.

The Notes are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters.

A copy of this Offering Memorandum will be available for inspection at the offices of the Listing Sponsor during normal business hours for a period of 14 days following the listing of the Notes on the Official List of the Exchange.

From the date of this Offering Memorandum and for so long as the Notes remain outstanding, the articles of association will be obtainable free of charge, during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer.

In addition, for a period of 14 days following the listing of the Notes on the Official List of the Exchange, the Indenture may be inspected free of charge during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer by the holders of Notes and any person authorised by a holder of Notes (including, without limitation, a proposed transferee of any Notes).

Clearing Information

The Notes have been accepted for clearance through the facilities of DTC, Clearstream and Euroclear.

The Notes have been accorded the following CUSIP, common codes and international securities identification numbers (ISINs):

- For the Euro Notes sold pursuant to Regulation S:
  - the common code is ; and
  - the ISIN is .
- For the Euro Notes sold pursuant to Rule 144A:
  - the common code is ; and
  - the ISIN is .
- For the Dollar Notes sold pursuant to Regulation S:
  - the common code is ; and
  - the ISIN is .
- For the Dollar Notes sold pursuant to Rule 144A:
  - the common code is ; and
  - the ISIN is .

General Information

The Issuer accepts responsibility for the accuracy of the information contained in this Offering Memorandum. The Issuer has made all reasonable inquiries and confirms to its knowledge that the information contained in this Offering Memorandum with regard to the Issuer, us, our subsidiaries, affiliates and the Notes is true and accurate in all material respects, that the opinions and intentions expressed in this Offering Memorandum are honestly held and that it is not aware of any other facts the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect.

Issuer and Guarantor Information

The Issuer

The Issuer is a private limited liability company (*anpartsselskab*) incorporated and existing under the laws of Denmark having its registered office at c/o Plesner Advokatpartnerselskab, Amerika Plads 37, 2100 Copenhagen, Denmark, registered in the central business register (CVR) with registration number: 39187043. The Issuer's financial year ends on December 31 of each year. Any published annual accounts will be available at the Danish Business Authority's website.

The Parent Guarantor

The Parent Guarantor is a private limited liability company (*anpartsselskab*) incorporated under the laws of Denmark with registered office at c/o Plesner Advokatpartnerselskab, Amerika Plads 37, 2100 Copenhagen, Denmark, registered in the central business register (CVR) with registration number: 39186829.

Resolutions, Authorizations and Approvals by Virtue of which the Notes Have Been Issued

The Issuer and the Parent Guarantor have obtained all necessary consents, approvals and authorizations (if any) in connection with the issue of the Notes and the entry into the Note Guarantee. The issue of the Notes and the Note Guarantee was approved by resolutions of the directors of the Issuer and the Parent Guarantor passed on or prior to the Issue Date.

Litigation

Except as otherwise disclosed in this Offering Memorandum, neither the Issuer nor the Parent Guarantor (nor any of its subsidiaries) is involved in any legal, regulatory or governmental proceedings (including any proceedings that are threatened of which the Issuer or the Parent Guarantor is aware) that would, individually or in the aggregate, have a material adverse effect on the financial position of the Issuer or the Parent Guarantor.

No Material or Adverse Change

There has been no material adverse change to: (a) the Issuer; (b) the Group's structure; (c) the Issuer's business or accounting policies; or (d) the financial or trading position of the Group, during the period from March 31, 2018.

APPENDIX A

GLOSSARY OF TECHNICAL TERMS

The following technical terms and abbreviations when used in this Offering Memorandum have the definitions ascribed to them opposite below.

Abbreviation	Definitions
"3G"	Third-generation mobile networks that can deliver voice, data and multimedia content at high speed.
"4G"	Fourth-generation mobile networks that can deliver voice, data and multimedia content at speeds of up to 10 times faster than 3G (see also LTE).
"ADSL"	Asymmetric Digital Subscriber Line, which is based on DSL technology.
"ARPU"	Average revenue per user and is calculated per month. TDC Group calculates ARPU for a given product group as its total revenue divided by the average RGUs in the period. ARPU includes gross traffic revenue unless otherwise stated.
"Backbone network"	Refers to the part of the telecom, infrastructure that interconnects various parts of networks, for example, local access networks, different operators' networks or national networks. The backbone network capacity is very large compared with the access network capacity.
"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 in 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.
"cable"	A technology based on coaxial cables — electrical cables with an inner conductor surrounded by a flexible, tubular insulating layer, surrounded by a tubular conducting shield. Coaxial cable is used to transmit radio frequency signals, distribute cable-TV signals, etc.
"churn rate"	Yearly customer turnover expressed as a percentage. TDC Group 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.
"DOCSIS"	Data Over Cable Service Interface Specification
"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.
"DTH" or **"direct-to-home"**	Digital TV transmitted directly to households via satellite.
"DTT"	Digital terrestrial television, which is a digital signal broadcast to standard aerials; utilized in Denmark in place of the discontinued analogue signal.

"**DDos**" or "**Distributed Denial of Service**"	A frequently occurring type of cyber-attack where the attacker seeks to block access to e.g. a company's website by using a large number of compromised computers on the internet to start a coordinated attack.
"**Dual-play**"	The bundling of telephony and internet through one access channel only. Dual-play bundles are included as two customers in TDC's total customer figures. A dual-play subscription must entail both services.
"**Ethernet**"	A type of networking technology for LANs and is increasingly used in IP-networks.
"**fiber optic cable**"	A technology used to transmit telephone signals, internet communications and cable television signals.
"**Flow TV**"	A television service that enables viewers to watch a scheduled TV program at the particular time it is offered and on the particular channel it is transmitted. This is the opposite of e.g. Video-on-Demand.
"**FTTH**"	Fiber to the home
"**HFC**"	Hybrid-fiber coaxial
"**interconnection**"	The provision of access or availability of facilities or services for another provider to provide electronic communications services, and exchange of traffic between communications networks used by the same or a different provider.
"**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-VPN**"	IP-based Virtual Private Network, which is a network that enables organisations to use a shared network to connect remote sites or users together.
"**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.
"**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.
"**LRAIC**" or "**Long Run Average Incremental Cost**"	The most applied pricing regulation methods used to set interconnection prices for operators with Significant Market Power (SMP). LRAIC uses an average of the costs of services. 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 SMP operator's network.
"**LTE**" or "**long term evolution**"	A set of enhancements to UMTS designed to increase capacity and speed on mobile telephone networks.
"**MB/s**"	megabytes per second.

"Mbps" or **"Megabit"**	megabits per second.
"MDU" or **"Multi Dwelling Unit"**	A classification of housing (often apartment buildings) that has a collective TV and/or broadband agreement.
"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.
"MVNO" or **"Mobile Virtual Network Operator"**	A mobile operator with no frequency allocation. MVNOs have business arrangements with MNOs to buy traffic and data for sale to their own customers.
"OTT" or **"Over the Top"**	Online delivery of video and audio without the internet service provider being involved in the control or distribution of the content itself.
"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. As today almost all private branch exchanges are automatic, the abbreviation PBX has been extended to PABX.
"Prepaid"	Customers paying for a specified amount of credit for services upfront (i.e. via a scratch card).
"PSTN" or **"public switched telephone network"**	The telecommunications network based on copper lines carrying analogue voice and data — traditional landline voice.
"RGU" or **"Revenue Generating Unit"**	The total number of customer relationships generating revenue for TDC Group. TDC Group's RGU statement includes the number of main products sold by TDC Group's residential, business and wholesale segments. Customer relationships are synonymous with RGUs.
"roaming"	A means of accessing a foreign operator's mobile network that enables customers to automatically make and receive voice calls or send and receive data when travelling abroad.
"Roam Like at Home"	No extra roaming fee on top of the domestic price when making or receiving a call, using data or sending SMS messages abroad.
"SDU" or **"Single Dwelling Unit"**	Households that purchase TV and/or broadband on an individual basis.
"SHDSL" or **"Symmetric High-speed Digital Subscriber Line"**	DSL technology with symmetric data transmission.
"Service Provider"	Partners providing services under their own brands to external customers using TDC's infrastructure.
"SVoD" or **"Subscription Video on Demand"**	Service that gives users unlimited access to a wide range of programs for a monthly fee
"Triple-play"	The bundling of telephony, internet and TV services through one access channel only. Triple play bundles are included as three customers in TDC's total customer figures. A triple-play subscription must entail all three services.
"TVoD" or **"TV on Demand"**	Transmission delivery of video (films or other video content) to a single television user on request.
"TVoIP" or **"TV over internet protocol"**	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 IP TV 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" or **"universal mobile telecommunications systems"**	A 3G network designed to provide a wide range of voice, high-speed data and multimedia services.
"VDSL"	A DSL technology that provides faster data transmission than other DSL technologies over copper wires.
"VoIP" or **"voice over internet protocol"**	A telephone call over the internet. VoIP can be either with quality of service, i.e., guarantee of call quality comparable to PSTN, achieved through prioritizing the traffic. Alternatively, VoIP can be computer to computer calls, with unprioritized traffic. This traffic is generally of a lower quality and is affected by general network usage and will be interrupted by network congestion. TDC VoIP is with quality of service.
"VPN" or **"Virtual Private Network"**	A private computer network within a larger network such as the internet.
"VULA" or **"virtual unbundled local access"**	an electronic means to provide virtual, bitstream-type access that is similar to local physical access (i.e. physical unbundling of fiber or copper local loops and access to ducts).
"WAN" or **"wide area network"**	A long-distance data communications network and is a geographically dispersed collection of LANs. The internet, for instance, is a WAN, but a network between a company's divisions can also be a WAN.
"xDSL"	A family of technologies that provides digital data transmission over copper wires. See also ADSL, VDSL and SHDSL.

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Income statement

DKKm	Note	Q1 2018	Q1 2017	Change in %
Revenue	2	**5,096**	**5,239**	**(2.7)**
Cost of sales		(1,443)	(1,430)	(0.9)
Gross profit		**3,653**	**3,809**	**(4.1)**
External expenses		(702)	(766)	8.4
Personnel expenses		(898)	(935)	4.0
Other income		23	25	(8.0)
Operating profit before depreciation, amortisation and special items (EBITDA)	2	**2,076**	**2,133**	**(2.7)**
Depreciation, amortisation and impairment losses	3	(1,223)	(1,263)	3.2
Operating profit excluding special items (EBIT excluding special items)		**853**	**870**	**(2.0)**
Special items	4	17	65	(73.8)
Operating profit (EBIT)		**870**	**935**	**(7.0)**
Financial income and expenses	5	(31)	(166)	81.3
Profit before income taxes		**839**	**769**	**9.1**
Income taxes		(196)	(154)	(27.3)
Profit for the period from continuing operations		**643**	**615**	**4.6**
Profit for the period from discontinued operations		—	—	—
Profit for the period		**643**	**615**	**4.6**
Profit attributable to:				
Owners of the parent company		465	451	3.1
Coupon payments on hybrid capital, net of tax		178	164	8.5
Non-controlling interests		—	—	—
EPS (DKK)				
Earnings per share, basic		0.58	0.56	3.6
Earnings per share, diluted		0.57	0.56	1.8
Adjusted EPS		0.89	0.79	12.7

Statement of comprehensive income

DKKm	Note	Q1 2018	Q1 2017
Profit for the period		**643**	**615**
Items that may subsequently be reclassified to the income statement:			
Exchange-rate adjustments of foreign enterprises	5	129	(73)
Value adjustments of hedging instruments	5	(36)	62
Items that cannot subsequently be reclassified to the income statement:			
Remeasurement of defined benefit pension plans		72	258
Income tax relating to remeasurement of defined benefit pension plans		(16)	(57)
Other comprehensive income/(loss)		**149**	**190**
Total comprehensive income/(loss)		**792**	**805**

Balance sheet

DKKm	Note	31 March 2018	31 December 2017	31 March 2017
Assets				
Non-current assets				
Intangible assets		32,677	32,606	33,588
Property, plant and equipment		17,832	17,840	17,933
Joint ventures, associates and other investments		77	80	83
Pension assets	6	6,819	6,752	5,830
Receivables		196	197	214
Derivative financial instruments		47	50	60
Prepaid expenses		8	13	27
Total non-current assets		**57,656**	**57,538**	**57,735**
Current assets				
Inventories		266	246	234
Receivables		2,424	2,652	2,386
Income tax receivables		—	9	108
Derivative financial instruments		289	455	418
Prepaid expenses		529	473	563
Cash		1,365	1,767	2,013
Total current assets		**4,873**	**5,602**	**5,722**
Total assets		**62,529**	**63,140**	**63,457**
Equity and liabilities				
Equity				
Share capital		812	812	812
Reserve for exchange rate adjustments		(1,378)	(1,507)	(908)
Reserve for cash flow hedges		(211)	(175)	(143)
Retained earnings		21,378	20,881	19,142
Equity attributable to owners of the parent company		**20,601**	**20,011**	**18,903**
Hybrid capital	8	5,552	5,552	5,552
Non-controlling interests		2	1	1
Total equity		**26,155**	**25,564**	**24,456**
Non-current liabilities				
Deferred tax liabilities		4,310	4,341	4,232
Provisions		992	983	905
Pension liabilities		30	29	38
Loans	7	21,078	17,282	19,417
Derivative financial instruments		376	406	222
Total non-current liabilities		**26,786**	**23,041**	**24,814**
Current liabilities				
Loans	7	170	4,651	4,739
Trade and other payables		8,556	9,188	8,431
Income tax payable		230	—	—
Derivative financial instruments		404	485	514
Deferred income		111	84	360
Provisions		117	127	143
Total current liabilities		**9,588**	**14,535**	**14,187**
Total liabilities		**36,374**	**37,576**	**39,001**
Total equity and liabilities		**62,529**	**63,140**	**63,457**

Statements of cash flow

DKKm	Q1 2018	Q1 2017	Change in %
EBITDA	2,076	2,133	(2.7)
Adjustment for non-cash items	58	69	(15.9)
Pension contributions	(4)	(24)	83.3
Payments related to provisions	(4)	(1)	—
Special items	24	(117)	120.5
Change in working capital	14	460	(97.0)
Interest paid, net	(571)	(575)	0.7
Income tax paid	—	(270)	—
Operating activities in continuing operations	**1,593**	**1,675**	**(4.9)**
Operating activities in discontinued operations	—	—	—
Total cash flow from operating activities	**1,593**	**1,675**	**(4.9)**
Investment in enterprises	(36)	—	—
Investment in property, plant and equipment	(702)	(775)	9.4
Investment in intangible assets	(322)	(232)	(38.8)
Investment in other non-current assets	(1)	(4)	75.0
Divestment of enterprises	—	469	—
Divestment of joint ventures and associates	—	2	—
Sale of other non-current assets	6	9	(33.3)
Investing activities in continuing operations	**(1,055)**	**(531)**	**(98.7)**
Investing activities in discontinued operations	—	—	—
Total cash flow from investing activities	**(1,055)**	**(531)**	**(98.7)**
Proceeds from long-term loans	3,724	—	—
Repayment of long-term loans	(4,467)	—	—
Finance lease repayments	(13)	(21)	38.1
Coupon payments on hybrid capital	(195)	(195)	—
Dividends paid	—	(602)	—
Capital contribution from non-controlling interests	1	—	—
Financing activities in continuing operations	**(950)**	**(818)**	**(16.1)**
Financing activities in discontinued operations	—	—	—
Total cash flow from financing activities	**(950)**	**(818)**	**(16.1)**
Total cash flow	**(412)**	**326**	**—**
Cash and cash equivalents (beginning-of-period)	1,767	1,687	4.7
Effect of exchange-rate changes on cash and cash equivalents	10	—	—
Cash and cash equivalents (end-of-period)	**1,365**	**2,013**	**(32.2)**

Equity free cash flow

DKKm	Q1 2018	Q1 2017	Change in %
Cash flow from operating activities	1,593	1,675	(4.9)
Investment in property, plant and equipment	(702)	(775)	(9.4)
Investment in intangible assets	(322)	(232)	(38.8)
Finance lease repayments	(13)	(21)	(38.1)
Coupon payments on hybrid capital	(195)	(195)	0.0
Equity free cash flow	**361**	**452**	**(20.1)**

Statement of changes in equity

		Equity attributable to owners of the parent company							
DKKm	Share capital	Reserve for currency translation adjustments	Reserve for cash flow hedges	Retained earnings	Proposed dividends	Total	Hybrid capital	Non-controlling interests	Total
Equity at 1 January 2017	812	(835)	(205)	18,080	802	18,654	5,552	1	24,207
Effect of change in accounting policies		—	—	402		402		—	402
Shareholders' equity at 1 January 2017 after change in accounting policies	812	(835)	(205)	18,482	802	19,056	5,552	1	24,609
Profit for the period				451		451	164		615
Exchange-rate adjustments of foreign enterprises		(73)				(73)			(73)
Value adjustments of hedging instruments			62			62			62
Remeasurement effects of defined benefit pension plans				258		258			258
Income tax relating to remeasurement effects of defined benefit pension plans				(57)		(57)			(57)
Total comprehensive income	**—**	**(73)**	**62**	**652**	**—**	**641**	**164**	**—**	**805**
Distributed dividends					(802)	(802)			(802)
Share-based remuneration				8		8			8
Coupon payments on hybrid capital						—	(195)		(195)
Income tax relating to coupon payments on hybrid capital						—	31		31
Total transactions with shareholders	**—**	**—**	**—**	**8**	**(802)**	**(794)**	**(164)**	**—**	**(958)**
Equity at 31 March 2017	**812**	**(908)**	**(143)**	**19,142**	**—**	**18,903**	**5,552**	**1**	**24,456**
Equity at 1 January 2018	812	(1,504)	(175)	20,491		19,624	5,552	1	25,177
Effect of change in accounting policies		(3)		390		387			387
Shareholders' equity at 1 January 2018 after change in accounting policies	812	(1,507)	(175)	20,881	—	20,011	5,552	1	25,564
Profit for the period				465		465	178		643
Exchange-rate adjustments of foreign enterprises		129				129			129
Value adjustments of hedging instruments			(36)			(36)			(36)
Remeasurement effects related to defined benefit pension plans				72		72			72
Income tax relating to remeasurement effects from defined benefit pension plans				(16)		(16)			(16)
Total comprehensive income	**—**	**129**	**(36)**	**521**	**—**	**614**	**178**	**—**	**792**
Share-based remuneration				(24)		(24)			(24)
Coupon payments on hybrid capital						—	(195)		(195)
Income tax relating to coupon payments on hybrid capital						—	17		17
Additions to non-controlling interest						—		1	1
Total transactions with shareholders	**—**	**—**	**—**	**(24)**	**—**	**(24)**	**(178)**	**1**	**(201)**
Equity at 31 March 2018	**812**	**(1,378)**	**(211)**	**21,378**	**—**	**20,601**	**5,552**	**2**	**26,155**

Consolidated financial statements

Note 1 Accounting policies

TDC's Interim Financial Report for Q1 2018 has been prepared in accordance with IAS 34 Interim Financial Reporting and the additional disclosure requirements for listed companies.

The consolidated financial statements are based on the historical cost convention, except that the following assets and liabilities are measured at fair value: derivatives and equity investments.

Critical accounting estimates and judgements

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 income and expenses for the accounting period. The accounting estimates and judgements considered material to the preparation of the consolidated financial statements are shown in note 1.2 in the consolidated financial statements for 2017, cf. TDC's Annual Report 2017.

Changed accounting for revenue from contracts with customers

As mentioned in the Annual Report for 2017, the standard IFRS 15 Revenue from contracts with customers, effective from 1 January 2018, impact on TDC's Financial Statements as follows:

- Revenue arrangements with multiple deliverables – Discounts on bundled sales are allocated between handsets and subscriptions based on their relative fair values resulting in earlier recognition of revenue. Previously, discounts were fully allocated to the handsets.

- Handsets sold below cost – Sales of handsets below cost in an arrangement that cannot be separated from the provision of services are now recognised as revenue. Previously, such sales were not recognised as revenue.

- Subscriber acquisition costs – Costs that are incremental to obtaining contracts with customers are capitalised and subsequently recognised as expenses over the expected lifetime of the customer relationships. Previously, such costs were expensed as incurred.

- Non-refundable up-front connection fees – Such fees are no longer seen as payment for a separate service. The fees are included in the total transaction price for the contract with the customer and allocated to the identified performance obligations (services).

- Fulfilment costs – Fulfilment costs are only capitalised if they are directly related to a contract or an anticipated contract. Previously, expenses related to non-refundable up-front connection fees were capitalised even if they were not directly related to a contract.

IFRS 15 has been implemented fully retrospectively and by that the comparative figures for previous periods have been restated accordingly.

The standard IFRS 9 Financial instruments, effective from 1 January 2018, has been implemented but has no impact on the income statements or balance sheets for 1Q 2018 and previous periods.

Except for the changes mentioned above, the accounting policies are unchanged compared with the policies applied in the Annual Report 2017.

Impact on Consolidated Financial Statements

DKKm	Previous accounting policy	Changed accounting policy	New accounting policy
Revenue			
1Q 2018	5,030	66	5,096
1Q 2017	5,211	28	5,239
Operating profit before depreciation, amortisation and special items (EBITDA)			
1Q 2018	2,073	3	2,076
1Q 2017	2,128	5	2,133
Income taxes			
1Q 2018	(195)	(1)	(196)
1Q 2017	(152)	(2)	(154)
Profit for period			
1Q 2018	641	2	643
1Q 2017	612	3	615
Earnings per share (EPS) (DKK)			
1Q 2018	0.58	0.0	0.58
1Q 2017	0.56	0.0	0.56
Total assets			
1Q 2018	62,549	(20)	62,529
1Q 2017	63,488	(31)	63,457
Total equity			
1Q 2018	25,765	390	26,155
1Q 2017	24,051	405	24,456

Note 2 Segment reporting

Activities

	Consumer		Business		Wholesale		Other operations[1]	
DKKm	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017
Mobility services	748	687	291	302	138	132	1	1
Landline voice	157	186	171	204	44	56	3	3
Internet and network	610	603	319	439	201	191	43	45
TV	1,019	1,056	8	9	14	13	—	1
Other services	202	208	268	271	37	37	74	55
Norway	—	—	—	—	—	—	—	—
Revenue	**2,736**	**2,740**	**1,057**	**1,225**	**434**	**429**	**121**	**105**
Total operating expenses excl. depreciation, etc.	(1,200)	(1,193)	(455)	(531)	(157)	(166)	(805)	(868)
Other income and expenses	—	—	—	—	—	—	32	33
EBITDA	**1,536**	**1,547**	**602**	**694**	**277**	**263**	**(652)**	**(730)**
Specification of revenue:								
External revenue	2,734	2,740	1,054	1,180	419	416	117	98
Revenue across segments	2	—	3	45	15	13	4	7

	Norway[2,3]		Eliminations		Total	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017
Mobility services	—	—	(3)	(1)	1,175	1,121
Landline voice	—	—	(1)	—	374	449
Internet and network	—	—	(3)	(34)	1,170	1,244
TV	—	—	—	—	1,041	1,079
Other services	—	—	(3)	(15)	578	556
Norway	785	819	(27)	(29)	758	790
Revenue	**785**	**819**	**(37)**	**(79)**	**5,096**	**5,239**
Total operating expenses excl. depreciation, etc.	(473)	(460)	47	87	(3,043)	(3,131)
Other income and expenses	1	1	(10)	(9)	23	25
EBITDA	**313**	**360**	**—**	**(1)**	**2,076**	**2,133**
Specification of revenue:						
External revenue	772	805	—	—	5,096	5,239
Revenue across segments	13	14	(37)	(79)	—	—

Reconciliation of profit before depreciation, amortisation and special items (EBITDA)

DKKm	Q1 2018	Q1 2017
EBITDA from reportable segments	2,076	2,133
Unallocated:		
Depreciation, amortisation and impairment losses	(1,223)	(1,263)
Special items	17	65
Financial income and expenses	(31)	(166)
Consolidated profit/(loss) before income taxes	**839**	**769**

1 Consists of the three operating segments Operations, Digital and Headquarters. At Operations, external revenue amounted to DKK 112m (Q1 2017: DKK 94m), revenue across segments amounted to DKK 5m (Q1 2017: DKK 7m) and EBITDA amounted to DKK (299)m (Q1 2017: DKK (337)m). At Digital, external revenue amounted to DKK 1m (Q1 2017: DKK 0m), revenue across segments amounted to DKK 1m (Q1 2017: DKK 0m) and EBITDA amounted to DKK (34)m (Q1 2017: DKK (43)m). At Headquarters, external revenue amounted to DKK 4m (Q1 2017: DKK 4m), revenue across segments amounted to DKK 10m (Q1 2017: DKK 3m) and EBITDA amounted to DKK (319)m (Q1 2017: DKK (350)m). Elimination of revenue across segments within Other operations amounted to DKK (12)m (Q1 2017: DKK (3)m).

2 Consists of the two operating segments Get and TDC Norway AS. At Get, external revenue amounted to DKK 635m (Q1 2017: DKK 650m), revenue across segments amounted to DKK 0m (Q1 2017: DKK 0m) and EBITDA amounted to DKK 288m (Q1 2017: DKK 342m). At TDC Norway AS, external revenue amounted to DKK 137m (Q1 2017: DKK 155m), revenue across segments amounted to DKK 13m (Q1 2017: DKK 14m) and EBITDA amounted to DKK 25m (Q1 2017: DKK 18m).

3 Revenue from Norway consist of: TV amounted to DKK 305m (Q1 2017: DKK 337m), Broadband to DKK 222m (Q1 2017: DKK 233m), Business to DKK 168m (Q1 2017: DKK 188m) and Other residential services amounted to DKK 90m (Q1 2017: DKK 61m).

Note 3 Depreciation, amortisation and impairment losses

DKKm	Q1 2018	Q1 2017
Depreciation on property, plant and equipment	(739)	(785)
Amortisation of intangible assets	(467)	(458)
Impairment losses	(17)	(20)
Total	**(1,223)**	**(1,263)**

The decrease in depreciation, amortisation and impairment losses from Q1 2017 to Q1 2018 is primarily due to higher depreciation on various network equipment related to the upgrading of the *cable* network to enable 1 gigabit broadband in 2017.

Note 4 Special items

Special items include significant amounts that cannot be attributed to normal operations such as restructuring costs and special write-downs for impairment of intangible assets and property, plant and equipment. Special items also include gains and losses related to divestment of enterprises, as well as transaction costs and adjustments of purchase prices relating to acquisition of enterprises.

Special items as described above are disclosed on the face of the income statement. Items of a similar nature for non-consolidated enterprises and discontinued operations are recognised in profit from joint ventures and associates and profit for the year from discontinued operations, respectively.

Special items

DKKm	Q1 2018	Q1 2017
Gain from divestments of enterprises and property	—	108
Costs related to redundancy programmes and vacant tenancies	(43)	(39)
Other restructuring costs, etc.	(7)	(3)
Income from rulings	85	—
Loss from rulings	—	(1)
Costs related to acquisition of enterprises	(18)	—
Special items before income taxes	**17**	**65**
Income taxes related to special items	(9)	10
Special items related to discontinued operations	—	—
Total special items	**8**	**75**

The negative development in special items before income taxes was due to the gain from divestment of TDC Hosting in Q1 2017 (DKK 108m) partly offset by compensation received in Q1 2018 from the Danish State for the costs of providing maritime distress and safety service in Denmark in 2008-2009 (DKK 85m).

Note 5 Financial income and expense

Financial income and expenses

DKKm	Q1 2018	Q1 2017	Change in %
Interest income	2	4	(50.0)
Interest expenses	(149)	(162)	8.0
Net interest	**(147)**	**(158)**	**7.0**
Currency translation adjustments	93	(32)	—
Fair value adjustments	(3)	8	(137.5)
Interest, currency translation adjustments and fair value adjustments	**(57)**	**(182)**	**68.7**
Profit/(loss) from joint ventures and associates	(1)	(4)	75.0
Interest on pension assets	27	20	35.0
Total	**(31)**	**(166)**	**81.3**

Net financials recognised in other comprehensive income

DKKm	Q1 2018	Q1 2017
Currency translation adjustment, foreign enterprises	129	(73)
Reversal of currency translation adjustment related to disposal of foreign enterprises	—	—
Exchange-rate adjustments of foreign enterprises	**129**	**(73)**
Change in fair value adjustments of cash flow hedges	(34)	64
Change in fair value adjustments of cash flow hedges transferred to financial expenses	(2)	(2)
Value adjustments of hedging instruments	**(36)**	**62**

Financial income and expenses represented an expense of DKK 31m in Q1 2018, an decrease of DKK 135m compared with Q1 2017 driven primarily by:

- Currency translation adjustments in Q1 2018, intercompany loans denominated in NOK resulted in a currency gain of DKK 85m, whereas these loans resulted in a currency loss of DKK 30m in Q1 2017.

Specifications

	Q1 2018				Q1 2017			
DKKm	Interest	Currency translation adjustments	Fair value adjustments	Total	Interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(129)	(15)	2	**(142)**	(141)	(4)		(143)
European Investment Bank (EIB) and KfW bank loans incl. hedges (treated as hedge accounting)	(2)	(9)	—	**(11)**	(6)	(1)		(7)
Other hedges (not treated as hedge accounting)	—	—	(5)	**(5)**	—	—		6
Other	(16)	117	—	**101**	(11)	(27)		(38)
Total	**(147)**	**93**	**(3)**	**(57)**	**(158)**	**(32)**	**8**	**(182)**

Note 6 Pension assets and pension obligations

Pension (costs)/income

DKKm	Q1 2018	Q1 2017
Specification of plans:		
Denmark	(3)	(14)
Norway	—	—
Pension income/(costs) from defined benefit plans	**(3)**	**(14)**
Recognition in the income statement:		
Service cost[1]	(27)	(32)
Administrative expenses	(3)	(2)
Personnel expenses (included in EBITDA)	**(30)**	**(34)**
Interest on pension assets	27	20
Pension income/(costs) from defined benefit plans	**(3)**	**(14)**

1 The increase in the present value of the defined benefit obligation resulting from employees' services in the current period.

Domestic defined benefit plan

DKKm	Q1 2018	Q1 2017
Pension (costs)/income		
Service cost	(27)	(32)
Administrative expenses	(3)	(2)
Personnel expenses (included in EBITDA)	**(30)**	**(34)**
Interest on pension assets	27	20
Pension (costs)/income	**(3)**	**(14)**
Domestic redundancy programmes recognised in special items	(6)	(33)
Total pension (costs)/income recognised in the income statement	**(9)**	**(47)**

The pension fund operates defined benefit plans via a separate legal entity 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.

Distribution of funds from the pension fund to TDC is not possible until all pension obligations have been met. Since 1990, no new members have joined the pension fund plans, and the pension fund is prevented from admitting new members in the future due to the Articles of Association.

DKKm	31 March 2018	31 December 2017	31 March 2017
Assets and obligations			
Specification of pension assets			
Fair value of plan assets	30,982	30,959	30,394
Defined benefit obligation	(24,163)	(24,207)	(24,564)
Pension assets recognised in the balance sheet	**6,819**	**6,752**	**5,830**
Change in pension assets			
Pension assets recognised at 1 January	6,752	5,595	5,595
Pension (costs)/income	(9)	(118)	(47)
Remeasurement effects	72	1,172	258
TDC's contribution	4	103	24
Pension assets recognised in the balance sheet	**6,819**	**6,752**	**5,830**
Assumptions used to determine defined benefit obligations			
Discount rate	1.55	1.56	1.50
General price/wage inflation	1.66	1.73	1.60
Assumptions used to determine pension (costs)/income			
Discount rate	1.56	1.41	1.41
General price/wage inflation	1.73	1.69	1.69

The pension obligation is calculated by discounting the expected future pension payments.

The remeasurement effects in Q1 2018 (a net gain of DKK 72m) cover primarily a gain related to the plan assets (DKK 168m) as the actual return was higher than expected return[1]. The gain was partly offset by a loss related to the benefit obligation (DKK 96m) resulting from the decreasing discount rate (from 1.56% to 1.55%) and the decreasing inflation rate (from 1.73% to 1.66%).

Foreign defined benefit plans

TDC's foreign defined benefit plans concern employees in Norway. 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.

[1] In accordance with International Financial Reporting Standards the expected return should be assumed to be equal to the discount rate as of the end of the previous year.

Pension contributions related to foreign defined benefit plans amounted to DKK 0m (Q1 2017: DKK 1m). Pension liabilities relating to foreign defined benefit plans amounted to DKK 30m (Q1 2017: DKK 38m).

Note 7 Loans and net interest-bearing debt

Euro Medium Term Notes (EMTNs) and bank loans[1]

DKKm	2019	2020	2020	2022	2023	2024	2027	Total
Maturity	Dec 19	Feb 20	Dec 20	Mar 22	Feb 23	Feb 24	Feb 27	
Fixed/Floating rate	Floating	Floating	Floating	Fixed	Fixed	Floating	Fixed	
Coupon					3.750%	5.625%	1.750%	
Currency	EUR	EUR	EUR	EUR	GBP	EUR	EUR	
Type	Bank loan	Bank loan	Bank loan	Bond	Bond	Bank loan	Bond	
Nominal value (DKKm)	1,118	1,864	745	3,728	3,610	3,728	5,964	20,757
Nominal value (Currency)	150	250	100	500	425	500	800	
Hereof nominal value swapped to or with floating interest rate (EURm)	150	250	100	150	50	500	—	1,200
Hereof nominal value swapped from GBP to EUR (GBPm)[2]	—	—	—	—	425	—	—	425

1 The maturity of derivatives used for hedging long-term loans matches the maturity of the underlying loans.

2 The nominal value of the GBP 425m February 2023 bond was fully swapped to EUR 508m.

The maturity analysis above does not include hybrid capital with a principal amount totalling DKK 5,588m due in 3015. For further details on hybrid capital, see note 8.

Net interest-bearing debt

DKKm	31 March 2018	31 December 2017	31 March 2017
Long-term loans	21,248	21,933	19,417
Short-term loans	—	—	4,739
Interest-bearing payables	2	2	2
Derivatives	100	133	(86)
Interest-bearing receivables and investments	(201)	(203)	(219)
Cash	(1,365)	(1,767)	(2,013)
Net interest-bearing debt	**19,784**	**20,098**	**21,840**
50% of hybrid capital	2,776	2,776	2,776
Adjusted net interest-bearing debt	**22,560**	**22,874**	**24,616**

Both net interest-bearing debt and adjusted net interest-bearing debt fell by DKK 314m during Q1 2018 following the net cash flows from operating and investing activities as well as the coupon payments on hybrid capital.

Note 8 Hybrid capital

TDC Group has EUR 750m in callable subordinated capital securities (hybrid bonds) outstanding which are accounted for as equity. The hybrid capital is subordinate to the Group's other creditors. The further key details on the hybrid bonds are:

- final maturity: 26 February 3015
- first par call date: 26 February 2021
- coupon rate: fixed at 3.5000% until 26 February 2021

The Group may defer coupon payments to bond holders. However, deferred coupon payments will fall due for payment in the event of distribution of dividends to TDC's shareholders. Deferred coupons will lapse in 3015.

Coupon payments will be recognised directly in equity at the time the payment obligation arises. Non-recognised accumulated coupons amounted to DKK 18m as of 31 March 2018.

Coupon payments will be recognised in the statement of cash flow as a separate item within financing activities. Hybrid coupon payments are included as a separate item in the statement of *equity free cash flow* (EFCF).

The hybrid bonds issued by TDC Group provide 50% equity credit from rating agencies. Accordingly, an adjusted net interest-bearing debt (NIBD) and leverage ratio are disclosed, where 50% of the hybrid capital is included in NIBD.

Note 9 Events after the balance sheet date

On 9 April 2018, DK Telekommunikation ApS announced that it holds acceptances for shares representing more than 90 percent of the entire share capital and voting rights in TDC excluding treasury shares. For more information see 'Corporate matters'. The expected change of control will impact TDC's future results and cash flows due to refinancing, settlement of granted rights related to the Performance Share Program, advisory costs, etc.

Management statement

Management statement

Today, the Board of Directors and the Executive Committee considered and approved the Interim Financial Statements of TDC Group for Q1 2018.

The Financial Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the Financial Report gives a true and fair view of the Group's assets, liabilities and financial position at 31 March 2018 as well as the results of operations and cash flows for Q1 2018. Furthermore, in our opinion, the management's review provides a fair review of the developments in the Group's activities and financial position, and describes the significant risks and uncertainties that may affect the Group.

Copenhagen, 3 May 2018

Executive Committee

Pernille Erenbjerg – *Group Chief Executive Officer and President*
Stig Pastwa – *Senior Executive Vice President, Group Chief Financial Officer*
Jaap Postma – *Senior Executive Vice President of YouSee*
Gunnar Evensen – *Chief Executive Officer of Norway*
Marina Lønning – *Senior Executive Vice President of Business*
Andreas Pfister – *Senior Executive Vice President of Operations and Chief Technology and Information Officer*
Jens Aaløse – *Senior Executive Vice President of Stakeholder Relations and Group Chief People Officer*

Board of Directors

Pierre Danon – *Chairman*
Lene Skole – *Vice Chairman*
Marianne Rørslev Bock
Stine Bosse
Pieter Knook
Angus Porter
Benoit Scheen
Mogens Jensen
John Schwartzbach
Zanne Stensballe
Thomas Lech Pedersen

About TDC

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For more information, please contact Flemming Jacobsen,
Head of TDC Investor Relations, on +45 6663 7680 or investorrelations@tdc.dk.

Audited Financial Statements for TDC A/S as of and for the year ended December 31, 2017

Section 5

Cash flow

Section 6

Other disclosures

Management Statement

Today, the Board of Directors and the Executive Committee considered and approved the Annual Report of TDC A/S for 2017.

The Annual Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and Parent Company financial statements give a true and fair view of the financial position at 31 December 2017 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2017.

In our opinion, the management's review includes a true and fair account of the developments in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 1 February 2018

Executive Committee

Pernille Erenbjerg – *Group Chief Executive Officer and President*
Stig Pastwa – *Senior Executive Vice President, Group Chief Financial Officer*
Jaap Postma – *Senior Executive Vice President of YouSee*
Gunnar Evensen – *Chief Executive Officer of Norway*
Marina Lønning – *Senior Executive Vice President of Business*
Andreas Pfisterer – *Senior Executive Vice President of Operations and Chief Technology and Information Officer*
Jens Aaløse – *Senior Executive Vice President of Stakeholder Relations and Group Chief People Officer*

Board of Directors

Pierre Danon – *Chairman*
Lene Skole – *Vice Chairman*
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Stine Bosse
Pieter Knook
Angus Porter
Benoit Scheen
Mogens Jensen
John Schwartzbach
Zanne Stensballe
Gert Winkelmann

Independent Auditor's Report

To the shareholders of TDC A/S

Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2017 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of TDC A/S for the financial year 1 January to 31 December 2017 comprise income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes to the financial statements, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code. To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

Following the admission of the shares of TDC A/S for listing on Nasdaq Copenhagen, we were first appointed auditors of TDC A/S on 4 May 1992 for the financial year 1992. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 26 years including the financial year 2017.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2017. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Revenue recognition TDC's billing environment is complex comprising a high number of applications and complex contracts, some of which include multiple elements. We focused on this area due to the risk of errors when recognising revenue, especially due to incorrect transfer of data between applications and due to the fact that complex contracts in some instances are handled in separate tools outside the normal IT billing applications. Refer to notes 2.2 and 3.5 to the Consolidated Financial Statements.	In our audit we focused on the design of controls and tested the operating effectiveness of relevant controls such as controls over: • changes in standing data • capturing and recording of revenue transactions • interfaces between systems • transactions from separate tools outside the normal IT billing applications • monthly Management review On a sample test basis we also collected confirmations from Business and Whole-sale customers to confirm the Group's accounts receivables, tested transactions against underlying documentation and performed analytical procedures.
Goodwill impairment Goodwill comprises a significant portion of TDC's total assets. We focused on goodwill impairment test because the process is complex and requires significant management estimates in determining various assumptions, such as cash-flow projections, discount rates and terminal growth rates. In addition, estimates are required in determining cost drivers etc in the activity-based costing model, which is used for allocation of the carrying amount and value in use of the cost centres. Refer to note 3.1 to the Consolidated Financial Statements.	We tested main assumptions in Management's goodwill impairment test such as expected cash flows from each business line and the applied discount rates and growth rates. Expected cash flows were tested by analysing the bridge between historical and future cash flow to understand the business dynamics and to be able to assess whether cash flows expectations were reasonable. As part of that test we also tested whether business plans historically have been realised as planned to be able to assess the accuracy in the Company's forecasting processes. In respect of discount rates, we used PwC valuation specialists to assess discount rates used by Management. Growth rates were compared to market data and adjustments analysed to assess whether the adjustments were reasonable. Furthermore, we tested that allocation of carrying amount and value in use of the cost centres was performed based on data from TDC's activity-based costing model and that the underlying cost drivers were reasonable.

Key audit matters	How our audit addressed the key audit matters
Vacant tenancies TDC has vacated a large number of tenancies and made them ready for sublease. We focused on the provision for vacant tenancies because it requires significant management estimates on certain assumptions, of which the most significant ones relate to the probability of sublease and expected sublease rent income. Management estimates are based on analysis of actual subleases and sublet rent income etc and adjusted for new initiatives such as development activities and market insights. Refer to note 3.6 to the Consolidated Financial Statements.	We tested the analysis performed by Management and assessed whether the adjustments made to reflect future expected sublease probability and sublease rent income are reasonable This includes comparing the rent level to other tenancies available for sublease in the same areas, assessing the impact from development activities and comparison against market insights.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 1 February 2018

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Lars Baungaard
State Authorised Public Accountant
mme 23331

Tue Stensgård Sørensen
State Authorised Public Accountant
mme 32200

Consolidated Income Statement

DKKm	Note	2017	2016
Revenue	2.1,2.2	20,270	21,031
Cost of sales	2.3	(5,301)	(5,404)
Gross profit		14,969	15,627
External expenses	2.4	(3,163)	(3,434)
Personnel expenses	2.5	(3,664)	(3,805)
Other income	2.2	102	100
Operating profit before depreciation, amortisation and special items (EBITDA)		8,244	8,488
Depreciation, amortisation and impairment losses	2.6	(5,160)	(4,940)
Special items	2.7	(231)	(281)
Operating profit (EBIT)		2,853	3,267
Financial income and expenses	4.5	(838)	(776)
Profit before income taxes		2,015	2,491
Income taxes	2.8	(488)	(529)
Profit for the year from continuing operations		1,527	1,962
Profit from discontinued operations	2.9	26	1,075
Profit for the year		**1,553**	**3,037**
Attributable to:			
Shareholders of TDC A/S		1,389	2,868
Coupon payments on hybrid capital, net of tax		164	175
Non-controlling interests		0	(6)
Profit/(loss) for the year		1,553	3,037
Earnings per share (EPS) (DKK)	2.10		
EPS, basic		1.73	3.58
EPS, diluted		1.72	3.56
EPS from continuing operations, basic		1.70	2.24
EPS from continuing operations, diluted		1.69	2.22

Consolidated Statement of Comprehensive Income

DKKm	Note	2017	2016
Profit for the year		1,553	3,037
Items that may subsequently be reclassified to the income statement:			
Exchange-rate adjustments of foreign enterprises	4.5	(669)	1,184
Value adjustments of hedging instruments	4.5	30	42
Items that cannot subsequently be reclassified to the income statement:			
Remeasurement of defined benefit pension plans	3.8	1,172	(430)
Income tax relating to remeasurement of defined benefit pension plans	2.8	(258)	95
Other comprehensive income/(loss)		275	891
Total comprehensive income/(loss)		**1,828**	**3,928**
Attributable to:			
Shareholders of TDC A/S		1,664	3,759
Coupon payments on hybrid capital, net of tax		164	175
Non-controlling interests		0	(6)
Total comprehensive income/(loss)		1,828	3,928
Total comprehensive income attributable to shareholders of TDC A/S arises from:			
Continuing operations		1,638	2,006
Discontinuing operations		26	1,753
Total		1,664	3,759

Consolidated Balance Sheet

Assets

DKKm	Note	2017	2016
Non-current assets			
Intangible assets	3.1	32,606	34,208
Property, plant and equipment	3.2	17,840	18,041
Joint ventures, associates and other investments		80	87
Pension assets	3.8	6,752	5,595
Receivables	3.3	197	256
Derivative financial instruments	4.6	50	88
Prepaid expenses	3.4	301	314
Total non-current assets		**57,826**	**58,589**
Current assets			
Inventories		246	243
Receivables	3.3	2,312	2,495
Income tax receivable	2.8	9	25
Derivative financial instruments	4.6	455	612
Prepaid expenses	3.4	553	681
Cash		1,767	1,687
Total current assets		**5,342**	**5,743**
Total assets		**63,168**	**64,332**

Equity and liabilities

DKKm	Note	2017	2016
Equity			
Share capital	4.1	812	812
Other reserves		(1,679)	(1,040)
Retained earnings		20,491	18,882
Equity attributable to shareholders of TDC A/S		**19,624**	**18,654**
Hybrid capital	4.1	5,552	5,552
Non-controlling interests		1	1
Total equity		**25,177**	**24,207**
Non-current liabilities			
Deferred tax liabilities	2.8	4,231	4,133
Provisions	3.6	983	935
Pension liabilities	3.8	29	39
Loans	4.2,4.6	17,282	23,966
Derivative financial instruments	4.6	406	290
Deferred income	3.5	375	372
Total non-current liabilities		**23,306**	**29,735**
Current liabilities			
Loans	4.2,4.6	4,651	220
Trade and other payables	3.7	6,160	6,186
Derivative financial instruments	4.6	485	659
Deferred income	3.5	3,262	3,132
Provisions	3.6	127	193
Total current liabilities		**14,685**	**10,390**
Total liabilities		**37,991**	**40,125**
Total equity and liabilities		**63,168**	**64,332**

Consolidated Statement of Cash Flow

DKKm	Note	2017	2016
Operating profit before depreciation, amortisation and special items (EBITDA)		8,244	8,488
Adjustment for non-cash items	5.1	233	267
Pension contributions	3.8	(95)	(106)
Payments related to provisions	3.6	(15)	(5)
Special items	2.7	(394)	(446)
Change in working capital	5.2	455	151
Interest received	4.5	425	557
Interest paid	4.5	(1,084)	(1,470)
Income tax paid	2.8	(556)	(608)
Operating activities in continuing operations		7,213	6,828
Operating activities in discontinued operations		0	430
Total cash flow from operating activities		**7,213**	**7,258**
Investment in enterprises	5.3	(197)	(145)
Investment in property, plant and equipment	3.2	(3,213)	(3,303)
Investment in intangible assets	3.1	(1,278)	(1,151)
Investment in other non-current assets		(19)	(25)
Divestment of enterprises		491	0
Sale of other non-current assets		59	43
Dividends received from joint ventures and associates		1	10
Investing activities in continuing operations		(4,156)	(4,571)
Investing activities in discontinued operations	5.4	6	1,814
Total cash flow from investing activities		**(4,150)**	**(2,757)**
Repayment of long-term loans		(1,860)	(2,897)
Finance lease repayments		(82)	(96)
Change in short-term loans		(5)	1
Coupon payments on hybrid capital		(195)	(196)
Dividend paid		(802)	0
Capital contributions from non-controlling interests		0	7
Financing activities in continuing operations		(2,944)	(3,181)
Financing activities in discontinuing operations		0	(1)
Total cash flow from financing activities		**(2,944)**	**(3,182)**
Total cash flow		**119**	**1,319**
Cash and cash equivalents at 1 January		1,687	363
Effect of exchange-rate changes on cash and cash equivalents		(39)	5
Cash and cash equivalents at 31 December		**1,767**	**1,687**

Equity free cash flow

DKKm	Note	2017	2016
Cash flow from operating activities in continuing operations		7,213	6,828
Cash flow used for capital expenditure:			
Investment in property, plant and equipment		(3,213)	(3,303)
Investment in intangible assets		(1,278)	(1,151)
Finance lease repayments		(82)	(96)
Coupon payments on hybrid capital		(195)	(196)
Equity free cash flow		**2,445**	**2,082**

Consolidated Statement of Changes in Equity

	Attributable to shareholders of TDC A/S[1]							
DKKm	Share capital	Reserve for currency translation adjustments	Reserve for cash flow hedges	Retained earnings	Total	Hybrid capital	Non-controlling interests	Total
Equity at 1 January 2016	812	(2,019)	(247)	16,229	14,775	5,552	27	20,354
Profit for the year	—	—	—	2,868	2,868	175	(6)	3,037
Exchange-rate adjustments of foreign enterprises, cf. note 4.5	—	1,184	—	—	1,184	—	0	1,184
Value adjustments of hedging instruments, cf. note 4.5	—	—	42	—	42	—	0	42
Remeasurement of defined benefit pension plans	—	—	—	(430)	(430)	—	0	(430)
Income tax relating to remeasurement of defined benefit pension plans	—	—	—	95	95	—	0	95
Total comprehensive income	—	1,184	42	2,553	3,759	175	(6)	3,928
Share-based remuneration	—	—	—	120	120	—	—	120
Coupon payments on hybrid capital	—	—	—	—	—	(196)	—	(196)
Income tax relating to coupon payments on hybrid capital	—	—	—	—	—	21	—	21
Additions to non-controlling interests	—	—	—	—	—	—	10	10
Decrease in non-controlling interests	—	—	—	—	—	—	(30)	(30)
Total transactions with shareholders	—	—	—	120	120	(175)	(20)	(75)
Equity at 31 December 2016	**812**	**(835)**	**(205)**	**18,882**	**18,654**	**5,552**	**1**	**24,207**
Profit for the year	—	—	—	1,389	1,389	164	0	1,553
Exchange-rate adjustments of foreign enterprises, cf. note 4.5	—	(669)	—	—	(669)	—	0	(669)
Value adjustments of hedging instruments, cf. note 4.5	—	—	30	—	30	—	0	30
Remeasurement of defined benefit pension plans	—	—	—	1,172	1,172	—	0	1,172
Income tax relating to remeasurement of defined benefit pension plans	—	—	—	(258)	(258)	—	0	(258)
Total comprehensive income	—	(669)	30	2,303	1,664	164	0	1,828
Share-based remuneration	—	—	—	108	108	—	—	108
Coupon payments on hybrid capital	—	—	—	—	—	(195)	—	(195)
Income tax relating to coupon payments on hybrid capital	—	—	—	—	—	31	—	31
Distributed dividend	—	—	—	(802)	(802)	—	—	(802)
Total transactions with shareholders	—	—	—	(694)	(694)	(164)	—	(858)
Equity at 31 December 2017	**812**	**(1,504)**	**(175)**	**20,491**	**19,624**	**5,552**	**1**	**25,177**

1 See also note 4.1 for an explanation of distributable reserves and dividend.

Section 1

Basis of preparation

This section sets out the Group's basis of preparation that relates to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates. Similarly, sources of estimation uncertainty are described in the notes to which they relate.

Notes to consolidated financial statements

1.1 Accounting policies

TDC Group's consolidated financial statements for 2017 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and further disclosure requirements in the Danish Financial Statements Act.

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 income and expenses for the accounting period. The accounting estimates and judgements considered material to the preparation of the consolidated financial statements are shown in note 1.2 below.

TDC Group has adopted the new standards, amendments to standards and interpretations that are effective for the financial year 2017. None of the changes have affected recognition or measurement in the financial statements, nor are they expected to have any future impact.

The accounting policies are unchanged from last year.

Following the divestment of TDC Sweden in 2016, these activities are classified as discontinued operations in TDC Group's consolidated financial statements.

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 and 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 profits and losses on transactions between the consolidated enterprises have been eliminated.

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 where each enterprise operates. 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 exchange rates. Foreign exchange gains and losses arising from differences between the transaction-date rates and the rates at the date of settlement are recognised as financial income and expenses in the income statement.

Cash, loans and other amounts receivable or payable in foreign currencies are translated into the functional currency at the official exchange rates quoted at year-end. Currency translation adjustments are recognised as financial income and expenses in the income statement.

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

1.2 Critical accounting estimates and judgements

The preparation of TDC Group's Annual Report requires Management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised during the period in which the estimates are revised and during any future periods affected.

The following areas involve a higher degree of estimates or complexity and are outlined in more detail in the related notes on:

- revenue recognition (note 2.2)
- special items (note 2.7)
- useful lives regarding intangible assets (note 3.1)
- impairment testing of intangible assets (note 3.1)
- provisions (note 3.6)
- defined benefit plans (note 3.8)

Section 2

Profit for the year

This section focuses on disclosures of details of the TDC Group's results for the year including segmental information, special items, taxation and earnings per share. A detailed review of revenue, EBITDA and profit for the year is provided in the section 'Our performance' in the Management's review.

2.1 Segment reporting

Worth noting

TDC Group consists of the following segments: Consumer, dedicated to residential households in Denmark; Business, dedicated to the business market in Denmark; Wholesale, delivering services to service providers in Denmark, and Norway, delivering services to households (through Get) and businesses (through TDC Norway). Other operations consists of the two operating segments Operations and Headquarters and includes shared Danish functions such as, IT, procurement, installation, etc. For further information, see 'Our business lines and markets' on page 15.

Costs are not fully allocated among segments. For further information, see 'Cost allocation' below.

Accounting policies

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 in the notes. Profit before depreciation, amortisation and special items (*EBIT*DA) represents the profit earned by each segment without allocation of depreciation, amortisation and impairment losses, special items, financial income and expenses and income taxes. *EBIT*DA is the measurement 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.

In presenting information on the basis of geographical markets, segment revenue is based on the geographical location of the enterprise where the sale originates.

Cost allocation

Cost allocation in Denmark is used only in relation to postage, freight, electricity for data-centre hosting and rent for TDC shops to ensure incentives to optimise the use of such services. All other costs are not allocated, but are included in the operating expenses of the segment responsible for the service. Accordingly, e.g. costs related to IT services from Operations as well as staff services from Headquarters to Consumer, Business and Wholesale are not allocated.

In addition, as the Danish mobile and land-line networks (including the *cable* network) are based in Operations, operating expenses and capital expenditure related to these networks are not allocated to Consumer, Business and Wholesale. However, *roaming* revenue and costs for Consumer and Business' customers are included in the revenue and expenses of consumer and business. In addition, *interconnection* payments and revenues concerning TDC customers are included in the revenue and expenses of Wholesale.

Headquarters has assumed all pension obligations for the members of the Danish corporate pension fund. Accordingly, pension costs/ incomes for the Danish corporate pension fund are reported in Headquarters.

All costs related to the share-based incentive programme for the management of TDC Group's Norwegian business as well as the Danish part of the shortterm bonus, deferred bonus and performance share programmes are included in the segment Other operations.

Activities

DKKm	Consumer[1] 2017	Consumer[1] 2016	Business 2017	Business 2016	Wholesale 2017	Wholesale 2016
Mobility services	2,880	2,739	1,165	1,254	574	549
Landline voice	699	842	753	854	200	248
Internet & network	2,409	2,447	1,464	1,819	786	750
TV	4,131	4,257	33	37	52	55
Other services	414	522	1,106	1,277	141	139
Revenue	**10,533**	**10,807**	**4,521**	**5,241**	**1,753**	**1,741**
Total operating expenses	(4,442)	(4,590)	(1,951)	(2,280)	(721)	(773)
Other income and expenses	0	4	0	1	0	1
EBITDA	**6,091**	**6,221**	**2,570**	**2,962**	**1,032**	**969**
Specification of revenue:						
External revenue	10,523	10,804	4,431	5,067	1,688	1,658
Revenue across segments	10	3	90	174	65	83

	Other operations[2] 2017	Other operations[2] 2016	Norway[3] 2017	Norway[3] 2016	Eliminations 2017	Eliminations 2016	Total 2017	Total 2016
Mobility services	2	2	—	—	(14)	(9)	4,607	4,535
Landline voice	12	14	—	—	1	(1)	1,665	1,957
Internet & network	173	135	—	—	(43)	(114)	4,789	5,037
TV	1	4	—	—	(1)	(1)	4,216	4,352
Other services	312	338	—	—	(65)	(102)	1,908	2,174
Norway	—	—	3,202	3,092	(117)	(116)	3,085	2,976
Revenue	**500**	**493**	**3,202**	**3,092**	**(239)**	**(343)**	**20,270**	**21,031**
Total operating expenses	(3,464)	(3,602)	(1,822)	(1,773)	272	375	(12,128)	(12,643)
Other income and expenses	136	130	3	4	(37)	(40)	102	100
EBITDA	**(2,828)**	**(2,979)**	**1,383**	**1,323**	**(4)**	**(8)**	**8,244**	**8,488**
Specification of revenue:								
External revenue	483	463	3,145	3,039	—	—	20,270	21,031
Revenue across segments	17	30	57	53	(239)	(343)	0	0

1 The two operating segments YouSee and Online Brands are aggregated to the reportable segment Consumer as both render telecoms services B2C on the same telecoms network and under the same regulatory environment.

2 Consists of the two operating segments Operations and Headquarters. At Operations, external revenue amounted to DKK 456m (2016: DKK 434m), revenue across segments amounted to DKK 5m (2016: DKK 14m) and EBITDA amounted to DKK (1,514)m (2016: DKK (1,661)m). At Headquarters, external revenue amounted to DKK 27m (2016: DKK 29m), revenue across segments amounted to DKK 12m (2016: DKK 16m) and EBITDA amounted to DKK (1,314m) (2016: DKK (1,318m)).

Some service functions and the related costs have been transferred from Operations to Headquarters with effect from 1 January 2017. The comparative figures have been restated accordingly.

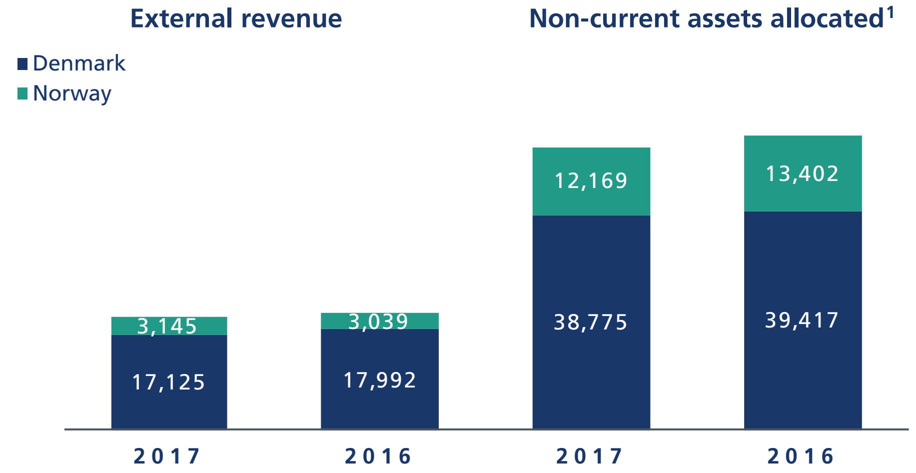
3 Consists of the two operating segments Get and TDC Norway. At Get, external revenue amounted to DKK 2,567m (2016: DKK 2,337m), revenue across segments amounted to DKK 0m (2016: DKK 0m) and EBITDA amounted to DKK 1,292m (2016: DKK 1,217m).

At TDC Norway AS, external revenue amounted to DKK 578m (2016: DKK 702m), revenue across segments amounted to DKK 57m (2016: DKK 53m) and EBITDA amounted to DKK 91m (2016: DKK 106m).

Reconciliation of EBITDA to profit before income taxes

DKKm	2017	2016
Total EBITDA from reportable segments	8,244	8,488
Unallocated:		
Depreciation, amortisation and impairment losses	(5,160)	(4,940)
Special items	(231)	(281)
Financial income and expenses	(838)	(776)
Consolidated profit before income taxes	**2,015**	**2,491**

Geographical markets DKKm



1 Non-current assets other than investments in joint ventures and associates, financial instruments, deferred tax assets and pension assets.

2.2 Revenue

DKKm	2017	2016
Sales of goods	940	1,042
Sales of services	19,330	19,989
Total	**20,270**	**21,031**

Critical accounting estimates and judgements

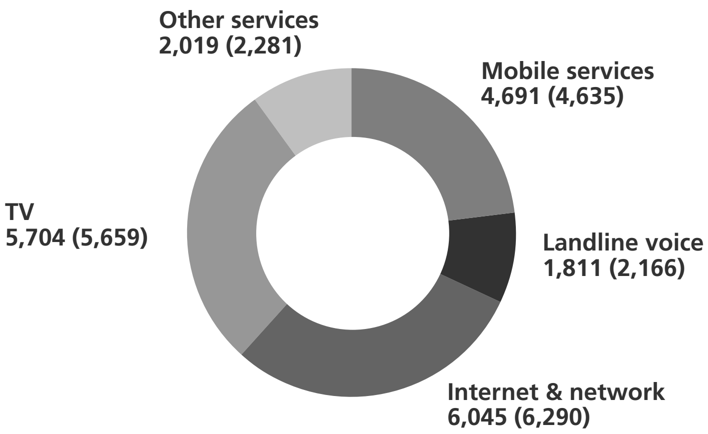
Revenue recognition for a telecoms operator is a complex area of accounting that requires management estimates and judgements.

Recognition of revenue depends on whether the Group acts as a principal in a transaction or an agent representing another company. Whether the Group is considered to be the principal or agent in a transaction depends on an analysis of both the form and substance of the customer agreement. When the Group acts as the principal, revenue is recognised at the agreed value, whereas revenue is recognised as the commission the Group receives for arranging the agreement when the Group acts as an agent. Judgements of whether the Group acts as a principal or as an agent impact the amounts of recognised revenue and operating expenses, but do not impact net profit for the year or cash flows. Judgements of whether the Group acts as a principal are used primarily in transactions covering content.

When the Group concludes contracts involving sale of complex products and services, management estimates are required to determine whether complex products or services shall be recognised together or as separate products and services. Management estimates are also used for distributing the transaction price on the individual elements based on the fair value, if judged to be recognised separately. Business customer contracts e.g. can comprise several elements related to mobile phones, subscriptions, leases, etc.

Revenues from non-refundable up-front connection fees are recognised as income over the expected term of the related customer relationship, as the establishment of the customer relationship is not judged to constitute a separate service. Management estimates the term of the expected customer relationship using historical customer *churn rates*. Change of management estimates may have a significant impact on the amount and timing of the revenues and the related expenses for any period. See also notes 3.4 and 3.5.

External revenue[1] from products and services — **DKKm**



1 2016 figures in brackets.

Accounting policies

Revenue is measured at the fair value of the consideration receivable, exclusive of sales tax and discounts relating directly to sales. Revenue comprises goods and services provided during the year. Goods and services may be sold separately or in bundled packages. Services include traffic and sub-scription fees, *interconnection* and *roaming* fees, fees for leased lines, network services, TV distribution as well as connection and installation fees. Goods include customer premises equipment, telephony handsets, PCs, settop boxes, etc.

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 flatrate services are recognised over the subscription period
- revenues from non-refundable up-front connection fees are deferred and recognised as income 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 the sale of equipment located at customer premises, e.g. switchboards and handsets.

Discounts on bundled sales of handsets and subscriptions are fully allocated to the handsets.

Sales of handsets below cost in an arrangement that cannot be separated from the provision of services are not recognised as revenue.

Revenues are recognised gross when TDC Group acts as the principal in a transaction. For content-based services and the resale of services from content providers where TDC Group acts as the 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, systems integration and other business solutions.

Other income

Other income comprises mainly compensation for *cable* breakages, investment advisory fees from the related pension funds as well as profit relating to divestment of property, plant and equipment.

2.3 Cost of sales

DKKm	2017	2016
Mobile services	(646)	(603)
Landline voice	(258)	(349)
Internet & network	(592)	(693)
TV	(2,683)	(2,544)
Other services	(1,122)	(1,215)
Total	**(5,301)**	**(5,404)**

Accounting policies

Cost of sales includes transmission costs and cost of goods sold. Transmission costs include external expenses related to operation of mobile and landline networks and leased transmission capacity as well as *interconnection* and roaming costs related directly to the Group's primary income.

Cost of goods sold includes terminal equipment and transmission material as well as TV-programme rights and other content costs.

The cost of a handset is expensed as cost of sales when the handset is sold unless the handset is sold below cost (see note 2.4 for a description of the accounting for sale of handsets below cost). The sale could be an individual sale or a multiple-element sale with a subscription.

2.4 External expenses

DKKm	2017	2016
Marketing and advertising expenses	(257)	(284)
Subscriber acquisition and retention expenses	(448)	(460)
Property expenses	(686)	(721)
IT expenses	(407)	(410)
Temps and personnel-related expenses	(235)	(228)
Other expenses	(1,130)	(1,331)
Total	**(3,163)**	**(3,434)**

Rental expenses for the year for all operating leases

DKKm	2017	2016
Lease payments	(798)	(837)
Sublease payments	148	119
Total	**(650)**	**(718)**

Accounting policies

External expenses include expenses related to marketing and advertising, IT, property, expenses related to staff, capacity maintenance, service contracts, etc.

Subscriber acquisition and retention costs

Subscriber acquisition and retention costs are expensed as incurred. The most common subscriber acquisition costs are handsets and dealer commissions. If a handset is sold below cost, the difference between the sales price and the cost of the handset is considered a marketing expense and is expensed under external expenses.

Operating 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.

2.5 Personnel expenses

DKKm	2017	2016
Wages and salaries (including short-term bonuses)	(3,746)	(3,829)
Pensions:		
• defined benefit plans	(135)	(132)
• defined contribution plans	(298)	(314)
Share-based remuneration	(106)	(135)
Social security	(150)	(160)
Total	**(4,435)**	**(4,570)**
Of which capitalised as non-current assets	771	765
Total personnel expenses recognised in the income statement[1]	**(3,664)**	**(3,805)**

1 The figures cover only continuing operations. Calculated including discontinued operations, personnel expenses totalled DKK 3,664m (2016: DKK 4,283m).

Remuneration for the Executive Committee and the Board of Directors

DKKm	2017	2016
Base salary (incl. benefits)	30.6	29.6
Cash bonus	18.4	13.4
Deferred bonus	0.0	13.4
Pensions	5.4	5.2
Performance share remuneration	7.7	6.7
One-off consideration	8.6	4.5
Share-based incentive programme in Norway	27.3	20.7
Employer social security contribution	4.9	6.4
Redundancy compensation	4.1	10.9
Executive committee in total	107.0	110.8
Fee to the Board of Directors	6.5	7.2
Total	**113.5**	**118.0**

The amounts for deferred bonus and performance share remuneration included in the table (see bottom left) are the fair values of instruments granted during the year.

The fair values are expensed over the vesting period. The expense for 2017 amounted to DKK 4.4m (2016: DKK 27.6m). Total remuneration expenses for the Executive Committee amounted to DKK 104.9m (2016: DKK 104.8m). For further information, see the section Remuneration in the Management's review.

Number of full-time employee equivalents

	2017	2016
1 January	7,963	7,897
Redundancy programmes	(476)	(225)
Acquisitions and divestments	(205)	82
Insourcing	869	0
Hirings and resignations	(54)	209
31 December	**8,097**	**7,963**
Former Danish civil servants	88	98
Employees entitled to pension from TDC Group's pension fund	935	1,056
Other employees	7,074	6,809
31 December	**8,097**	**7,963**
Of which in Denmark	**7,242**	**7,025**
Average number of full-time employee equivalents, TDC Group[1,2]	**7,555**	**7,983**

1 The average number of full-time employee equivalents seconded to external parties in connection with outsourcing of tasks or divestment of operations and entitled to pensions on conditions similar to those provided for Danish civil servants is not included in the reported figures (98 in 2017 and 106 in 2016).

2 The figures cover only continuing operations. Calculated including discontinued operations, the average number of full-time employee equivalents amounted to 7,555 in 2017 (2016: 8,675).

Accounting policies

Wages, salaries, social security contributions, paid leave and sick leave, bonuses and other employee benefits are recognised in the year in which the employee renders the related services.

Pension costs

See note 3.8.

Share-based remuneration

See note 6.1.

Full-time employee equivalents

The number of full-time employee equivalents includes permanent employees and trainees.

Employees who are entitled to pensions on conditions similar to those provided for Danish civil servants and who are seconded to external parties in connection with outsourcing of tasks or divestment of operations are not included in the reported numbers.

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 1 January until the time of divestment.

2.6 Depreciation, amortisation and impairment losses

DKKm	2017	2016
Depreciation of property, plant and equipment, cf. note 3.2	(3,166)	(2,976)
Amortisation of intangible assets, cf. note 3.1	(1,930)	(1,906)
Impairment losses, cf. notes 3.1 and 3.2	(64)	(58)
Total	**(5,160)**	**(4,940)**

Comments

The increase in depreciation from 2016 to 2017 was driven primarily by a reduction of the useful lives of various network equipment and an increased depreciation base. Both effects related to the upgrading of the *cable* network to enable 1 gigabit broadband.

The increase in amortisation was driven by increased customer churn partly offset by lower amortisation due to the diminishing-balance method.

2.7 Special items

DKKm	2017	2016
Costs related to redundancy programmes and vacant tenancies	(316)	(221)
Other restructuring costs, etc.	(91)	(53)
Gain on sale of enterprises	137	0
Loss on sale of enterprises	0	(2)
Income from rulings	54	0
Loss from rulings	(4)	(5)
Costs related to acquisition of enterprises	(11)	0
Special items before income taxes	**(231)**	**(281)**
Income taxes related to special items	60	60
Special items related to joint ventures and associates	0	1
Special items related to discontinued operations	26	973
Total special items	**(145)**	**753**

Cash flow from special items (excl. discontinued operations)

DKKm	2017	2016
Redundancy programmes and vacant tenancies	(244)	(243)
Other	(150)	(203)
Total	**(394)**	**(446)**

Worth noting

Special items includes significant amounts that cannot be attributed to normal operations such as restructuring costs and special write-downs for impairment of intangible assets and property, plant and equipment. Special items also includes gains and losses related to divestment of enterprises, as well as transaction costs and adjustments of purchase prices relating to the acquisition of enterprises.

Comments

The positive development in special items was due primarily to the gain from the divestment of TDC Hosting in March 2017 (DKK 137m), partly offset by increased costs related to redundancy programmes and vacant tenancies.

Reconciliation of special items

	2017			2016		
DKKm	Reported income statement	Special items	Adjusted income statement	Reported income statement	Special items	Adjusted income statement
Revenue	20,270	—	20,270	21,031	—	21,031
Cost of sales	(5,301)	—	(5,301)	(5,404)	(27)	(5,431)
Gross profit	14,969	—	14,969	15,627	(27)	15,600
External expenses	(3,163)	(288)	(3,451)	(3,434)	(106)	(3,540)
Personnel expenses	(3,664)	(149)	(3,813)	(3,805)	(146)	(3,951)
Other income	102	206	308	100	—	100
Other expenses	0	0	0	—	(2)	(2)
Operating profit before depreciation and amortisation	8,244	(231)	8,013	8,488	(281)	8,207
Depreciation, amortisation and impairment losses	(5,160)	—	(5,160)	(4,940)	—	(4,940)
Special items	(231)	231	0	(281)	281	—
Operating profit	2,853	0	2,853	3,267	0	3,267
Financial income and expenses	(838)	—	(838)	(776)	—	(776)
Profit before income taxes	**2,015**	**0**	**2,015**	**2,491**	**0**	**2,491**

Critical accounting estimates and judgements

In the Group's income statement, special items are presented as a separate item. Special items include income or costs that in Management's judgement shall be disclosed separately by virtue of their size, nature or incidence. In determining whether an event or transaction is special, Management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence of the transaction or event, including whether the event or transaction is recurrent. This is consistent with the way that financial performance is measured by Management and reported to the Board of Directors, and assists in providing a meaningful analysis of the operating results of the Group.

Accounting policies

Special items as described above is disclosed on the face of the income statement. Items of a similar nature for non-consolidated enterprises and discontinued operations are recognised in profit from joint ventures and associates and profit for the year from discontinued operations, respectively.

2.8 Income taxes

Worth noting

A large part of TDC Group's deferred tax liabilities relates to assets that are not expected to be taxed in the foreseeable future (pension assets, customer relations and brands). The deferred tax liabilities relating to customer relationships and brands stem primarily from the merger between TDC A/S and the former parent company NTC ApS in 2009 and the resulting adoption of NTC's purchase price allocation.

Comments

Reconciliation of income taxes

In 2017, the change in tax rate related to a reduction of the Norwegian corporate income tax rate from 24% to 23% with effect from 2018.

DKK 556m of the income tax paid was paid in Denmark (2016: DKK 607m). DKK 0m was paid in Norway (2016: DKK 1m). In 2016, the Group received a refund of income tax of DKK 3m related to the discontinued operations in Sweden.

Reconciliation of income taxes

DKKm	2017 Income taxes cf. the income statement	2017 Income tax payable/ (receivable)	2017 Deferred tax liabilities/ (assets)	2016 Income taxes cf. the income statement	2016 Income tax payable/ (receivable)	2016 Deferred tax liabilities/ (assets)
At 1 January	—	(25)	4,133	—	(5)	4,218
Transferred to discontinued operations	—	0	0	—	22	7
Additions relating to acquisition of enterprises	—	0	8	—	1	19
Disposal relating to divestment of enterprise		1	(5)	—	0	0
Disposals relating to loss of control	—	0	0	—	9	0
Income taxes for the year	(512)	605	(93)	(602)	634	(32)
Adjustment of tax for previous years	(2)	(34)	36	47	(78)	31
Change in tax rate	26	0	(26)	26	0	(26)
Tax relating to remeasurement effects from defined benefit pension plans	—	—	258	—	—	(95)
Tax relating to coupon payments on hybrid capital	—	0	(31)	—	0	(21)
Income tax paid		(556)		—	(608)	—
Currency translation adjustment			(49)	—	0	32
Total	**(488)**	**(9)**	**4,231**	**(529)**	**(25)**	**4,133**
Shown in the balance sheet as:						
Tax payable/deferred tax liabilities	—		4,231	—	0	4,133
Tax receivable/deferred tax assets	—	(9)	0	—	(25)	0
Total	**—**	**(9)**	**4,231**	**—**	**(25)**	**4,133**
Income taxes are specified as follows:						
Income excluding special items	(548)	—	—	(589)	—	—
Special items	60	—	—	60	—	—
Total	**(488)**	**—**	**—**	**(529)**	**—**	**—**

The value of tax-loss carryforwards relates primarily to the Norwegian business and is expected to be utilised within two years.

In Sweden, the Group has a non-recognised tax loss of DKK 11m (2016: DKK 11m).

In 2016, the change in tax rate related to a reduction of the Norwegian corporate income tax rate from 25% to 24% with effect from 2017.

All Danish group companies participate in joint taxation with TDC A/S as the management company.

Specification of deferred tax

DKKm	Deferred tax assets	Deferred tax liabilities	2017 Total[1]	2016
Receivables, inventories, etc.	(1)	0	(1)	(7)
Other	(37)	0	(37)	(35)
Current	**(38)**	**0**	**(38)**	**(42)**
Intangible assets	0	3,175	3,175	3,457
Property, plant and equipment	(39)	24	(15)	46
Pension assets and pension liabilities	0	1,486	1,486	1,229
Tax value of tax-loss carryforwards	(181)	0	(181)	(401)
Other	(196)	0	(196)	(156)
Non-current	**(416)**	**4,685**	**4,269**	**4,175**
Deferred tax at 31 December	**(454)**	**4,733**	**4,231**	**4,133**

1 The total net deferred tax is recognised as a liability in the balance sheets.

Reconciliation of effective tax rate

	2017		2016	
	DKKm	%	DKKm	%
Danish corporate income tax rate	494	22.0	610	22.0
Limitation on the tax deductibility of interest expenses	77	3.4	49	1.7
Other non-taxable income and non-tax deductible expenses	1	0.1	1	0.0
Tax value of non-capitalised tax losses and utilised tax losses, net	0	0.0	1	0.0
Deviation in foreign subsidiaries' tax rates compared with the Danish tax rate	6	0.3	7	0.3
Change in the Norwegian corporate income tax rate	(26)	(1.2)	(26)	(0.9)
Adjustment of tax for previous years	2	0.1	(47)	(1.6)
Other	(6)	(0.3)	(6)	(0.2)
Effective tax excluding special items	**548**	**24.4**	**589**	**21.3**
Other special items	(60)	(0.2)	(60)	(0.0)
Effective tax including special items	**488**	**24.2**	**529**	**(21.3)**

Reconciliation of effective tax rate

The increasing effective tax rate (excluding special items) was due primarily to the increased impact from the Danish limitation on the deductibility of interest due to foreign exchange losses on receivables as well as the reduction of adjustment of tax for previous years.

Accounting policies

Tax for the year comprises current income tax, changes in deferred tax and adjustments from prior years and is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income.

Current income tax liabilities and current income tax receivables are recognised in the balance sheet 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. However, deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or if it arises from initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit/loss. 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 Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets including the tax value of tax-loss carryforwards are 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 effective under the legislation in the respective countries 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 statement except for the effect of items recognised directly in other comprehensive income.

Deferred tax assets and liabilities are offset in the consolidated balance sheet if the Group has a legally enforceable right to offset them, and the deferred tax assets and liabilities relate to the same legal tax entity.

2.9 Discontinued operations

DKKm	2017	2016
Revenue	**0**	**2,256**
Total operating costs	0	(1,999)
Income taxes	0	(25)
Results from discontinued operations excluding gain from divestment	0	102
Gain from divestment of discontinued operations (special items) cf. note 2.7	26	981
Other special items relating to discontinued operations cf. note 2.7	0	(8)
Profit for the year from discontinued operations	**26**	**1,075**

Discontinued operations comprise the former 100% owned subsidiary TDC Sweden AB, divested in October 2016.

Accounting policies

***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 will 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 income statement with restated comparative figures. Revenue, cost and taxes relating to the discontinued operation are disclosed in the table below.

Cash flows from operating, investing and financing activities of discontinued operations are presented in separate lines in the statement of cash flow with restated comparative figures.

2.10 Earnings per share (EPS)

DKKm	2017	2016
Profit/(loss) for the year (DKKm)	1,553	3,037
Average number of shares	812,000,000	812,000,000
Average number of treasury shares	(9,383,553)	(9,997,028)
Average number of outstanding shares	**802,616,447**	**802,002,972**
Average dilutive effect of outstanding share-based instruments (number)	3,774,863	2,763,128
Average number of diluted outstanding shares	**806,391,310**	**804,766,100**
EPS (DKK)		
EPS, basic	1.73	3.58
EPS, diluted	1.72	3.56
EPS from continuing operations, basic	1.70	2.24
EPS from continuing operations, diluted	1.69	2.22
EPS from discontinued operations, basic	0.03	1.34
EPS from discontinued operations, diluted	0.03	1.34
Profit/(loss) for the year from continuing operations	1,527	1,962
Reversal of special items before income taxes (cf. note 2.7)	231	281
Reversal of income taxes related to special items (cf. note 2.7)	(60)	(60)
Reversal of special items related to joint ventures and associates (cf. note 2.7)	0	(1)
Reversal of amortisation of brands and customer relationships stemming from the merger of TDC A/S and NTC ApS (net of tax)	360	441
Adjusted profit for the year (DKKm)	**2,058**	**2,623**
Adjusted EPS (from continuing operations)	2.56	3.27

Accounting policies

Earnings per share constitutes the amount of post-tax profit attributable to each share. Diluted EPS reflects any commitments the Group has to issue shares in the future and so includes the impact of share units from incentive programmes, cf. note 6.1.

Basic EPS is adjusted in order to show the business performance of the Group in a consistent manner and reflects how the business is managed. Adjustments are made for special items, discontinued operations, amortisation stemming from the merger of TDC A/S and NTC ApS in 2009, and the related tax amounts.

Section 3

Operating assets and liabilities

This section shows the assets used to generate the Group's performance and the resulting liabilities incurred. Assets and liabilities relating to the Group's financing activities are addressed in Section 4. Deferred tax assets and liabilities are shown in note 2.8.

3.1 Intangible assets

DKKm	2017					2016				
	Goodwill	Customer relation-ships	Brands	Other rights, software, etc.	Total	Goodwill	Customer relation-ships	Brands	Other rights, software, etc.	Total
Accumulated cost at 1 January	21,675	18,927	6,104	11,909	58,615	22,556	19,178	6,116	11,299	59,149
Transferred to discontinued operations	0	0	0	0	0	(1,053)	(478)	0	(490)	(2,021)
Additions relating to the acquisition of enterprises	171	60	11	3	245	76	43	8	37	164
Disposal relating to loss of control	0	0	0	0	0	(202)	0	0	(21)	(223)
Disposal relating to the divestment of enterprises	(449)	(109)	0	(143)	(701)	0	0	0	0	0
Additions	0	0	0	1,152	1,152	0	0	0	1,289	1,289
Assets disposed of or fully amortised	0	(52)	0	(607)	(659)	0	(46)	(54)	(206)	(306)
Currency translation adjustments	(435)	(336)	(50)	0	(821)	298	230	34	1	563
Accumulated cost at 31 December	**20,962**	**18,490**	**6,065**	**12,314**	**57,831**	**21,675**	**18,927**	**6,104**	**11,909**	**58,615**
Accumulated amortisation and write-downs for impairment at 1 January	(3,900)	(11,528)	(159)	(8,820)	(24,407)	(5,062)	(10,980)	(203)	(8,449)	(24,694)
Transferred to discontinued operations	0	0	0	0	0	1,016	424	0	344	1,784
Amortisation	0	(889)	(4)	(1,037)	(1,930)	0	(973)	(3)	(930)	(1,906)
Write-downs for impairment	0	(3)	0	(9)	(12)	0	(23)	(4)	(8)	(35)
Disposal relating to loss of control	0	0	0	0	0	146	0	0	18	164
Disposal relating to the divestment of enterprises	208	89	0	99	396	0	0	0	0	0
Assets disposed of or fully amortised	0	52	0	607	659	0	46	54	206	306
Currency translation adjustments	0	65	4	0	69	0	(22)	(3)	(1)	(26)
Accumulated amortisation and write-downs for impairment at 31 December	(3,692)	(12,214)	(159)	(9,160)	(25,225)	(3,900)	(11,528)	(159)	(8,820)	(24,407)
Carrying amount at 31 December	**17,270**	**6,276**	**5,906**	**3,154**	**32,606**	**17,775**	**7,399**	**5,945**	**3,089**	**34,208**

Worth noting

TDC Group's intangible assets relate largely to goodwill, customer relations and brands stemming from the merger between TDC A/S and the former parent company NTC ApS in 2009 and the resulting adoption of NTC's purchase price allocation. These items amounted to DKK 19,046m (2016: DKK 19,756m).

Comments

Write-downs for impairment of intangible assets, etc. totalled DKK 12m (2016: DKK 35m). These write-downs related to termination of various software projects in Denmark.

Assets with indefinite useful lives other than goodwill amounted to DKK 5,893m (2016: DKK 5,938m). The decrease in carrying amount related to currency translation adjustments. DKK 5,339m (2016: DKK 5,339m) related to the TDC brand in Denmark, DKK 97m (2016: DKK 105m) related to the TDC Norway brand and DKK 457m (2016: DKK 494m) related to the Get brand in Norway.

The carrying amount of software amounted to DKK 1,781m (2016: DKK 1,588m). The addition of internally developed software totalled DKK 310m (2016: DKK 289m).

The carrying amount of individually material Danish mobile licences included in other rights, software etc., amounted to DKK 1,197m (2016: DKK 1,325m) and is shown in the next table.

Critical accounting estimates and judgements

Useful lives

Management estimates useful lives for intangible assets based on periodic studies of customer churn or actual useful lives and the intended use for those assets. Such studies are completed or updated when new events occur that may have the potential to impact the determination of the useful life of the asset, i.e. when events or circumstances occur that indicate that the carrying amount of the asset may not be recoverable and should therefore be tested for impairment. Any change in customer churn or the expected useful lives of these assets is recognised in the financial statements, as soon as any such change has been ascertained, as a change of a critical accounting estimate.

Impairment testing of intangible assets

Intangible assets comprise a significant portion of TDC Group's total assets. The measurement of the recoverable amount of intangible assets is a complex process that requires significant Management judgements in determining various assumptions to be used in the calculation of cash-flow projections, discount rates and terminal growth rates. In addition, Management estimates the cost drivers, etc. in the activity-based costing model that is used for allocation of the carrying amount and value in use of the cash-generating units.

The sensitivity of changes in the assumptions used to determine the recoverable amount may be significant. Furthermore, the use of other estimates or assumptions when determining the recoverable amount of the assets may result in other values and could result in required impairment of intangible assets in future periods. The assumptions used for the impairment testing of goodwill are shown in the section Impairment testing of goodwill and intangible assets with indefinite useful lives.

Spectrum licences in Denmark

DKKm				
Spectrum (MHz)	**Bandwidth (MHz)**	**Type/ Technology**	**Licence expiration**	**Carrying amount**
800	2 x 20	Technology neutral	2034	431
900	2 x 9	Technology neutral	2019	179
1800	2 x 20	Technology neutral	2032	287
2100	2 x 15 + 1 x 5	Technology neutral	2021	99
2600	2 x 20	Technology neutral	2030	201

Cash flow

DKKm	2017	2016
Additions, cf. table above	(1,152)	(1,289)
Instalments regarding mobile licences	(126)	(156)
Non-cash part of acquisition of mobile licence	0	294
Cash flow from investment in intangible assets	**(1,278)**	**(1,151)**

Impairment testing 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 1 October 2017 and at 1 October 2016, respectively.

Impairment testing is an integral part of the Group's budget and planning process, which 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. The business plans approved by Management follow the operating segments as described in note 2.1. The carrying amounts of Operations and Headquarters and the calculated negative value in use of these cost centres are allocated to YouSee, Online Brands, Business and Wholesale via an activity-based costing model. The value of the TDC brand is not allocated to business lines, but is tested for potential impairment against the combined value of the Danish business lines.

Projections for the terminal period are based on general expectations and risks, taking into account the general growth expectations for the telecoms industry in Denmark and Norway. The growth rates applied reflect expectations of relatively saturated markets.

The three-year business plans are based on current trends. The budget period includes cash flow effects from completed restructurings combined with effects of strategic initiatives aimed at improving or maintaining trend lines.

For the impairment testing of goodwill, TDC Group uses a pre-tax discount rate for each cash-generating unit. In determining the discount rate, a risk premium on the risk-free interest rate is fixed at a level reflecting Management's expectations of the spread for future financing.

Goodwill and intangible assets with indefinite useful lives relate primarily to YouSee, Online Brands, Business and Get. The assumptions for calculating the value in use for the most significant goodwill amounts are given below.

Key assumptions for calculating the value in use for the significant[1] goodwill amounts

DKKm	YouSee	Online Brands	Business	Get
Carrying amount of goodwill at 31 December 2017 (DKKm)	6,733	1,110	4,236	4,925
Carrying amount of goodwill at 31 December 2016 (DKKm)	6,756	1,114	4,436	5,326
Market-based growth rate applied to extrapolated projected future cash flows for the period following 2020	0.0%	0.0%	0.0%	1.0%
Market-based growth rate applied at 1 October 2016	0.0%	0.0%	0.0%	2.0%
Applied pre-tax discount rate at 1 October 2017	7.2%	6.9%	7.9%	8.0%
Applied pre-tax discount rate at 1 October 2016	7.6%	7.3%	8.2%	8.2%

1 Representing 98% of the total carrying amount in 2017 (2016: 99%).

Assumptions regarding recoverable amounts and projected earnings

YouSee

Any reasonably possible changes in the key assumptions are not expected to cause the carrying amount of goodwill to exceed the recoverable value.

Projections are based on the assumption of an improved EBITDA development in the three-year business plan based on the following assumptions:

- Reduced loss in landline voice from continuation of lower churn and improved product mix
- Growth in mobility services and broad-band from higher *ARPU*s partly offset by increased *roaming* costs on mobile voice, reduced churn driven by new loyalty programme, YouSee More, and the ambition to continue to have superior networks as well as new offerings (e.g. hybrid broadband)
- TV gross profit decline due to customer loss and expected erosion of gross profit margin in line with uptake of new flexible TV packages with *SVoD* services, partly offset by price increases. Churn will improve after revitalisation of the TV offering, leading to a stable-to-increasing TV market share
- *Opex* savings driven by optimisation of call centre productivity KPIs, focus on moving customers to a digital universe and call reductions

Sensitivity analyses have been performed to assess the probability that any likely changes in cash flow or discount rate will result in an impairment loss. One of the key swing factors behind the projection is the EBITDA level in the planning period. A sensitivity analysis indicates that EBITDA each year in the planning period may be up to DKK 660m lower before a write-down would have to be recognised.

Online Brands

Any reasonably possible changes in the key assumptions are not expected to cause the carrying amount of goodwill to exceed the recoverable value.

Projections are based on the assumption of moderate EBITDA growth in the three-year business plan, however with higher growth in 2018 due to the YoY impact from the acquisition of Plenti. Adjusted for Plenti, growth is driven mainly by mobility services from higher *ARPU* partly offset by higher content costs related to growth in the Telmore Play customer base as well as modest growth in TV driven by Blockbuster.

Sensitivity analyses have been performed to assess the probability that any likely changes in cash flow or discount rate will result in an impairment loss. The sensitivity analysis of the EBITDA level shows that EBITDA each year in the planning period may be up to DKK 240m lower before a write-down would have to be recognised.

Business

Any reasonably possible changes in the key assumptions are not expected to cause the carrying amount of goodwill to exceed the recoverable value.

Projections are based on assumptions of improved EBITDA development based on the following assumptions:

- Continued intense price competition in the enterprise segment is expected to negatively impact earnings, however off-set by better development in the SME segment and a positive impact from a new public contract

- New products and services and improvement of the overall end-to-end processes are expected to have a positive impact on gross profit

- *Opex* savings driven by *FTE* reductions, partly offset by implementation costs in 2018 and 2019 related to the new public contract

Sensitivity analyses have been performed to assess the probability that any likely changes in cash flow or discount rate will result in an impairment loss. One of the key swing factors behind the projection is the EBITDA level in the planning period. A sensitivity analysis indicates that EBITDA each year in the planning period may be up to DKK 300m lower before a write-down would be recognised. Likewise, a write-down will have to be recognised if the pre-tax discount rate increases by more than 1.3 percentage points.

Get

Any reasonably possible changes in the key assumptions are not expected to cause the carrying amount of goodwill to exceed the recoverable value.

Projections are based on assumptions of continued EBITDA growth in the three-year business plan, however at a lower level than previously. Small growth in gross profit is expected driven mainly by broadband, but offset by a TV gross profit decline. Broadband growth stems mainly from price increases and upgrading to higher speeds at higher prices. The TV gross profit decline is driven by increased content costs, contained loss of TV customers and, in 2018, will be affected by negative effects from TV one-offs in 2017.

Sensitivity analyses have been performed to assess the probability that any likely changes in cash flow or discount rate will result in an impairment loss. The key swing factor behind the projection is the market-based growth rate applied to extrapolated projected future cash flows for the period following 2020. A sensitivity analysis indicates that this growth rate may decrease from 1% to 0.1% before a write-down will have to be recognised. The sensitivity of the EBITDA level indicates that EBITDA each year in the planning period may be up to NOK 150m lower before a write-down would have to be recognised.

Accounting policies

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

Brands with finite useful lives, licences, proprietary rights, 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 the percentage of churn (5% 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 sheet are expensed as incurred in the income statement.

The main amortisation periods are as follows:

Brands	2-10 years
Mobile licences	16-22 years
Development projects	3-5 years

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

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

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 amounts may not be recoverable.

3.2 Property, plant and equipment

DKKm	Land and buildings 2017	Network infra-structure 2017	Equipment 2017	Assets under construction 2017	Total 2017	Land and buildings 2016	Network infra-structure 2016	Equipment 2016	Assets under construction 2016	Total 2016
Accumulated cost at 1 January	599	36,849	2,305	1,310	41,063	589	34,288	2,493	1,489	38,859
Transferred to discontinued operations	0	0	0	0	0	0	(681)	(305)	(89)	(1,075)
Transfers (to)/from other items	0	1,056	31	(1,087)	0	1	1,386	(22)	(1,365)	0
Additions relating to the acquisition of enterprises	0	0	12	0	12	0	0	3	0	3
Disposals relating to the divestment of enterprises	0	0	(364)	0	(364)	0	0	0	0	0
Additions	4	1,828	169	1,334	3,335	8	1,894	235	1,225	3,362
Assets disposed of	(2)	(268)	(123)	0	(393)	(1)	(232)	(100)	0	(333)
Currency translation adjustments	(3)	(366)	0	(56)	(425)	2	194	1	50	247
Accumulated cost at 31 December	**598**	**39,099**	**2,030**	**1,501**	**43,228**	**599**	**36,849**	**2,305**	**1,310**	**41,063**
Accumulated depreciation and write-downs for impairment at 1 January	(129)	(20,777)	(1,804)	(312)	(23,022)	(115)	(18,504)	(1,906)	(371)	(20,896)
Transferred to discontinued operations	0	0	0	0	0	0	393	206	33	632
Transfers to/(from) other items	0	0	0	0	0	0	(75)	35	40	0
Depreciation	(13)	(2,973)	(180)	0	(3,166)	(12)	(2,727)	(237)	0	(2,976)
Write-downs for impairment	(9)	(25)	0	(18)	(52)	0	(9)	0	(14)	(23)
Disposal relating to the divestment of enterprises	0	0	277	0	277	0	0	0	0	0
Assets disposed of	2	268	122	0	392	0	232	98	0	330
Currency translation adjustments	1	182	0	0	183	(2)	(87)	0	0	(89)
Accumulated depreciation and write-downs for impairment at 31 December	**(148)**	**(23,325)**	**(1,585)**	**(330)**	**(25,388)**	**(129)**	**(20,777)**	**(1,804)**	**(312)**	**(23,022)**
Carrying amount at 31 December	**450**	**15,774**	**445**	**1,171**	**17,840**	**470**	**16,072**	**501**	**998**	**18,041**
Carrying amount of finance leases at 31 December	**49**	**37**	**0**	**—**	**86**	**52**	**148**	**0**	**—**	**200**

Comments

In 2017, write-downs for impairment totalled DKK 52m. Of this, DKK 45m related to assets in Denmark operated by Operations and DKK 7m related to Norway.

In 2016, write-downs for impairment totalled DKK 23m. Of this, DKK 18m related to assets in Denmark operated by Operations and DKK 5m related to Norway.

Cash flow

DKKm	2017	2016
Additions, cf. table above	(3,335)	(3,362)
Non-cash additions regarding finance leases	0	12
Non-cash additions regarding decommissioning obligations	4	22
Additions not yet paid	118	25
Cash flow from investment in property, plant and equipment	**(3,213)**	**(3,303)**

Accounting policies

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 decommissioning costs if the related obligation meets the conditions for recognition as a provision.

Directly attributable costs comprise personnel expenses together with other external expenses calculated in terms of time spent on self-constructed assets.

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 shown in the next table.

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

Buildings	20 years
Network infrastructure:	
mobile networks	20 years
copper	20 years
coax	20 years
fibre	
30 years exchange equipment	3-30 years
other network equipment	3-30 years
Equipment (computers, tools and office equipment)	3-15 years

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 statement under other income.

Software that is an integral part of telephone exchange installations, for example, 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.

Customer-placed equipment (e.g. set-top boxes) is capitalised and depreciated over the estimated useful life of the individual asset, not exceeding five years.

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.

3.3 Receivables

DKKm	2017	2016
Trade receivables	2,379	2,577
Allowances for doubtful debts	(260)	(259)
Trade receivables, net	**2,119**	**2,318**
Contract work in progress	123	89
Receivables from joint ventures and associates	3	0
Other receivables	264	344
Total	**2,509**	**2,751**
Recognised as follows in the balance sheet:		
Non-current assets	197	256
Current assets	2,312	2,495
Total	**2,509**	**2,751**
Allowances for doubtful debts at 1 January	(259)	(270)
Transferred to discontinued operations	0	1
Deduction relating to divestment of subsidiaries	1	0
Additions	(103)	(111)
Realised losses	52	80
Reversed allowances	49	41
Allowances for doubtful debts at 31 December	**(260)**	**(259)**

Trade receivables

			Past due and not impaired		
DKKm	**Not past due**	**Past due and impaired**	**Less than six months**	**More than six months**	**Total**
2017:	1,366	731	246	36	2,379
2016:	1,390	813	331	43	2,577

Comments

Write-down for impairment of other receivables was DKK 0m (2016: DKK 15m).

The carrying amount of the balances approximated fair value due to the short maturity of amounts receivable.

Of the receivables classified as current assets, DKK 15m falls due after more than one year (2016: DKK 13m).

Accounting policies

Receivables are measured initially at fair value and subsequently 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 receivables.

3.4 Prepaid expenses

DKKm	2017	2016
Prepaid expenses related to service contracts	101	113
Expenses related to non-refundable up-front connection fees	368	369
Other prepaid expenses	385	513
Total	**854**	**995**
Recognised as follows in the balance sheet:		
Non-current assets	301	314
Current assets	553	681
Total	**854**	**995**

Accounting policies

Prepaid expenses comprise expenses paid relating to subsequent financial years. Prepaid expenses are measured at amortised cost.

3.5 Deferred income

DKKm	2017	2016
Deferred income from non-refundable up-front connection fees	630	660
Deferred subscription revenue	2,923	2,627
Other deferred income	84	217
Total	**3,637**	**3,504**
Recognised as follows in the balance sheet:		
Non-current liabilities	375	372
Current liabilities	3,262	3,132
Total	**3,637**	**3,504**

Accounting policies

Deferred income recognised as liabilities comprises payments received from customers covering income in subsequent years. Deferred income is measured at cost.

3.6 Provisions

				2017	2016
DKKm	Decommissioning obligations	Restructuring obligations	Other provisions	Total	
Provisions at 1 January	233	709	186	1,128	1,215
Transferred to discontinued operations	—	—	—	—	(72)
Disposal related to the divestment of enterprises	0	(3)	(1)	(4)	0
Additions relating to the acquisition of enterprises	1	0	0	1	3
Provisions made	5	259	1	265	259
Change in present value	8	7	0	15	15
Provisions used (payments)	(5)	(238)	(31)	(274)	(258)
Reversal of unused provisions	(1)	0	(19)	(20)	(36)
Currency translation adjustments	0	(1)	0	(1)	2
Provisions at 31 December	**241**	**733**	**136**	**1,110**	**1,128**
Of which recognised through special items in the income statement	**0**	**728**	**49**	**777**	**792**
Recognised as follows in the balance sheet:					
Non-current liabilities	241	624	118	983	935
Current liabilities	0	109	18	127	193
Total	**241**	**733**	**136**	**1,110**	**1,128**

Specification of how payments regarding provisions are recognised in the statements of cash flow

DKKm	2017	2016
Payments related to provisions	(15)	(5)
Cash flow related to special items	(254)	(251)
Investment in property, plant and equipment	(5)	(2)
Total	**(274)**	**(258)**

Comments

Provisions for decommissioning 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 within the next five years.

Provisions for restructuring obligations relate primarily to redundancy programmes and vacant tenancies. The majority of the provisions for redundancy programmes are expected to result in cash outflows in the next five years. The uncertainties relate primarily to the estimated amounts and the timing of the related cash outflows.

The Danish part of the Group has 150,002 square metres of leased tenancies no longer used by the Group (2016: 181,083). Of this 90,802 (2016: 77,643) square metres were sub-leased. The leases terminate in 2041 at the latest. See also note 6.4. The uncertainties regarding the provision for vacant tenancies relate primarily to the assumption on probability of sublease and rent rates that will be impacted by e.g. changed market conditions for subletting.

Other provisions relate mainly to onerous contracts and jubilee benefits for employees as well as legal claims. The majority of these provisions are expected to result in cash outflows in the next five years. The uncertainties regarding legal claims and onerous contracts relate to both timing and estimated amounts. The uncertainties regarding jubilee benefits relate to both salary and the number of employees included.

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 fund. 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 their full monthly salary for four years and nine months (stand-off pay).

The Group's total termination benefits include 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*), social security contributions and out-placement costs. The average redundancy cost per full-time employee equivalent, calculated as the total cost divided by the number of full-time employee equivalents included in the redundancy programmes during this period, is shown in the table below.

Average redundancy cost per full-time employee equivalent

DKK thousands	2017	2016
Non-civil servants	198	412
Former Danish civil servants	1,198	1,350
Employees with civil-servant status	699	771
Weighted average per full-time employee equivalent	457	504

Critical accounting estimates and judgements

The Group has engaged, and may in the future need to engage, in new restructuring activities, which require Management to make significant estimates on provisions for e.g. onerous contracts and employee layoffs. Such estimates are based on expectations concerning timing and scope, the future cost level for the restructuring, etc. In connection with former large restructurings, Management has estimated the cost of onerous contracts for vacant tenancies, including rent costs and operating costs for the contract period reduced by the expected rental income. For each category of tenancy (office, exchange, etc.) and in consideration of the geographical location, the probability of obtaining income from sublease and expected sublet rent rates is judged. The most critical assumptions used in determining the provision relate to the probability of sublease and expected sublet rent rates. The provision is estimated at DKK 630m (2016: DKK 551m). The actual amounts may differ from this estimate, and may therefore materially impact on future results.

The Group is expected to vacate and sublet additional tenancies in the future, following further reductions in the number of employees and upgrading to technical equipment that requires fewer square metres.

Accounting policies

Provisions are recognised when the Group has a legal or constructive obligation arising from past events, it is probable that economic benefits must be sacrificed to settle it, and the amount 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 commences 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. Subsequent changes in such a decommissioning liability that result from a change in the current best estimate of cash flows required to settle the obligation or from a change in the discount rate are added to (or deducted from) the amount recognised for the related asset. However, to the extent that such a treatment would result in a negative asset, the effect of the change is recognised as profit or loss for the year.

Provisions are measured at Management's best estimate of the amount at which the liability is expected to be settled. Provisions are discounted if the effect is material to the measurement of the liability.

3.7 Trade and other payables

DKKm	2017	2016
Trade payables	4,091	4,164
Prepayments from customers	170	161
Accrued interest	547	554
Holiday allowance provision	601	631
VAT and other taxes	286	283
Personnel expense payables	260	265
Other payables	205	128
Total	**6,160**	**6,186**

Of the current liabilities, DKK 215m falls due after more than one year (2016: DKK 164m).

3.8 Pension assets and pension obligations

Worth noting

In a defined contribution plan, TDC Group pays fixed contributions to a third party on behalf of the employees and has no further obligations towards the employees. The benefits for the employees ultimately depend on the third party's ability to generate returns.

In a defined benefit plan, members receive cash payments on retirement, the value of which depends on factors such as salary and length of service. The Group underwrites investment, mortality and inflation risks necessary to meet these obligations. In the event of returns not being sufficient to honour obligations towards the employees, TDC Group needs to address this through increased levels of contribution. The Group has defined benefit plans in Denmark (in the separate legal entity: TDC Pension Fund) and in Norway.

TDC Group makes contributions to its separate pension funds, which are not consolidated in these financial statements, but are reflected in the balance sheet in pension assets (TDC Pension Fund) and pension liabilities (Norway). TDC Group's pension assets and pension obligations are outlined in more detail in the following.

Pension income/(costs) from defined benefit plans

DKKm	2017	2016
Specification of plans		
Denmark	(59)	(8)
Norway	2	(6)
Pension income/(costs) from defined benefit plans	**(57)**	**(14)**
Recognition in the income statement		
Service cost[1]	(125)	(123)
Administrative expenses	(10)	(9)
Personnel expenses (included in EBITDA)	(135)	(132)
Interest on pension assets	78	118
Pension income/(costs) from defined benefit plans	**(57)**	**(14)**

1 The increase in the present value of the defined benefit obligation resulting from employees' services in the current period.

Contributions to defined benefit plans

DKKm	2017	2016
Pension contributions (ordinary contributions)		
Denmark	(90)	(96)
Norway	(5)	(10)
Total	**(95)**	**(106)**
Special items (extraordinary contributions)		
Denmark	(13)	(12)
Norway	0	0
Total	**(13)**	**(12)**

Defined benefit plan in Denmark

Under conditions similar to those provided by the Danish Civil Servants' Pension Plan, 1,062 of TDC Group's employees (2016: 1,104) were entitled to pensions from the pension fund related to the Group. Of these, 94 (2016: 96) employees were seconded to external parties in connection with outsourcing tasks or divesting operations. In addition, 8,005 (2016: 8,068) members of the pension fund receive or are entitled to receive pension benefits. The pension benefits comprise lifelong old age and disability pensions as well as certain benefits for spouses and children. Future pension benefits are based primarily on years of credited service and on participants' compensation at the time of retirement. Since 1990, no new members have joined the pension fund plans, and the pension fund is prevented from admitting new members in the future due to the articles of association.

The pension fund operates defined benefit plans via a separate legal entity supervised by the Danish Financial Supervisory Authority (FSA). In accordance with existing legislation, articles of association and the pension regulations, The Group is required to make contributions to meet the capital adequacy requirements. When all pension obligations have been met, the remaining funds will be distributed from the pension fund to TDC Group.

Ordinary monthly contributions to the pension fund are made corresponding to a percentage of wages. The ordinary contributions have been reduced from 1 January 2018. This decision was made due to the positive funding situation of the pension fund. Extraordinary contributions are made in connection with redundancy programmes and other retirements. Overall, the risk of additional capital contributions to the pension fund can be categorised as investment, longevity and regulatory risks.

Investment risk is managed within risk tolerance limits to mitigate excessive risk that could lead to contribution. The fund invests in a wide variety of marketable securities (predominantly fixed-income securities) and the return on the investments has implications for TDC Group's financial results. Uncompensated risk related to nominal interest rates and inflation has been hedged.

Since the Danish FSA introduced the longevity benchmark in 2011 for statutory purposes, the fund's actuary has conducted a detailed longevity statistical analysis, that overall underpinned the fund's assumptions regarding observed current longevity. In line with the sector, however, the fund has increased its provisions for future expected improvements to longevity corresponding to the updated Danish FSA benchmark.

Other risks of capital contributions in excess of the planned ordinary contributions and extraordinary contributions in connection with redundancies going forward relate primarily to future changes to pension regulation and benefits over which the Group does not have full control.

The surplus under the Danish FSA pension regulation amounted to approx. DKK 2.7bn (2016: DKK 3.1bn). The equity of the pension fund amounted to approx. DKK 3.7bn (2016: DKK 4.0bn). The equity differs from the pension assets recognised in accordance with IFRS (DKK 6.8bn) due to specific FSA pension regulation requirements resulting in a higher pension obligation for regulatory purposes. The method for determining the fair value of plan assets is identical under the two requirements.

Plan assets include property with a fair value of DKK 39m used by Group companies (2016: DKK 39m).

Pension (costs)/income

DKKm	Expected 2018	2017	2016
Service cost	(108)	(127)	(119)
Administrative expenses	(13)	(10)	(9)
Personnel expenses (included in EBITDA)	(121)	(137)	(128)
Interest on pension assets	107	78	120
Pension (costs)/income	**(14)**	**(59)**	**(8)**
Domestic redundancy programmes recognised in special items	—	(59)	(26)
Total pension (costs)/income recognised in the income statement	**—**	**(118)**	**(34)**

Assets and obligations

DKKm	2017	2016
Specification of pension assets		
Fair value of plan assets	30,959	30,836
Defined benefit obligation	(24,207)	(25,241)
Pension assets recognised in the balance sheet	**6,752**	**5,595**
Change in defined benefit obligation		
Defined benefit obligation at 1 January	(25,241)	(23,238)
Service cost	(127)	(119)
Administrative expenses	(10)	(9)
Interest cost on the defined benefit obligation	(349)	(454)
Termination benefits	(59)	(26)
Remeasurement effect:		
Demographic experience	136	232
Financial assumptions	377	(2,683)
Benefit paid	1,066	1,056
Projected benefit obligations at 31 December	**(24,207)**	**(25,241)**
Change in fair value of plan assets		
Fair value of plan assets at 1 January	30,836	29,185
Interest income on plan assets	427	574
Actual return on plan assets greater/(less) than discount rate (remeasurement effect)	659	2,025
TDC's contribution	103	108
Benefit paid	(1,066)	(1,056)
Fair value of plan assets at 31 December	**30,959**	**30,836**
Change in pension assets		
Pension assets at 1 January	5,595	5,947
Pension (costs)/income	(118)	(34)
Remeasurement effects	1,172	(426)
TDC's contribution (see also table below)	103	108
Pension assets recognised in the balance sheet at 31 December	**6,752**	**5,595**

Asset allocation by asset categories at 31 December

DKKm	2017	2016
Assets with quoted prices:		
Government and mortgage bonds (incl. hedges and repos)	15,473	13,720
High-yield bonds	3,584	3,502
Investment grade bonds	2,007	2,927
Emerging markets-debt	3,262	3,248
Property	2,201	1,947
Equities	403	413
Cash	13	(115)
Other	(52)	(334)
Assets without quoted prices:		
High-yield bonds	1,179	1,917
Investment grade bonds	1,242	2,042
Property	1,480	1,154
Alternatives	85	246
Equities	82	169
Fair value of plan assets	**30,959**	**30,836**

Assumptions used to determine defined benefit obligations (balance sheet)

%	2017	2016
Discount rate	1.56	1.41
General price/wage inflation	1.73	1.69

Assumptions used to determine pension (costs)/income

	2018	2017	2016
Discount rate	1.56	1.41	2.00
General price/wage inflation	1.73	1.69	1.50

The basis for determining the discount rate is the yield of AA-rated euro-denominated corporate bonds with an average maturity of 14 years, taking into account that the pension liability is in Danish kroner. For purposes of determining TDC Group's pension costs, the assumed discount rate was 1.41% (2.00% in 2016) and inflation was 1.69% (1.50% in 2016). The assumptions for 2018 reflect a discount rate increase to 1.56% and an increase of the assumed inflation rate to 1.73%.

The increased discount rate during 2017 resulted in a decreased pension benefit obligation compared with year-end 2016.

In 2018, with these changed assumptions, pension costs from the domestic defined benefit plan are expected to amount to DKK 14m (2017: DKK 59m), assuming all other factors remain unchanged.

The remeasurement effects of DKK 1,172m covered primarily a gain related to the plan assets (DKK 659m) as the actual return was higher than the expected return[1] and a gain related to the benefit obligation (DKK 513m) resulting from the increasing discount rate (from 1.41% to 1.56%), partly offset by an increasing inflation rate (from 1.69% to 1.73%).

In 2016, the remeasuring effects of DKK (426)m covered a loss related to the pension obligation (DKK 2,452m) resulting from the decreasing discount rate (from 2.00% to 1.41%), partly offset by the increasing inflation rate (from 1.50% to 1.69%). This loss was partly offset by a gain related to plan assets (DKK 2,026m) as the actual return was higher than the expected return[1].

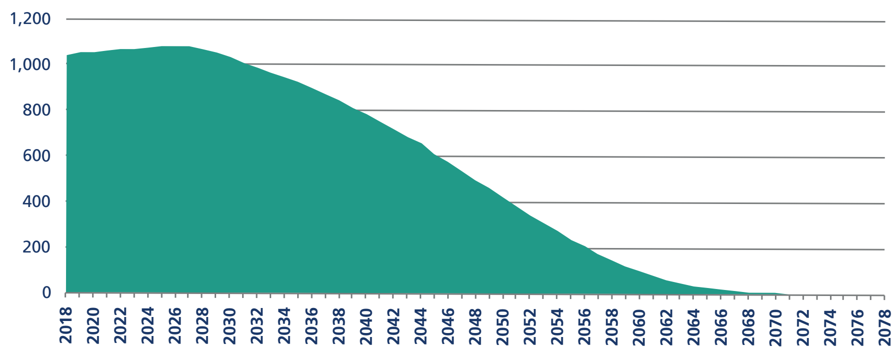
The mortality assumptions are based on regular mortality studies. 2017 saw the completion of the latest study for IAS 19 purposes, which analysed the actual mortality experience of the TDC Group pension fund plan. The mortality assumptions provide the best estimate for the Group's recent experience plus an allowance for future improvement. The allowance for future improvement is in accordance with the Danish FSAs guidelines.

The table below shows the estimated impact of some of the risks to which TDC Group is exposed. The Group is also exposed to fluctuations in the market value of assets. For some of these risks, if the defined benefit obligation rises or falls, the market value of assets may move in the opposite direction, thereby eliminating part of the risk.

Projected defined benefit obligations

DKKm	2017	2016
Reported defined benefit obligation	24,207	25,241
Discount rate sensitivity	**1.56%**	**1.41%**
Assumption -0.5%	26,025	27,216
Assumption +0.5%	22,582	23,484
General price/wage inflation sensitivity	**1.73%**	**1.69%**
Assumption +0.25%	25,121	26,231
Assumption -0.25%	23,339	24,304
Mortality sensitivity		
Assumption +1 year longevity	25,285	26,316
Assumption -1 year longevity	23,142	24,113

Projected benefit payments[1] **DKKm**



1 The duration of the pension plan is approximately 15 years.

TDC Group's contributions

DKKm	Expected 2018	2017	2016
Ordinary contributions	3	90	96
Extraordinary contributions in connection with retirements	11	13	12
Capital contributions	0	0	0
Total	**14**	**103**	**108**

Other information

Ultimately, 522 members of the defined benefit plans will have part of their pension payment reimbursed by the Danish government.

The related benefit obligations of DKK 432m (2016: DKK 466m) have been deducted in the projected benefit obligation.

Defined benefit plans in Norway

TDC Group's foreign defined benefit plans concern employees in Norway. The difference between the actuarially determined pension obligations and the fair value of the pension funds' assets is recognised under pension liabilities in the balance sheet.

Pension contributions related to foreign defined benefit plans amounted to DKK 5m (2016: DKK 10m). Pension liabilities relating to foreign defined benefit plans amounted to DKK 29m (2016: DKK 39m). The actuarially determined pension obligations amounted to DKK 167m (2016: DKK 250m) and the fair value of

[1] In accordance with International Financial Reporting Standards, the expected return should be assumed to equal the discount rate as of the end of the previous year.

the pension funds' assets amounted to DKK 138m (2016: DKK 211m). The remeasurement effects amounted to DKK 0m (2016: DKK (4)m).

Critical accounting estimates and judgements

Defined benefit plans

The pension liability regarding defined benefit plans is estimated based on certain actuarial assumptions, the most significant of which relate to discount rates, wage inflation and mortality. The discount rate applied is based on the yield of corporate bonds and may change over the years depending on interest rate developments. Management estimates of actuarial assumptions illustrate current market conditions. TDC Group's pension costs related to the Danish defined benefit plan are expected to amount to DKK 14m in 2018 compared with DKK 59m in 2017, assuming all other factors remain unchanged. See the separate section Sensitivity analysis for a statement on the sensitivity of the defined benefit obligation to the discount rate, inflation and mortality.

Accounting policies

In a defined benefit plan, TDC Group is obliged to pay a specific benefit 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 plan 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 remeasurement effects and are recognised in other comprehensive income when gains and losses occur.

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

Pension income/costs from defined benefit plans comprises the items: service cost, administrative expenses and interest on pension assets. Service cost and administrative expenses are recognised in personnel expenses, whereas interest on pension assets is presented as an item in financial income and expenses.

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.

Section 4

Capital structure and financing costs

This section explains the Group's capital structure and related financing costs, net interest-bearing debt as well as finance related risk and how these are managed. The bar chart on the right shows the development in *net interest-bearing debt* (*NIBD*) and *operating profit before depreciation, amortisation and special items (*EBITDA*)* over the last five years.

4.1 Equity

Worth noting

In February 2015, TDC Group issued EUR 750m in hybrid capital used to repay the bridge facility from the Get acquisition.

Hybrid capital is accounted for as equity, whereas rating agencies assign 50% equity credit to this type of capital.

Comments

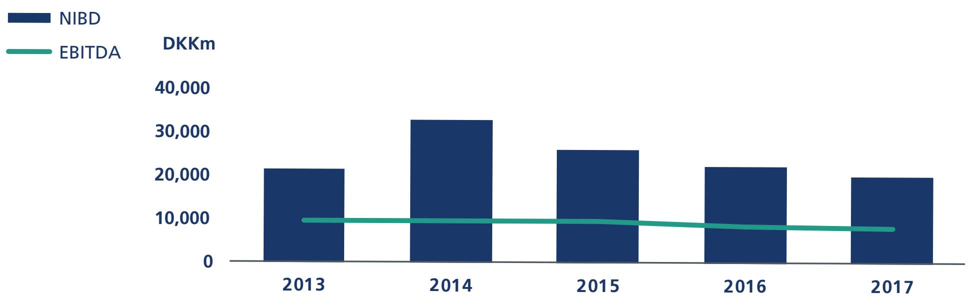
The total authorised number of shares is 812,000,000 with a par value of DKK 1 per share (unchanged in 2017 and 2016). All issued shares have been fully paid up.

During 2017, total equity increased by DKK 1.0bn to DKK 25.2bn due mainly to the positive total comprehensive income (DKK 1.8bn), partly offset by distributed dividends (DKK 0.8bn).

During 2016, total equity increased by DKK 3.8bn to DKK 24.2bn due mainly to the positive total comprehensive income (DKK 3.9bn).

The Parent Company statement of changes in equity specifies which reserves are available for distribution. The distributable reserves amounted to DKK 17,659m at 31 December 2017 before proposed dividend (2016: DKK 17,224m before proposed dividend). At the Annual General Meeting on 8 March 2018, the Board of Directors will propose a dividend of DKK 1.05 per share. For the financial year 2016, a dividend of DKK 1.00 per share was distributed.

Dividend payments during the financial year 2017 amounted to DKK 1 per share (2016: DKK 0 per share).



Treasury shares

	Shares (number)	Nominal value	% of share capital
Holding at 1 January 2016	10,281,931	10	1.27
Used to settle share-based incentive programmes	(325,858)	0	(0.04)
Holding at 1 January 2017	9,956,073	10	1.23
Used to settle share-based incentive programmes	(656,693)	(1)	(0.08)
Holding at 31 December 2017	**9,299,380**	**9**	**1.15**

Treasury shares

The holding of treasury shares may be used in connection with incentive and other remuneration programmes for the Executive Committee and employees, as consideration in acquisitions of other businesses and subject to the necessary approval of the Annual General Meeting, to complete a share capital reduction.

Hybrid capital

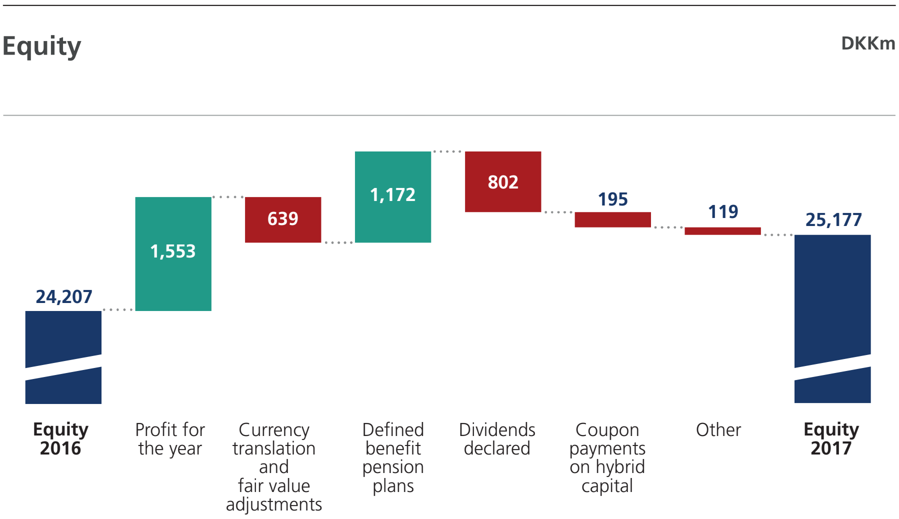
TDC Group has EUR 750m in callable subordinated capital securities (hybrid bonds) outstanding which are accounted for as equity. The hybrid capital is subordinate to the Group's other creditors. The further key details on the hybrid bonds are:

- final maturity: 26 February 3015
- first par call date: 26 February 2021
- coupon rate: fixed at 3.5000% until 26 February 2021

The Group may defer coupon payments to bond holders. However, deferred coupon payments will fall due for payment in the event of distribution of dividends to TDC Group's shareholders. Deferred coupons will lapse in 3015.

Coupon payments will be recognised directly in equity at the time the payment obligation arises. Non-recognised accumulated coupons amounted to DKK 166m at 31 December 2017 (2016: DKK 166m).

Coupon payments will be recognised in the statement of cash flow as a separate item within financing activities. Hybrid coupon payments are included as a separate item in the statement of *equity free cash flow* (*EFCF*).



The hybrid bonds issued by TDC Group provide 50% equity credit from rating agencies. Accordingly, an adjusted *net interest-bearing debt* (*NIBD*) and leverage ratio are disclosed, where 50% of the hybrid capital is included in *NIBD*.

Accounting policies

Hybrid capital

Hybrid capital comprises issued bonds that qualify for treatment in accordance with the rules on compound financial instruments due to the special characteristics of the loan. The principal amount, which constitutes a liability, is recognised at present value, and equity has been increased by the difference between the net proceeds received and the present value of the discounted liability. As coupon payments are discretionary and therefore not included in the calculation of the present value of the liability, the present value amounts to nil on initial recognition. Accordingly, amortisation charges will only impact on profit for the year towards the end of the 1,000-year term of the hybrid capital.

Any coupon payments are recognised directly in equity at the time the payment obligation arises. This is because the coupon payments are discretionary and relate to the part of the hybrid capital that has been recognised in equity. Consequently, coupon payments have no effect on profit for the year. Coupon payments are recognised in the statement of cash flow as a separate item within financing activities.

Treasury shares

The cost of treasury shares is deducted from equity under retained earnings on the date of acquisition. Similarly, payments received in connection with the disposal of treasury shares and dividends are recognised directly in equity.

Dividends

Dividends expected to be distributed for the year are recognised in 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 of the functional currency of foreign enterprises' financial statements into Danish kroner. Translation adjustments are recognised in the income statement when the net investment is realised.

Reserve for cash flow hedges

Reserve for cash flow hedges in equity comprises changes in the fair value of hedging transactions that qualify for recognition as cash flow hedges and where the hedged transaction has not yet been realised.

4.2 Loans and derivatives

Worth noting

TDC Group is financed through the European bond market and bank loans.

The next upcoming maturity is the EUR 600m bond that will mature in February 2018 and is expected to be refinanced with cash and with either a bank loan or a new EMTN bond.

The Group's outstanding EMTN bonds have been issued in EUR and GBP with fixed interest rates. The GBP bonds have been swapped to fixed EUR interest rates. Part of the fixed-rate debt has been swapped to floating-rate debt. On 31 December 2017, TDC Group had a floating-rate share of debt of 31%, which is within the maximum of 60% as defined in TDC Group´s Financial Strategy.

Hedges used for hedge accounting purposes comprise both cash flow hedges (GBP to EUR) and fair value hedges (fixed-to-floating interest rate). Fair value adjustments of cash flow hedges are recognised in other comprehensive income except for any ineffective part of the hedge, which is recognised under fair value adjustments in the income statement. Fair value adjustments of both derivatives and loans treated as fair value hedges are recognised in the income statement.

Derivatives are used for hedging interest and exchange-rate exposure only, and not for taking speculative positions.

Debts relating to finance leases

	Minimum payments		Present value	
DKKm	**2017**	**2016**	**2017**	**2016**
Maturing within 1 year	37	83	36	81
Maturing between 1 and 3 years	18	45	17	44
Maturing between 3 and 5 years	12	11	10	11
Maturing after 5 years	80	85	39	37
Total	**147**	**224**	**102**	**173**

Debts relating to finance leases concerned primarily lease agreements regarding property and IT equipment. See also note 3.2.

Euro Medium Term Notes (EMTNs) and Bank loans[1]

	2018	2019	2020	2020	2022	2023	2027	Total
Maturity	Feb 2018	Dec 2019	Feb 2020	Dec 2020	Mar 2022	Feb 2023	Feb 2027	
Fixed/floating rate	Fixed	Floating	Floating	Floating	Fixed	Fixed	Fixed	
Coupon	4.375%				3.750%	5.625%	1.75%	
Currency	EUR	EUR	EUR	EUR	EUR	GBP	EUR	
Type	Bond	Bank loan	Bank loan	Bank loan	Bond	Bond	Bond	
Nominal value (DKKm)	4,466	1,117	1,861	744	3,722	3,556	5,955	21,421
Nominal value (Currency)	600	150	250	100	500	425	800	—
Of which nominal value swapped to or with floating interest rate (EURm)	200	150	250	100	150	50	0	900
Of which nominal value swapped from GBP to EUR (GBPm)[2]	0	0	0	0	0	425	0	425

1 The maturity of derivatives used for hedging of long-term loans matches the maturity of the underlying loans.

2 The nominal value of the GBP 425m Feb-2023 bond is fully swapped to EUR 508m.

Accounting policies

Loans

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 statement over the term of the loan. Fair value hedged loans are measured at fair value excluding the effect of changes in own credit risk.

Other financial liabilities are measured at amortised cost.

Finance leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. At inception, 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 the finance charges so as to achieve a constant interest rate on the outstanding finance balance.

Financial instruments

On initial recognition, financial derivatives are recognised in the balance sheet at fair value and subsequently remeasured at fair value. Depending on the type of instrument, different recognised measurement methods are applied for derivative financial instruments.

Fair value changes of financial derivatives are recognised in the income statement. However, in case of changes in the fair value of financial derivatives designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income. Any ineffective portion of the hedge is recognised in the income statement. Changes in the fair value of derivative financial instruments that qualify as hedges of fair value are recognised in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged interest rate risk.

Unrealised gains/losses relating to hedging of future cash flows are recognised in other comprehensive income under a separate reserve.

4.3 Financial risks

Worth noting

TDC Group is exposed to financial market and credit risks when buying and selling goods and services denominated in foreign currencies as well as due to its investing and financing activities. As a consequence of TDC Group's capital structure and financing, the Group faces interest-rate and exchange-rate risks. TDC's Group Treasury identifies, monitors and manages these risks through policies and procedures that are revised on an annual basis, if necessary, and approved by the Board of Directors.

TDC Group's current financial strategy was approved in June 2017 and defines maxima/minima for interest-rate, exchange-rate and counterparty risks as well as maxima/minima for a range of other variables. Together with market values of financial assets and liabilities, these exposures are calculated and monitored monthly. All risk measures are reported to the Group Chief Financial Officer on a monthly basis.

Monitored interest-rate risk variables (average)

	Maxima/ minima	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Interval 2017	Average 2017	Average 2016
Share of floating interest-rate debt	Max. 60%	24%	34%	38%	36%	31%	25%-38%	35%	23%
Actual financial portfolio BPV (DKKm)		14.1	12.5	11.9	11.5	11.4	11.3-12.6	11.8	15.9
Max. BPV of the financial portfolio (DKKm)[1]		15.7	14.7	13.9	13.0	12.2	11.9-14.9	13.4	17.7
Duration of financial assets (years)	Max. 0.25	0	0	0	0	0	0-0	0	0
The maximum share of fixed interest-rate gross debt to be reset within one year in year two[2]	Max. 25%	15%	0%	0%	0%	0%	0%-0%	0%	17%
The maximum share of fixed interest-rate gross debt to be reset within one year in year three[2]	Max. 30%	0%	0%	0%	0%	0%	0%-0%	0%	0%

1 At 31 December 2017, a +/- 1 percentage point parallel shift in the interest-rate curve would impact profit for the year by approx. DKK +111,7/-123,7m due to changes in fair value adjustments and paid interest (2016: +50.0/- 57.1m). The impact on equity is estimated to be immaterial in both years.

2 Average figures for reset risk in 2017 and 2016 are defined as the average of the maximum share of the fixed interest-rate gross debt to be reset within one year for the next five years.

Interest-rate risks

TDC Group is exposed to interest-rate risks in the euro area, as 100% of the nominal gross debt is denominated in or swapped to 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.

Throughout 2017, the Group monitored and managed its interest-rate risks using several variables in accordance with TDC Group's financial strategy to protect primarily the Group's financial policy targets. The following variables are monitored:

- floating interest-rate debt shall not exceed 60% of the total gross debt (including related derivatives)
- the maximum share of TDC Group's fixed-rate debt (including related derivatives) to be reset within one year shall not exceed 25% in year two and 30% in year three, respectively. The Group Chief Financial Officer can approve breaches of the limit for up to three months during which Group Treasury must take action or have plans approved by the Group Chief Financial Officer to reduce the interest resetting risk to below the limit
- the BPV (basis point value or DKK change in the value of the financial portfolio for a one basis-point change in interest rates) of the financial portfolio shall not exceed the BPV of the debt portfolio if it were fully fixed for its entire maturity.
- TDC Group can pre-hedge future debt issuances up to 3 years in advance with instruments that have a maturity of up to 15 years. Pre-hedging is used to reduce the interest-rate reset risk, and the instruments will be exempt from the BPV limit above
- The duration (interest-rate sensitivity) of TDC Group's financial assets shall not exceed 0.25 years.

Exchange-rate risks

TDC Group is exposed primarily to exchange-rate risks from NOK, USD and EUR. The exchange-rate exposure from the Group's business activities relates principally to profits and cash flow for the year generated in foreign subsidiaries, as income and expenses generated in these entities are denominated in primarily local currencies.

For Danish companies, the net exchange-rate exposure relates to payables and receivables mainly from *roaming* and *interconnection* agreements with foreign operators as well as equipment and handset suppliers.

Due to TDC Group's capital structure, the exposure from financial activities in EUR is significant, as 100% of the nominal gross debt (including derivatives) is denominated in EUR. However, due to the fixed EUR/DKK exchange-rate policy of Danmarks Nationalbank (the Danish central bank), TDC Group does not consider its positions in EUR to constitute a significant risk. The Group's EUR exposure was DKK 27.2bn in 2017 (2016: DKK 29.0bn).

Throughout 2017, TDC Group monitored and managed its exchange-rate risks using several variables in accordance with the Group's financial strategy to protect primarily the Group's financial policy targets. The following variables are monitored:

- total open gross position, including payables and receivables, cash accounts, financing (including derivatives) and marketable securities in other currencies than DKK and EUR must not exceed DKK 500m.
- forecasted cash flows in other currencies than EUR and DKK in the coming year must be hedged if foreign currencies constitute a risk to *EF*CF of more than 1.75% (1.25% until June 2017) of total *EF*CF. This is measured and tested on a quarterly basis using Value at Risk (VaR). VaR is a measure of the maximum potential loss (caused by changes in market exchange rates) with 90% certainty within a certain time frame

In addition to the above variables, the financial strategy includes a range of exchange-rate hedging policies that e.g. stipulate the guiding rule that EUR positions of TDC Group companies with local currencies in DKK or EUR are not to be hedged. Furthermore, as a guiding rule, foreign subsidiaries with other reporting currencies than DKK or EUR must hedge payables/receivables in other currencies than DKK and EUR to local currency. Finally, to the largest extent possible, foreign subsidiaries should pay out net cash holdings as dividend to TDC A/S subject to maintaining an appropriate capitalisation and liquidity position for the subsidiary.

As a guiding rule, TDC A/S does not currently hedge exchange-rate exposure arising from foreign investments in the Nordic countries as these are regarded as long-term investments. This also applies to intra-group loans.

Net investments in foreign subsidiaries,joint ventures and associates

DKKm	2017 Carrying amount	2016 Carrying amount
SEK	569	1,350
EUR	2	1
NOK	7,121	8,932
Total at 31 December	**7,692**	**10,283**

The change in the carrying amounts was due primarily to dividend payments and the decreasing NOK/DKK currency rate.

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

DKKm	Maxima	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Interval 2017	Average 2017	Average 2016
Total open gross position in other currencies than DKK and EUR[1,2]	500	315	335	256	173	54	54-375	233	324

1 Including payables and receivables, cash accounts and financing (including derivatives).

2 At 31 December 2017, foreign currencies constituted a maximum translation risk of approx. DKK 35m in relation to EFCF (2016: approx. DKK 8m, with 90% certainty within a time frame of one year).

Credit risks

TDC Group is exposed to credit risks principally as a provider 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 risks in relation to financial contracts are handled centrally by Group Treasury. Credit risks arising in relation to financial contracts are governed by the financial strategy that defines a maximum exposure for each counterparty. The maxima 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).

Financial transactions with a potential financial exposure for TDC Group are entered into only with counterparties holding the long-term credit rating of at least BBB+ from Standard & Poor's or Baa1 from Moody's. 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 counter-parties. However, should one of the Group's counterparties default, the Group might incur a loss. Credit risks are monitored on a monthly basis.

TDC Group's maximum credit risks, including both commercial and financial contracts, amounted to DKK 4,212m at 31 December 2017 (2016: DKK 4,364m).

Liquidity risks

To reduce refinancing risks, the maturity profile of the debt portfolio is spread over several years. The committed Revolving Credit Facilities totalling EUR 700m (or DKK 5,211m) and cash generated by the business activities are deemed sufficient to handle upcoming redemption of debt.

Based on TDC Group's financial planning, stable access to the debt capital markets, the available cash, interest-bearing receivables and undrawn credit lines are sufficient to maintain current operations to complete projects underway, to finance stated objectives and plans, and to meet short- and long-term cash requirements.

Undrawn credit lines

At year-end 2017, TDC Group had undrawn committed credit lines totalling DKK 8,933m, of which DKK 3,722m was syndicated.

4.4 Credit ratings and net interest-bearing debt

Worth noting

Credit rating

TDC Group is rated by three international rating agencies, S&P's, Moody's and Fitch, and is committed to maintaining investment grade ratings. This is e.g. done by continuously monitoring several credit metrics (including NIBD/EBITDA), which determine the credit profile and form the basis of the rating according to rating agencies' methodologies.

No assurance can be given that the aims of the credit rating policy will be achieved at all times. If the Group is downgraded, the funding costs will increase.

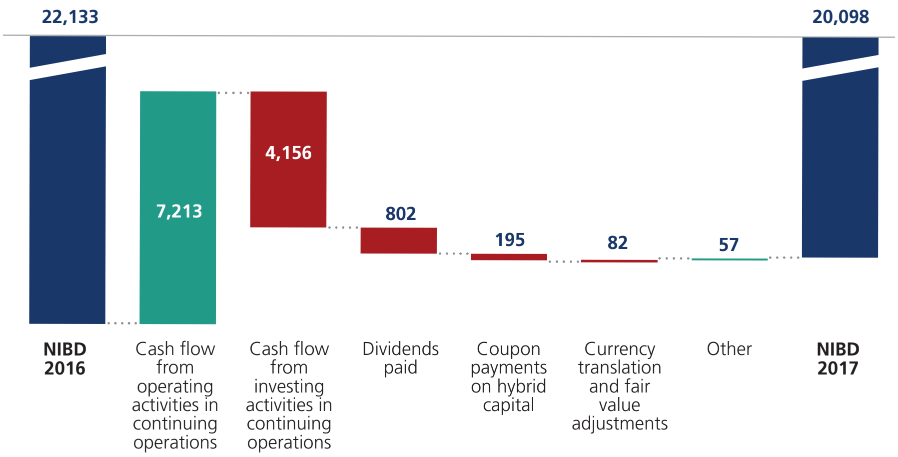
TDC Group financing contains coupon/margin step-up clauses, cross-default provisions and change of control clauses.

The Group's rating agencies took no action in relation to the rating of the Group in 2017.

TDC Group's company ratings at 31 December 2017

Rating	Short-term	Long-term	Outlook
S&P	A-3	BBB-	Stable
Moody's	—	Baa3	Stable
Fitch	F3	BBB-	Stable

NIBD **DKKm**



Net interest-bearing debt

DKKm	At 1 January, 2017	Included in cash flows from: Investing activities	Included in cash flows from: Financing activities	Non-cash changes: Acquisitions/ disposals	Non-cash changes: New leases	Non-cash changes: Currency translation adjustment	Non-cash changes: Fair value adjustments	At 31 December, 2017
								2017
Long-term loans incl. short-term part	24,186	(126)	(1,942)	(13)	0	(117)	(55)	21,933
Short-term loans	0	0	(5)	5	0	0	0	0
Interest-bearing payables	2	0	0	0	0	0	0	2
Corrections for hedge accounting effects[1]	(109)	0	0	0	0	144	98	133
Total interest-bearing debt	**24,079**	**(126)**	**(1,947)**	**(8)**	**0**	**27**	**43**	**22,068**
Interest-bearing receivables and investments	(259)							(203)
Cash	(1,687)							(1,767)
Net interest-bearing debt	**22,133**							**20,098**
50% of hybrid capital	2,776							2,776
Adjusted net interest-bearing debt	**24,909**							**22,874**

1 Effect from hedge accounting, which has impacted financial income and expenses in 2017 and earlier periods.

DKKm	At 1 January, 2016	Included in cash flows from Investing activities	Financing activities	Non-cash changes Acquisi-tions	New leases and debt re. mobile licences	Currency translation adjustment	Fair value adjust-ments	2016 At 31 December, 2016
Long-term loans incl. short-term part	27,595	(156)	(2,994)	(16)	306	(769)	220	24,186
Short-term loans	3	0	1	(4)	0	0		0
Interest-bearing payables	2	0	0	0	0	0		2
Corrections for hedge accounting effects[1]	(928)	0	0	0	0	755	64	(109)
Total interest-bearing debt	**26,672**	**(156)**	**(2,993)**	**(20)**	**306**	**(14)**	**284**	**24,079**
Interest-bearing receivables and investments	(278)							(259)
Cash	(363)							(1,687)
Net interest-bearing debt	**26,031**							**22,133**
50% of hybrid capital	2,776							2,776
Adjusted net interest-bearing debt	**28,807**							**24,909**

1 Effect from hedge accounting, which has impacted financial income and expenses in 2016 and earlier periods.

Comments

In 2017, both *net interest-bearing debt* and adjusted *net interest-bearing debt* fell by DKK 2,035m following the net cash flows from operating and investing activities including the proceeds from divesting TDC Hosting of DKK 491m (after adjustment for cash and debt as well as transaction costs) partly offset by the payment of dividend of DKK 802m.

Both *net interest-bearing debt* and adjusted *net interest-bearing debt* fell by DKK 3,898m during 2016 following the net cash flows from operating and investing activities including the proceeds from divesting TDC Sweden of DKK 1,997m (net proceeds after adjustment for net debt, transaction costs, etc.).

4.5 Financial income and expenses

DKKm	2017	2016
Interest income	15	17
Interest expenses	(656)	(782)
Net interest	**(641)**	**(765)**
Currency translation adjustments	(265)	98
Fair value adjustments	(2)	(223)
Interest, currency translation adjustments and fair value adjustments	**(908)**	**(890)**
Profit/(loss) from joint ventures and associates	(8)	(4)
Interest on pension assets	78	118
Total	**(838)**	**(776)**

Interest, currency translation adjustments and fair value adjustments

DKKm	Net interest	Currency translation adjustments	Fair value adjustments	Total
				2017
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(572)	(18)	8	(582)
European Investment Bank (EIB) and bank loans	(19)	(6)	(1)	(26)
Other hedges (not treated as hedge accounting)	0	0	(9)	(9)
Other	(50)	(241)	0	(291)
Total	**(641)**	**(265)**	**(2)**	**(908)**

DKKm	Net interest	Currency translation adjustments	Fair value adjustments	Total
				2016
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(692)	49	(289)	(932)
European Investment Bank (EIB) and bank loans	(23)	20	0	(3)
Other hedges (not treated as hedge accounting)	0	0	66	66
Other	(50)	29	0	(21)
Total	**(765)**	**98**	**(223)**	**(890)**

Comments

Financial income and expenses represented an expense of DKK 838m in 2017, an increase of DKK 62m compared with 2016 (DKK 776m), driven primarily by:

Net interest

The EMTN bond buy back in December 2016 resulted in a DKK 120m reduction in interest expenses in 2017.

Currency translation adjustments

In 2017, intercompany loans denominated in NOK resulted in a currency loss of DKK 281m, whereas these loans resulted in a currency gain of DKK 177m in 2016, however partly offset by losses from intercompany loans denominated in SEK.

Fair value adjustments

2016 was primarily impacted by the EMTN bond buy back equivalent of nominal EUR 350m in December. The repurchased notes as well as losses from swaps terminated resulted in a loss of DKK 291m.

Interest on pension assets

The lower interest on pension assets was attributable to a decreasing discount rate, as the interest is calculated on the basis of the pension funds' net assets (assets less liabilities) using a discount rate. For further information about pension plans, see note 3.8.

Net financials recognised in other comprehensive income

DKKm	2017	2016
Currency translation adjustment, foreign enterprises	(669)	530
Reversal of currency translation adjustment related to disposal of foreign enterprises	0	654
Exchange-rate adjustments of foreign enterprises	**(669)**	**1,184**
Change in fair value adjustments of cash flow hedges	38	(7)
Change in fair value adjustments of cash flow hedges transferred to financial expenses	(8)	49
Value adjustments of hedging instruments	**30**	**42**

Comments

The decreasing NOK/DKK currency rate impacted negatively on other comprehensive income in 2017. In 2016, the increasing NOK/DKK currency rate impacted positively on other comprehensive income and the divestment of TDC Sweden also had a positive effect.

Cash flow from net interest

DKKm	2017	2016
Interest received	425	557
Interest paid	(1,084)	(1,470)
Net interest paid	**(659)**	**(913)**
Specified as follows:		
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(603)	(830)
European Investment Bank (EIB) and KfW bank loans	(16)	(21)
Other hedges (not treated as hedge accounting)	(22)	(50)
Other	(18)	(12)
Net interest paid	**(659)**	**(913)**

Comments

Net interest of DKK 659m paid in 2017, represented a DKK 254m decrease compared with 2016 (DKK 913m), driven primarily by:

The EMTN bond buy back in December 2016, which resulted in higher interest paid in 2016 and lower interest paid in 2017.

4.6 Maturity profiles of financial instruments

Maturity profiles

The maturity analyses of financial assets and liabilities are disclosed by category and class and are allocated according to maturity period. All interest payments and repayments of financial liabilities are based on contractual agreements. Interest payments on floating-rate instruments are determined using forward rates.

Financial assets and liabilities measured at fair value relate to derivatives. Calculation of fair value of these derivatives is based on observable inputs such as interest rates, etc. (Level 2 in the IFRS fair value hierarchy).

Maturity profiles of expected cash flows[1]

DKKm Financial assets and liabilities measured at fair value through profit or loss	< 1 year	1-3 years	3-5 years	> 5 years	Total	Fair value	Carrying amount
Assets[2]:							
Derivatives, fair value hedges							
Inflow	51	28	23	0	102		
Outflow	0	(1)	(2)	0	(3)		
Total fair value hedges, assets	**51**	**27**	**21**	**0**	**99**	**98**	**98**
Derivatives, other derivatives							
Inflow	1,620	183	128	69	2,000		
Outflow	(1,464)	(29)	(53)	(45)	(1,591)		
Total other derivatives assets	**156**	**154**	**75**	**24**	**409**	**407**	**407**
Liabilities: derivatives, cash flow hedges							
Inflow	200	400	400	3,756	4,756		
Outflow	(199)	(398)	(397)	(3,982)	(4,976)		
Total cash flow hedges	**1**	**2**	**3**	**(226)**	**(220)**	**(406)**	**(406)**
Derivatives, other derivatives							
Inflow	341	12	47	43	443		
Outflow	(496)	(225)	(164)	(44)	(929)		
Total other derivatives	**(155)**	**(213)**	**(117)**	**(1)**	**(486)**	**(485)**	**(485)**
Total derivatives	**53**	**(30)**	**(18)**	**(203)**	**(198)**	**(386)**	**(386)**
Financial liabilities measured at amortised cost							
Euro Medium Term Notes (EMTNs)	(4,466)	0	(3,722)	(9,511)	(17,699)	(18,882)	(17,669)
European Investment Bank loan (EIB)	0	(1,861)	0	0	(1,861)	(1,861)	(1,860)
Other bank loans	0	(1,861)	0	0	(1,861)	(1,861)	(1,859)
Debt relating to finance leases	(37)	(18)	(12)	(80)	(147)	(102)	(102)
Other loans	(141)	(201)	(60)	(60)	(462)	(443)	(443)
Total loans	(4,644)	(3,941)	(3,794)	(9,651)	(22,030)	(23,149)	(21,933)
Euro Medium Term Notes (EMTNs) and bank loans, interest[3]	(647)	(911)	(888)	(721)	(3,167)	(547)	(547)
Trade and other payables[4]	(3,095)	0	0	0	(3,095)	(3,095)	(3,095)
Total financial liabilities measured at amortised cost	**(8,386)**	**(4,852)**	**(4,682)**	**(10,372)**	**(28,292)**	**(26,791)**	**(25,575)**
Total 2017	**(8,333)**	**(4,882)**	**(4,700)**	**(10,575)**	**(28,490)**	**(27,177)**	**(25,961)**
Total 2016	**(3,470)**	**(8,825)**	**(3,654)**	**(14,787)**	**(30,736)**	**(28,701)**	**(27,616)**

1 All cash flows are undiscounted. The table reflects only the cash flow from financial liabilities and derivatives recognised as financial assets. O other cash flow from financial assets is not disclosed.

2 Both assets and liabilities measured at fair value through profit or loss are disclosed in the above table because some of the derivatives are used for hedging financial liabilities measured at amortised cost, see table.

3 Fair value and carrying amount value consist of accrued interest on EMTNs, EIB and bank loans at 31 December 2017.

4 As not all trade and other payables recognised in the balance sheet are financial instruments (e.g. unbilled payables do not constitute a financial liability), the amount differs from the amount disclosed in the balance sheet.

Section 5

Cash flow

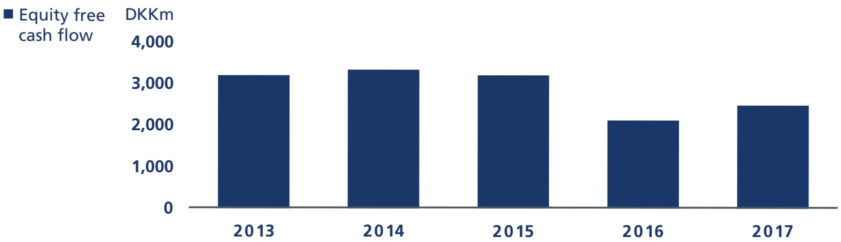
This section gives information on the Group's cash flow. More information on development in the cash flow items is included in note 2.7 Special items, note 3.1 Intangible assets, note 3.2 Property, plant and equipment, 3.6 Provisions, note 3.8 Pension assets and pension obligations as well as note 4.5 Financial income and expenses. The development in Equity free cash flow over the last five years is shown in the bar chart on the right. A detailed review of Equity free cash flow is provided in the section Our performance in the Management's review.

5.1 Adjustment for non-cash items

DKKm	2017	2016
Pension costs regarding defined benefit plans	135	132
Share-based remuneration	106	135
(Gain)/loss on disposal of property, plant and equipment, net	(8)	(11)
Other adjustments	0	11
Total	**233**	**267**

5.2 Change in working capital

DKKm	2017	2016
Change in inventories	(3)	7
Change in receivables	220	176
Change in trade payables	(116)	(26)
Change in deferred income	121	(87)
Change in prepaid expenses	121	139
Change in other items, net	112	(58)
Total	**455**	**151**



Accounting policies

Cash flow from operating activities is presented using the indirect method and is based on profit 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, realised currency translation adjustments as well as income taxes paid. Interest received and paid includes settlement of interest-hedging instruments.

Cash flow from investing activities comprises acquisitions and divestments of enterprises, purchases and sales of intangible assets, property, plant and equipment as well as other non-current assets, and purchases and sales 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 operating, investing and financing activities of discontinued operations is presented in separate lines in the statement of cash flow with comparative figures.

Cash flow from financing activities comprises changes in interest-bearing debt, financial lease instalments, 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.

The cash flow statement cannot be derived solely from the financial statements.

5.3 Investment in enterprises

Acquisitions in 2017

Enterprises and activities acquired	Segment	Date of recognition	Proportion acquired
Plenti ApS	Consumer	11 September 2017	100%
Kjærgaard Net	Consumer	15 December 2017	100%
TDC Erhvervscenter TS Kommunikation ApS	Business	20 December 2017	100%
COOP Mobil	Wholesale	31 December 2017	100%

At the date of acquisition, the cost of the assets and liabilities acquired was DKK 36m. Following adjustment of net assets to fair value, goodwill was measured at DKK 171m. Goodwill represents the value of current employees and know-how as well as expected synergies arising from the business combinations.

Adjusted for cash in acquired enterprises of DKK (1)m and change in unpaid acquisition costs of DKK (24)m, the cash flow related to investment in enterprises amounted to DKK 182m.

In addition, DKK 15m was paid in relation to acquisitions in prior years.

Acquisitions in 2016

Enterprises and activities acquired	Segment	Date of recognition	Proportion acquired
Cirque A/S	Business	31 March 2016	100%
Cirque Bredbånd A/S	Operations	31 March 2016	100%
Cirque systems A/S	Business	31 March 2016	100%
TDC Erhvervscenter Holbæk ApS	Business	30 September 2016	60%
CubeIO A/S[1]	Consumer	1 November 2016	100%
Adactit ApS	Business	4 December 2016	100%

1 Previously recognised as an associated company with an equity share of 50%.

The acquisitions had no significant impact on the income statement for 2017.

At the date of acquisition, the cost of the assets and liabilities acquired was DKK 141m. Following adjustment of net assets to fair value, goodwill was measured at DKK 76m. Goodwill represents the value of current employees and know-how as well as expected synergies arising from the business combinations.

Adjusted for cash in acquired enterprises of DKK (11)m, the cash flow related to investment in enterprises amounted to DKK 130m. In addition, DKK 15m was paid in relation to acquisitions in prior years.

The acquisitions had no significant impact on the income statement for 2016.

Accounting policies

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 on the revaluation made is recognised.

Any 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 sheet under intangible assets. The cost is stated at the fair value of shares, debt instruments as well as cash and cash equivalents. Goodwill is not amortised, but is tested annually for impairment. Negative goodwill is recognised in the income statement on the date of acquisition. Positive differences on acquisition of joint ventures and associates are recognised in the balance sheet under investments in joint ventures and associates.

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. Changes in estimates of the cost of the acquisition being contingent on future events are recognised in the income statement.

Acquired enterprises are recognised in the consolidated financial statements from the time of acquisition.

5.4 Divestment of enterprise

The carrying amounts of assets and liabilities at the time of divestment

DKKm	2017	2016
Intangible assets	305	0
Property, plant and equipment	87	0
Other non-current assets	40	0
Receivables	41	0
Income tax	1	0
Cash	23	0
Deferred tax	(5)	0
Provisions	(4)	0
Trade and other payables	(113)	0
Net assets	**375**	**0**
Profit/(loss) relating to divestment of enterprise	137	0
Of which share-based remuneration recognised in equity	1	0
Sales cost not yet paid	1	0
Cash and bank deposit in divested enterprise	(23)	0
Net cash flow on divestment	**491**	**0**

In 2017 TDC Group divested TDC Hosting A/S

5.5 Cash flow from investing activities in discontinued operations

In 2016, TDC Group divested TDC Sweden AB. This divestment has been presented as a discontinued operation.

At the time of divestment, the carrying amount of assets and liabilities in discontinued operations consisted of the following:

The carrying amounts of assets and liabilities in discontinued operations at the time of divestment

DKKm	2017	2016
Intangible assets	0	224
Property, plant and equipment	0	463
Other non-current assets	0	54
Inventories	0	71
Receivables	0	644
Cash	0	98
Provisions	0	(58)
Deferred income	0	(203)
Trade and other payables	0	(865)
Net assets	**0**	**428**
Profit/(loss) relating to divestment of discontinued operations including tax	26	981
Reversal of provision relating to divestment	(14)	0
Reversal of non-cash taxes	0	26
Reversal of currency adjustments recognised in equity	0	654
Sales costs not paid yet/(reversal of provision for sales costs)	(6)	6
Cash and bank deposit in discontinued operations	0	(98)
Net cash flow on divestment	**6**	**1,997**
Cash flow from investing activities in discontinued operations excluding divestment	0	(183)
Net cash flow from investing activities in discontinued operations	**6**	**1,814**

Section 6

Other disclosures

This section contains statutory notes or notes that are presumed to be less important for understanding the Group's financial performance.

6.1 Incentive programmes

Bonus programmes

Approximately 400 TDC Group top managers participate in a short-term bonus programme called the Top Managers' Compensation Programme, and approximately 300 TDC Group managers and specialists participate in a short-term bonus programme called the Managers' Compensation Programme.

The short-term bonus programmes are closely linked to the two main goals in our 2016-2018 strategy: *equity free cash flow* (*EFCF*) and customer satisfaction, weighted 50% each.

Bonus payments are calculated as the individual employee's basic salary multiplied by the bonus percentage multiplied by the degree of target fulfilment.

The bonus achieved when targets are met is called the on-target bonus.

For the Top Managers' Compensation Programme, the bonus 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 bonus percentage is somewhat lower for the Managers' Compensation Programme. The bonus achieved can be maximum 200% of the on-target bonus.

The short-term bonus programme for the members of the Executive Committee is based on the same principles as those for other managers, with a bonus percentage of 50.

Bonus programmes

		Award level		
	Approx. participants	Max. bonus of basic salary	On-target triggers	Performance criteria
Executive Committee	7	100	50	EFCF, Customer satisfaction
Top Managers	400	20-66	10-33	EFCF, Customer satisfaction
Managers and specialists	300	—	Somewhat lower	EFCF, Customer satisfaction

Deferred bonus

In the years 2011-2016, a deferral element applied for the Executive Committee. The Executive Committee members were 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. Approximately 60 other executives have also been eligible for a deferred bonus, but in 2016 the Board of Directors decided to discontinue the programme for other executives, as very few have taken advantage of the opportunity. At the Annual General Meeting on 9 March 2017, it was decided to discontinue the programme for the Executive Committee as well. These decisions were handled with a buyout of deferred bonus share units in the 2015 and 2016 programmes and a lump sum for future opportunities.

Deferred bonuses were immediately converted into deferred bonus share units in TDC A/S with a corresponding value. Deferred bonus share units vest and are converted into shares in TDC A/S after three years, depending on how TDC Group's *equity free cash flow* (*EFCF*) per share performs compared with a weighted average of the three years in the base case in TDC Group's business plan.

Performance Share Programme

Approximately 200 TDC Group managers, including the Executive Committee, participate in a Performance Share Programme that rewards long-term performance.

All eligible participants are granted performance share units annually. Vested performance share units are converted into shares in TDC A/S. The value of performance share units granted is calculated as a percentage of participants' base salary depending on their tier level and individual performance. For the Executive Committee, the number of performance share units granted corresponds to 30% of base salary and, for other TDC Group managers, up to 25% of their base salary.

After three years, the performance share units will vest into TDC A/S shares, provided that satisfactory performance has been achieved. For the executive committee, performance is measured by:

- Growth in *equity free cash flow* (*EFCF*) weighted 50%
- *Total Shareholder Return* (*TSR*) weighted 50%

For other TDC Group managers, the performance is measured solely by growth in *equity free cash flow.*

Growth in *EFCF* is measured relative to the target *EFCF* annual growth over a three-year period. The vesting can be in the range 0-200%.

TSR is calculated as share price movements plus dividends received over a stated period divided by the share price at the beginning of such period relative to a peer group of 13 telecommunications companies (BT, Deutsche Telekom, Elisa, KPN, Orange, Proximus, Swisscom, TDC, Telefonica Deutschland, Telekom Austria, Telenor, Telia and Vodafone), cf. the table on the right.

The number of *TSR*-based performance share units is determined by the fair value per unit on the basis of a Monte Carlo simulation.

Performance Shares granted in

	Vesting period	Vesting	Market value in DKKm
2011	2011-2013	100%	73.2
2012	2012-2014	50%	43.5
2013	2013-2015	0%	0.0
2014	2014-2016	0%	0.0
2015	2015-2017	25%	9.8
2016	2016-2018	—	—
2017	2017-2019	—	—

TSR performance relative to peer group

	Vesting share units[1,2] 2016 and 2015 grants	Vesting share units[1,2] 2017 grant
Nos. 1-3	140%	150%
Nos. 4-6	90%	100%
Nos. 7-8	65%	75%
Nos. 9-10	40%	50%
Nos. 11	25%	25%
Nos. 12-13	25%	0%

1 Dividends paid out on shares in the vesting period will result in annual corresponding increases of each participant's number of performance share units. 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.

2 For the Executive Committee, the vesting schedule for the 2017 grant also applies to the 2016 and 2015 grants.

Share-based incentive programme for the management of TDC Group's Norwegian business

In July 2015, TDC Group launched a share-based incentive programme for the management of Get and TDC Norway ("TDC Group's Norwegian business"). Under the incentive programme, the managers will be entitled to a bonus in the form of Restricted Stock Units (RSUs) based on the development in EBITDA less *capex* compared with a threshold level for TDC Group's Norwegian business for the period covering the financial years 2015, 2016 and 2017. The bonus will be calculated no later than 31 March 2018 and will be paid in RSUs. The number of RSUs is affected by the development in the TDC A/S share price in the period 2015 to 2017. The RSUs will vest on 1 April 2018 and for each RSU the manager will be given one TDC A/S share upon vesting. At the time of vesting, TDC group may choose to make a cash settlement, in full or in part, of RSUs instead of delivering TDC A/S shares.

The aggregate bonus amount cannot exceed NOK 150 million. Each manager's entitlement to RSUs is conditional upon the manager's continued employment until 31 December 2017 subject to certain leaver provisions.

The expenses for 2017 relating to the programme amounted to DKK 60m (2016: DKK 37m).

In addition to the above, TDC Group has entered into an investment agreement with each manager under which the manager will be required to purchase shares in TDC A/S at a certain time for a certain amount at market value at the relevant time. The total investment in TDC A/S shares amounted to NOK 100 million. The shares purchased were subject to certain lock-up restrictions until 31 December 2017.

The share-based incentive programme for the management of TDC Group's Norwegian business was amended in 2016. The amendment implies that the managers are guaranteed a minimum return on their TDC A/S share investment of 0.8% per year (corresponding to the 3-year Norwegian risk-free interest rate) in the form of compensation paid in TDC A/S shares or cash in 2018. The expenses for 2017 relating to the amendment amounted to DKK 8m (2016: DKK 16m).

Share units

	2017						2016	
	Performance share units (EFCF-based)		Performance share unitsf (TSR-based)		Deferred bonus share units		Performance share units (TSR based)	
	Executive Committee	Other managers[1]	Executive Committee	Other managers[1]	Executive Committee	Other managers[1]	Executive Committee	Other managers[1]
Outstanding at 1 January	0	0	281,797	3,457,294	151,100	336,283	297,505	3,461,665
Granted	139,179	1,513,728	114,494	75,448	185,613	67,219	208,235	1,509,375
Vested	0	0	(63,109)	(948,594)	(20,581)	(142,160)	(83,478)	(1,311,871)
Settled	0	0	0	0	(13,934)	(58,719)	(52,190)	(124,737)
Forfeited	0	(29,029)	(56,450)	(86,666)	0	0	0	(165,413)
Transferred	0	0	0	0	(84,272)	84,272	(88,275)	88,275
Outstanding at 31 December	**139,179**	**1,484,699**	**276,732**	**2,497,482**	**217,926**	**286,895**	**281,797**	**3,457,294**

1 Incl. retired Executive Committee members.

Due to the buyout of the deferred bonus programme mentioned above, there were only 203,590 outstanding deferred bonus share units at 31 December 2017. They all belonged to retired employees.

None of the outstanding performance share units at 31 December 2017 were exercisable.

The fair value at grant date for the *EFCF*-based units was DKK 27.47 per unit for the 2017 grant. The fair value of the grant is calculated using a probability distribution model for compounded annual growth rate in *equity free cash flow* for TDC Group and the share price at the time of granting.

The fair value at grant date for the *TSR*-based units was DKK 33.40 per unit for the 2017 grant (DKK 30.28 per unit for the 2016 grant). The fair value of the grant is calculated using a Monte Carlo simulation model with the assumptions given on the right.

Assumptions for using the Monte Carlo simulation model

	2017	2016
Interest rate	-0.51%	-0.21%
Volatility	27.6%	24.6%
Average correlation between TDC A/S and peers	34.4%	35.9%
Share price at time of granting	35.68	33.95

Accounting policies

Share-based remuneration

TDC Group operates share-based incentive programmes, under which TDC Group grants the programmes and receives services from employees. The fair value of employee services received is recognised in the income statement under personnel expenses. The total expense is recognised over the period from the start of employees providing services (under the Deferred Bonus Share Programme and Performance Share

Programme, employees provide services in advance of the grant date) until the end of the vesting period, which is the period during which all the specified vesting conditions are to be satisfied. The Deferred Bonus Share Programme is a share-based programme with a cash settlement option while the Performance Share Programme and the Norwegian RSU programme are equity-settled programmes.

The fair value of the granted deferred bonus share units takes into account the risk of losing the deferred bonus. The fair value of the granted performance share units takes into account the conditions attached to that programme regarding the TDC A/S share's performance compared with a peer group. Other conditions are included in assumptions about the number of units that are expected to vest.

At the end of each reporting period, the Group revises its estimates of the number of matching share units and RSUs that are expected to vest.

6.2 Related parties

The pension fund TDC Pensionskasse located in Copenhagen, Denmark, is a related party.

Danish Group companies have one lease contract with the pension fund, TDC Pensions-kasse. The lease contract is interminable until 31 December 2018. In addition, annual contributions are paid to the pension fund, see note 3.8. TDC A/S has issued a subordinated loan to the pension fund.

Related parties also included the Group's joint ventures and associates shown in note 6.8.

Remuneration for the Board of Directors and the Executive Committee is described in note 2.5. In addition to the remuneration for the membership of the Board of Directors, Pierre Danon provided consultancy services totalling DKK 75k in 2016.

The Group has the following additional transactions and balances with related parties; income/(expenses), receivables/(debt):

Related parties

DKKm	2017	2016
TDC Pensionskasse		
Rental expense	(3)	(3)
Investment advisory fees	16	16
Interest income of subordinated loan and other income	2	3
Debt regarding lease agreements and other payables	(7)	(20)
Subordinated loan	149	149
Other receivables	3	3
Joint ventures and associates		
Income	2	0
Expenses	(4)	(14)
Receivables	3	0

6.3 Fees to auditors

Fees to auditors elected by the Annual General Meeting

DKKm	2017	2016
Statutory audit, PricewaterhouseCoopers	**8**	**10**
Other assurance engagements	2	1
Tax advisory services	1	1
Other services	5	4
Total non-statutory audit services, PricewaterhouseCoopers	**8**	**6**
Total, PricewaterhouseCoopers	**16**	**16**

Fee for other services than statutory audit services rendered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the Group amounted to DKK 7m and consisted mainly of audit of business segmented accounts, auditor's statements to customers regarding services provided by the Group and advisory services regarding telephony platforms and budget processes.

6.4 Other financial commitments

DKKm	2017	2016
Lease commitments for all operating leases[1]		
Properties and mobile sites	5,796	6,267
Machinery, equipment, computers, etc.	570	622
Total	**6,366**	**6,889**
Future sublease payments	(265)	(239)
Net commitments	**6,101**	**6,650**

DKKm	2017	2016
Total lease commitments can be specified as follows:		
Due not later than 1 year	676	708
Due later than 1 year and not later than 5 years	1,779	1,897
Due later than 5 years	3,911	4,284
Total	**6,366**	**6,889**
Capital and purchase commitments		
Investments in intangible assets	913	925
Investments in property, plant and equipment	458	838
Commitments related to outsourcing agreements	355	696

1 Lease commitments include commitments on vacant tenancies for which a provision of DKK 630m has been recognised in the balance sheet (2016: DKK 551m), cf. note 3.6.

Comments

Some of the leases are expected to be transferred to new lessees instead of being subleased. This will reduce the commitments.

Operating leases, for which TDC Group is the lessee, are related primarily to agreements on *fibre* networks, sea *cables*, cars, property leases and mobile sites. The lease agreements will terminate in 2041 at the latest.

Worth noting

Commitments represent amounts TDC Group has contractually committed to pay to third parties in the future. This gives an indication of future cash flows.

Lease agreements can commit TDC Group to significant future expenditure. The table discloses TDC Group's commitments to make such payments. Except for the provision for vacant tenancies (cf. note 3.6), such commitments are not recognised in the balance sheet.

TDC Group sublets a number of the leased properties where such properties, or parts of such properties, are no longer required for use. The table discloses the commitments sub-lessors have made in respect of such arrangements. These commitments are not recognised in the balance sheet. However, they are included in the basis for determining the provision for vacant leases.

6.5 Contingencies

Contingent liabilities

TDC Group is party to certain pending lawsuits and cases pending with public authorities and complaints boards. Based on a legal assessment of the possible outcome of each of these lawsuits and cases, Management is of the opinion that these will have no significant adverse effect on TDC Group's financial position.

Change of control

The EU Takeover Directive, as partially implemented by the Danish Financial Statements Act, contains certain rules for listed companies specifying the disclosure 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.

Certain of TDC Group's contracts with third parties also include change-of-control clauses. A change of control could lead to termination of such contracts. Termination of such contracts would not individually or in combination have a material adverse effect on TDC Group's revenue and earnings.

6.6 Events after the balance sheet date

There have been no events that materially affect the assessment of this Annual Report 2017 after the balance sheet date and up to today.

6.7 New accounting standards

At 2 February 2018, IASB had approved the following new accounting standards (IFRSs and IASs) and interpretations (IFRICs) that are effective for 2018 or later, and are judged relevant for TDC:

- IFRS 9 Financial Instruments addresses the requirements for recognition and measurement, impairment, derecognition and general hedge accounting. A new credit loss model has replaced the incurred loss impairment model used in IAS 39. IFRS 9 eases the requirements for hedge effectiveness by replacing the bright-line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the hedged ratio to be the same as the ratio Management actually uses for risk management purposes. The intrinsic value of a hedging instrument is designated as hedge accounting while changes in time value are recognised in OCI and reclassified to profit or loss on an amortised basis. The standard becomes effective from 2018, and TDC Group will implement the standard when it becomes effective. The implementation of IFRS 9 will have no effect on the income statements and balance sheets for 2017 and previous years.

- IFRS 15 Revenue from Contracts with Customers deals with revenue. Revenue is recognised when customers obtain control of goods or services. The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations and becomes effective from 2018. TDC Group will implement the standard when it becomes effective. The standard will change our accounting for revenue arrangements with multiple deliverables, handsets sold below cost, subscriber acquisition costs, non-refundable up-front connection fees and fulfilment costs. The figures in the financial statements will be restated retrospectively.

  - Revenue arrangements with multiple deliverables – In accordance with our current accounting policies, discounts on bundled sales of handsets and subscriptions are fully allocated to the handsets. In the future, the discounts are allocated between handsets and subscriptions based on their respective fair values resulting in earlier recognition of revenue. The change will reduce revenue and EBITDA for 2017 by DKK 4m and reduce profit for 2017 by DKK 3m.

  - Handsets sold below cost – In accordance with our current accounting policies, sales of handsets below cost in an arrangement that cannot be separated from the provision of services are not recognised as revenue. In the future, handsets sold below costs will be recognised as revenue. The change will increase revenue for 2017 by DKK 231m while it will have no effect on EBITDA and profit for the year.

  - Subscriber acquisition costs – In accordance with our current accounting policies, subscriber acquisition costs are expensed as incurred. In the future, costs that are incremental to obtaining contracts with customers are capitalised and subsequently recognised as expenses over the expected lifetime of the customer relationships. The change will increase EBITDA for 2017 by DKK 12m and increase profit for 2017 by DKK 10m.

  - Non-refundable up-front connection fees – Such fees will no longer be seen as payment for a separate service. The fees will be included in the total transaction price for the contract with the customer and allocated to the identified performance obligations (services). The change will reduce revenue and EBITDA for 2017 by DKK 19m and will reduce profit for 2017 by DKK 15m.

  - Fulfilment costs – In accordance with our current accounting policies, expenses related to non-refundable up-front connection fees are capitalised even if they are not directly related to a contract. In the future, fulfilment costs can only be capitalised if they are directly related to a contract or an anticipated contract. The change will reduce EBITDA for 2017 by DKK 5m and reduce profit for 2017 by DKK 4m.

- The total effects for 2017 of implementing IFRS 15 will be an increase of revenue of DKK 208m, a reduction of EBITDA of DKK 16m, a reduction of profit for the year of DKK 12m and an increase in total equity of DKK 387m.

- IFRS 16 Leases amends the rules for the lessee's accounting treatment of operating leases. In future, operating leases must therefore be recognised in the balance sheet as lease assets and corresponding lease liabilities. The standard will become effective from 2019. TDC Group will implement the standard when it becomes effective. TDC Group is in the process of examining the effect of the standard.

The IASB has approved further new standards and interpretations that are not relevant to the Group and will have no effect on the financial statements.

6.8 Overview of Group companies at 31 December 2017

Company name[1]	Domicile	Currency	Ownership share (%)
Business			
TDC Mobil Center A/S	Odense, Denmark	DKK	100
TDC Erhvervscenter TS Kommunikation ApS	Odense, Denmark	DKK	100
TDC Erhvervscenter Holbæk ApS	Holbæk, Denmark	DKK	60
Mobilcenter Bagsværd A/S[2]	Bagsværd, Denmark	DKK	50
Wholesale			
OCH A/S[2]	Copenhagen, Denmark	DKK	25
4T af 1. oktober 2012 ApS[2]	Copenhagen, Denmark	DKK	25
Norway			
Get AS	Oslo, Norway	NOK	100
Homebase AS	Oslo, Norway	NOK	100
TDC AS	Oslo, Norway	NOK	100
Operations			
Dansk Kabel TV A/S	Copenhagen, Denmark	DKK	100
Consumer			
Contact Center Europe GmbH	Flensburg, Germany	EUR	100
Plenti ApS	Copenhagen, Denmark	DKK	100
CubeIO A/S	Taastrup, Denmark	DKK	100
TDC Telco ApS	Taastrup, Denmark	DKK	100
Ecosys A/S[2]	Silkeborg, Denmark	DKK	38
Bet25 A/S[2]	Silkeborg, Denmark	DKK	38
Other			
TDC Nordic AB	Stockholm, Sweden	SEK	100
TDC Reinsurance A/S	Copenhagen, Denmark	DKK	100

1 In order to give readers a clear presentation, six minor enterprises are not listed separately in the overview. 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, 4WEB A/S, and TDCH III ApS.

2 The enterprise is included under the equity method.

Audited Financial Statements for TDC A/S as of and for the year ended December 31, 2016

Section 5

Cash flow

Section 6

Other disclosures

Management Statement

Today, the Board of Directors and the Executive Committee considered and approved the Annual Report of TDC A/S for 2016.

The Annual Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and Parent Company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2016 as well as their results of operations and cash flows for the financial year 2016. Furthermore, in our opinion, the management's review provides a fair review of the developments in the Group's and the Parent Company's activities and financial position, and describes the significant risks and uncertainties that may affect the Group and the Parent Company.

The Annual Report is recommended for approval by the Annual General Meeting.

Copenhagen, 3 February 2017

Executive Committee

Pernille Erenbjerg – *Group Chief Executive Officer and President*
Stig Pastwa – *Senior Executive Vice President, Group Chief Financial officer*
Jaap Postma – *Senior Executive Vice President of YouSee*
Gunnar Evensen – *Chief Executive Officer of Norway*
Marina Lønning – *Senior Executive Vice President of Business*
Peter Trier Schleidt – *Senior Executive Vice President of Operations and Group Chief Operating Officer*
Jens Aaløse – *Senior Executive Vice President of Stakeholder Relations and Group Chief Customer Officer*

Board of Directors

Vagn Sørensen – *Chairman*
Pierre Danon – *Vice Chairman*
Marianne Rørslev Bock
Stine Bosse
Pieter Knook
Angus Porter
Benoit Scheen
Mogens Jensen
John Schwartzbach
Zanne Stensballe
Gert Winkelmann

Independent Auditor's Report

To the shareholders of TDC A/S

Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2016 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

What we have audited

TDC's Consolidated Financial Statements and Parent Company Financial Statements for the financial year 1 January to 31 December 2016 comprise income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes to the financial statements, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "financial statements".

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the Key Audit Matters
Revenue recognition TDC's billing environment is complex comprising a high number of applications and complex contracts, some of which include multiple elements. We focused on this area due to the risk of errors when recognising revenue, especially due to incorrect transfer of data between applications and due to the fact that complex contracts in some instances are handled in separate tools outside the normal IT billing applications. In 2016, TDC has migrated a significant number of subscribers between different billing platforms. This increases the risk of billing errors in the migration period and was therefore of special focus to us. Refer to notes 2.2 and 3.5 to the consolidated financial statements.	In our audit we focused on the design of controls and tested the operating effectiveness of relevant controls such as controls over: • changes in standing data • capturing and recording of revenue transactions • interfaces between systems • transactions from separate tools outside the normal IT billing applications • monthly Management review On a sample test basis we also collected confirmations from Business and Wholesale customers to confirm the Group's accounts receivables, tested transactions against underlying documentation and performed analytical procedures. Management has closely monitored the migration process. We tested controls performed in the migration process focusing on data being transferred correctly to the new billing platforms. Furthermore, controls focusing on revenue per customer before and after the migration have been tested.
Goodwill impairment Goodwill comprises a significant portion of TDC's total assets and amounts to DKK 17,775m in 2016 (DKK 17,494m in 2015), and where the impairment risk is highest in Business. We focused on goodwill impairment test because the process is complex and requires significant management estimates in determining various assumptions, such as cash-flow projections, discount rates and terminal growth rates. In addition, estimates are required in determining cost drivers etc in the activity-based costing model, which is used for allocation of the carrying amount and value in use of the cost centres. Refer to note 3.1 to the consolidated financial statements.	We tested main assumptions in Management's goodwill impairment test such as expected cash flows from each business line and the applied discount rates and growth rates. Expected cash flows were tested by analysing the bridge between historical and future cash flow to understand the business dynamics and to be able to assess whether cash flows expectations were reasonable. As part of that test we also tested whether business plans historically have been realised as planned to be able to assess the accuracy in the Company's forecasting processes. In respect of discount rates, we used PwC valuation specialists to assess discount rates used by Management. Growth rates were compared to market data and adjustments analysed to assess whether the adjustments were reasonable. Furthermore, we tested that allocation of carrying amount and value in use of the cost centres was performed based on data from TDC's activity-based costing model and that the underlying cost drivers were reasonable.

Key Audit Matters	How our audit addressed the Key Audit Matters
Vacant tenancies TDC has vacated a large number of tenancies and made them ready for sublease. We focused on the provision for vacant tenancies because it requires significant management estimates on certain assumptions, of which the most significant ones relate to the probability of sublease and expected sublease rent income. Management estimates are based on analysis of actual subleases and sublet rent income etc and adjusted for new initiatives such as development activities and market insights. Refer to note 3.6 to the consolidated financial statements.	We tested the analysis performed by Management and assessed whether the adjustments made to reflect future expected sublease probability and sublease rent income are reasonable This includes comparing the rent level to other tenancies available for sublease in the same areas, assessing the impact from development activities and comparison against market insights.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 3 February 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Lars Baungaard
State Authorised Public Accountant

Tue Stensgård Sørensen
State Authorised Public Accountant

Consolidated Income Statement

DKKm	Note	2016	2015
Revenue	2.1,2.2	**21,031**	**21,935**
Cost of sales	2.3	(5,404)	(5,477)
Gross profit		**15,627**	**16,458**
External expenses	2.4	(3,434)	(3,473)
Personnel expenses	2.5	(3,805)	(3,642)
Other income	2.2	100	145
Operating profit before depreciation, amortisation and special items (EBITDA)		**8,488**	**9,488**
Depreciation, amortisation and impairment losses	2.6	(4,940)	(5,074)
Operating profit excluding special items (EBIT excluding special items)		**3,548**	**4,414**
Special items	2.7	(281)	(5,102)
Operating profit/(loss) (EBIT)		**3,267**	**(688)**
Financial income and expenses	4.5	(776)	(1,104)
Profit/(loss) before income taxes		**2,491**	**(1,792)**
Income taxes	2.8	(529)	(660)
Profit/(loss) for the year from continuing operations		**1,962**	**(2,452)**
Profit from discontinued operations	2.9	1,075	68
Profit/(loss) for the year		**3,037**	**(2,384)**
Profit/(loss) attributable to:			
Owners of the parent		2,868	(2,301)
Coupon payments on hybrid capital, net of tax		175	0
Non-controlling interests		(6)	(83)
Profit/(loss) for the year		**3,037**	**(2,384)**
Earnings per share (EPS) (DKK)	2.10		
EPS, basic		3.58	(2.87)
EPS, diluted		3.56	(2.87)
EPS from continuing operations, basic		2.24	(2.95)
EPS from continuing operations, diluted		2.22	(2.95)

Consolidated Statement of Comprehensive Income

DKKm	Note	2016	2015
Profit/(loss) for the year		**3,037**	**(2,384)**
Items that may subsequently be reclassified to the income statement:			
Exchange rate adjustments of foreign enterprises	4.5	1,184	(415)
Value adjustments of hedging instruments	4.5	42	(124)
Items that cannot subsequently be reclassified to the income statement:			
Remeasurement of defined benefit pension plans	3.8	(430)	785
Income tax relating to remeasurement of defined benefit pension plans	2.8	95	(168)
Other comprehensive income/(loss)		**891**	**78**
Total comprehensive income/(loss)		**3,928**	**(2,306)**
Total comprehensive income attributable to:			
Owners of the parent		3,759	(2,223)
Coupon payments on hybrid capital, net of tax		175	0
Non-controlling interests		(6)	(83)
Total comprehensive income/(loss)		**3,928**	**(2,306)**
Total comprehensive income attributable to owners of the parent arises from:			
Continuing operations		2,006	(2,313)
Discontinuing operations		1,753	90
Total		**3,759**	**(2,223)**

Consolidated Balance Sheet

Assets

DKKm	Note	2016	2015
Non-current assets			
Intangible assets	3.1	34,208	34,455
Property, plant and equipment	3.2	18,041	17,963
Joint ventures, associates and other investments		87	82
Pension assets	3.8	5,595	5,947
Receivables	3.3	256	275
Derivative financial instruments	4.6	88	484
Prepaid expenses	3.4	314	355
Total non-current assets		**58,589**	**59,561**
Current assets			
Inventories		243	311
Receivables	3.3	2,495	3,131
Income tax receivable	2.8	25	5
Derivative financial instruments	4.6	612	484
Prepaid expenses	3.4	681	741
Cash		1,687	363
Total current assets		**5,743**	**5,035**
Total assets		**64,332**	**64,596**

Equity and liabilities

DKKm	Note	2016	2015
Equity and liabilities			
Equity			
Share capital	4.1	812	812
Reserve for exchange rate adjustments		(835)	(2,019)
Reserve for cash flow hedges		(205)	(247)
Retained earnings		18,080	16,229
Proposed dividends		802	0
Equity attributable to owners of the parent		**18,654**	**14,775**
Hybrid capital	4.1	5,552	5,552
Non-controlling interests		1	27
Total equity		**24,207**	**20,354**
Non-current liabilities			
Deferred tax liabilities	2.8	4,133	4,218
Provisions	3.6	935	985
Pension liabilities	3.8	39	36
Loans	4.2,4.6	23,966	27,398
Derivative financial instruments	4.6	290	0
Deferred income	3.5	372	426
Total non-current liabilities		**29,735**	**33,063**
Current liabilities			
Loans	4.2,4.6	220	200
Trade and other payables	3.7	6,186	7,035
Derivative financial instruments	4.6	659	537
Deferred income	3.5	3,132	3,177
Provisions	3.6	193	230
Total current liabilities		**10,390**	**11,179**
Total liabilities		**40,125**	**44,242**
Total equity and liabilities		**64,332**	**64,596**

Consolidated Statement of Cash Flow

DKKm	Note	2016	2015
EBITDA		**8,488**	**9,488**
Adjustment for non-cash items	5.1	267	191
Pension contributions	3.8	(106)	(121)
Payments related to provisions	3.6	(5)	(4)
Special items	2.7	(446)	(524)
Change in working capital	5.2	151	180
Interest received	4.5	557	637
Interest paid	4.5	(1,470)	(1,514)
Income tax paid	2.8	(608)	(786)
Operating activities in continuing operations		**6,828**	**7,547**
Operating activities in discontinued operations		430	272
Total cash flow from operating activities		**7,258**	**7,819**
Investment in enterprises	5.3	(145)	(153)
Investment in property, plant and equipment	3.2	(3,303)	(3,278)
Investment in intangible assets	3.1	(1,151)	(1,003)
Investment in other non-current assets		(25)	(9)
Sale of other non-current assets		43	60
Dividends received from joint ventures and associates		10	1
Investing activities in continuing operations		**(4,571)**	**(4,382)**
Investing activities in discontinued operations	5.4	1,814	(224)
Total cash flow from investing activities		**(2,757)**	**(4,606)**
Proceeds from long-term loans		0	8,484
Repayment of long-term loans		(2,897)	(8,008)
Finance lease repayments		(96)	(79)
Repayment of bridge bank loan		0	(11,946)
Change in other short-term loans		1	3
Proceeds from issuance of hybrid capital		0	5,552
Coupon payments on hybrid capital		(196)	0
Dividend paid		0	(1,603)
Capital contributions from non-controlling interests		7	6
Financing activities in continuing operations		**(3,181)**	**(7,591)**
Financing activities in discontinuing operations		(1)	(11)
Total cash flow from financing activities		**(3,182)**	**(7,602)**
Total cash flow		**1,319**	**(4,389)**
Cash and cash equivalents at 1 January		363	4,746
Effect of exchange-rate changes on cash and cash equivalents		5	6
Cash and cash equivalents at 31 December		**1,687**	**363**

Equity free cash flow

DKKm	Note	2016	20155
Cash flow from operating activities in continuing operations		**6,828**	**7,547**
Cash flow from capital expenditure:			
Investment in property, plant and equipment		(3,303)	(3,278)
Investment in intangible assets		(1,151)	(1,003)
Finance lease repayments		(96)	(79)
Coupon payments on hybrid capital		(196)	0
Equity free cash flow		**2,082**	**3,187**

Consolidated Statement of Changes In Equity

DKKm	Share capital	Reserve for currency translation adjustments	Reserve for cash flow hedges	Retained earnings	Proposed dividends	Total	Hybrid capital	Non-controlling interests	Total
	Attributable to owners of the parent[1]								
Equity at 1 January 2015	812	(1,604)	(123)	18,656	802	18,543	0	104	18,647
Loss for the year	—	—	—	(2,301)	0	(2,301)	—	(83)	(2,384)
Exchange rate adjustments of foreign enterprises, cf. note 4.5	—	(415)	—	—	—	(415)	—	0	(415)
Value adjustments of hedging instruments, cf. note 4.5	—	—	(124)	—	—	(124)	—	0	(124)
Remeasurement of defined benefit pension plans	—	—	—	785	—	785	—	0	785
Income tax relating to remeasurement of defined benefit pension plans	—	—	—	(168)	—	(168)	—	0	(168)
Total comprehensive income	—	(415)	(124)	(1,684)	—	(2,223)	0	(83)	(2,306)
Additions, hybrid capital	—	—	—	—	—	—	5,552	—	5,552
Share-based remuneration	—	—	—	58	—	58	—	—	58
Additions to non-controlling interest	—	—	—	—	—	—	—	6	6
Distributed dividend	—	—	—	(801)	(802)	(1,603)	—	—	(1,603)
Total transactions with shareholders	—	—	—	(743)	(802)	(1,545)	5,552	6	4,013
Equity at 31 December 2015	**812**	**(2,019)**	**(247)**	**16,229**	**0**	**14,775**	**5,552**	**27**	**20,354**
Profit for the year	—	—	—	2,066	802	2,868	175	(6)	3,037
Exchange rate adjustments of foreign enterprises, cf. note 4.5	—	1,184	—	—	—	1,184	—	0	1,184
Value adjustments of hedging instruments, cf. note 4.5	—	—	42	—	—	42	—	0	42
Remeasurement of defined benefit pension plans	—	—	—	(430)	—	(430)	—	0	(430)
Income tax relating to remeasurement of defined benefit pension plans	—	—	—	95	—	95	—	0	95
Total comprehensive income	—	1,184	42	1,731	802	3,759	175	(6)	3,928
Share-based remuneration	—	—	—	120	—	120	—	—	120
Coupon payments on hybrid capital	—	—	—	—	—	—	(196)	—	(196)
Income tax relating to coupon payments on hybrid capital	—	—	—	—	—	—	21	—	21
Additions to non-controlling interests	—	—	—	—	—	—	—	10	10
Decrease in non-controlling interests	—	—	—	—	—	—	—	(30)	(30)
Total transactions with shareholders	—	—	—	120	—	120	(175)	(20)	(75)
Equity at 31 December 2016	**812**	**(835)**	**(205)**	**18,080**	**802**	**18,654**	**5,552**	**1**	**24,207**

1 See also note 4.1 for an explanation of distributable reserves and dividend.

Section 1

Basis of preparation

This section sets out the Group's basis of preparation that relates to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates. Similarly, sources of estimation uncertainty are described in the notes to which they relate.

Note 1.1 Accounting policies

TDC's consolidated financial statements for 2016 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and further disclosure requirements in the Danish Financial Statements Act.

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 income and expenses for the accounting period. The accounting estimates and judgements considered material to the preparation of the consolidated financial statements are shown in note 1.2 below.

TDC Group has adopted the new standards, amendments to standards and interpretations that are effective for the financial year 2016. None of the changes have affected recognition or measurement in the financial statements, nor are they expected to have any future impact.

The accounting policies are unchanged from last year.

Following the divestment of TDC Sweden, these activities are classified as discontinued operations in TDC's consolidated financial statements. Comparative figures in the income statements and cash flow statements are restated accordingly.

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 and 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, intragroup income and expenses; shareholdings, dividends, internal balances; and realised and unrealised profits and losses on transactions between the consolidated enterprises have been eliminated.

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 where each enterprise operates. 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 exchange rates. Foreign exchange gains and losses arising from differences between the transaction-date rates and the rates at the date of settlement are recognised as financial income and expenses in the income statement.

Cash, loans and other amounts receivable or payable in foreign currencies are translated into the functional currency at the official exchange rates quoted at year-end. Currency translation adjustments are recognised as financial income and expenses in the income statement.

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

Note 1.2 Critical accounting estimates and judgements

The preparation of TDC's Annual Report requires Management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised during the period in which the estimates are revised and during any future periods affected.

The following areas involve a higher degree of estimates or complexity and are outlined in more detail in the related notes on:

- revenue recognition (note 2.2)
- useful lives regarding intangible assets (note 3.1)
- impairment testing of intangible assets (note 3.1)
- provisions (note 3.6)
- defined benefit plans (note 3.8)

Section 2

Profit for the year

This section focuses on disclosures of details of the TDC Group's results for the year including segmental information, special items, taxation and earnings per share. A detailed review of revenue, EBITDA and profit for the year is provided in the section 'Our performance' in the Management's review.

Note 2.1 Segment reporting

Worth noting

TDC Group consists of the following segments: Consumer, dedicated to residential households in Denmark; Business, dedicated to the business market in Denmark; Wholesale, delivering services to *service providers* in Denmark, and Norway, delivering services to households (through Get) and businesses (through TDC Norway). Other operations consists of the two operating segments Operations and Headquarters and includes shared Danish functions such as, IT, procurement, installation, etc. For further information, see 'Who we are'.

Costs are not fully allocated among segments. For further information, see 'Cost allocation' below.

Accounting policies

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 in the notes. Profit before depreciation, amortisation and special items (EBITDA) represents the profit earned by each segment without allocation of depreciation, amortisation and impairment losses, special items, financial income and expenses and income taxes. EBITDA is the measurement 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.

In presenting information on the basis of geographical markets, segment revenue is based on the geographical location of the enterprise where the sale originates.

Changes in segment reporting

In 2016, TDC made certain changes that impacted on TDC's segment reporting:

- The Danish customer service functions were split from Channels into the other business lines. In addition, a number of other activities were transferred between the business lines.
- As a result of a more customer-centric organisation with more end-to-end process responsibility, more costs are allocated to the reporting segments: Consumer, Business and Wholesale, whereas correspondingly fewer costs are allocated to Other operations in Denmark.

Comparative figures have been restated accordingly.

Cost allocation

Cost allocation in Denmark is used only in relation to postage, freight, electricity for data-centre hosting and rent for TDC shops to ensure incentives to optimise the use of such services. All other costs are not allocated, but are included in the operating expenses of the segment responsible for the service. Accordingly, e.g. costs related to IT services from Operations as well as staff services from Headquarters to Consumer, Business and Wholesale are not allocated.

In addition, as the Danish mobile and landline networks (including the *cable* network) are based in Operations, operating expenses and capital expenditure related to these networks are not allocated to Consumer, Business and Wholesale. However, interconnect payments and revenues concerning TDC customers are included in the revenue and expenses of Wholesale.

Headquarters has assumed all pension obligations for the members of the Danish corporate pension fund. Accordingly, pension costs/ incomes for the Danish corporate pension fund are reported in Headquarters.

All costs related to the share-based incentive programme for the management of TDC Group's Norwegian business as well as the Danish part of the short-term bonus, deferred bonus and performance share programmes are included in the segment Other operations.

Activities

	Consumer[1]		Business		Wholesale	
DKKm	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Mobility services	2,739	2,640	1,254	1,391	549	534
Landline voice	842	1,076	854	1,058	248	266
Internet & network	2,447	2,477	1,819	1,967	750	702
TV	4,257	4,241	37	39	55	36
Other services	522	812	1,277	1,370	139	162
Revenue	**10,807**	**11,246**	**5,241**	**5,825**	**1,741**	**1,700**
Total operating expenses	(4,590)	(4,567)	(2,280)	(2,367)	(773)	(743)
Other income and expenses	4	(2)	1	(1)	1	0
EBITDA	**6,221**	**6,677**	**2,962**	**3,457**	**969**	**957**
Specification of revenue:						
External revenue	10,804	11,246	5,067	5,640	1,658	1,578
Revenue across segments	3	0	174	185	83	122

	Other operations[2]		Norway[3]		Eliminations		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Mobility services	2	2	—	—	(9)	(4)	4,535	4,563
Landline voice	14	16	—	—	(1)	(2)	1,957	2,414
Internet & network	135	87	—	—	(114)	(101)	5,037	5,132
TV	4	1	—	—	(1)	(1)	4,352	4,316
Other services	338	332	—	—	(102)	(96)	2,174	2,580
Norway	—	—	3,092	3,131	(116)	(201)	2,976	2,930
Revenue	**493**	**438**	**3,092**	**3,131**	**(343)**	**(405)**	**21,031**	**21,935**
Total operating expenses	(3,602)	(3,478)	(1,773)	(1,892)	375	455	(12,643)	(12,592)
Other income and expenses	130	161	4	40	(40)	(53)	100	145
EBITDA	**(2,979)**	**(2,879)**	**1,323**	**1,279**	**(8)**	**(3)**	**8,488**	**9,488**
Specification of revenue:								
External revenue	463	413	3,039	3,058	—	—	21,031	21,935
Revenue across segments	30	25	53	73	(343)	(405)	0	0

1 The two operating segments YouSee and Online Brands are aggregated to the reportable segment Consumer because both render telecoms services B2C on the same telecoms network and under the same regulatory environment.

2 Consists of the two operating segments Operations and Headquarters. At Operations, external revenue amounted to DKK 457m (2015: DKK 409m), revenue across segments amounted to DKK 30m (2015: DKK 25m) and EBITDA amounted to DKK (2,283)m (2015: DKK (2,265)m). At Headquarters, external revenue amounted to DKK 6m (2015: DKK 4m) with no revenue across segments and EBITDA amounted to DKK (696)m (2015: DKK (614)m).

3 Consists of the two operating segments Get and TDC Norway. At Get, external revenue amounted to DKK 2,337m (2015: DKK 2,325m), revenue across segments amounted to DKK 0m (2015: DKK 2m) and EBITDA amounted to DKK 1,217m (2015: DKK 1,153m). At TDC Norway AS, external revenue amounted to DKK 702m (2015: DKK 733m), revenue across segments amounted to DKK 53m (2015: DKK 71m) and EBITDA amounted to DKK 106m (2015: DKK 126m).

Reconciliation of EBITDA to profit before income taxes

DKKm	2016	2015
Total EBITDA from reportable segments	8,488	9,488
Unallocated:		
Depreciation, amortisation and impairment losses	(4,940)	(5,074)
Special items	(281)	(5,102)
Financial income and expenses	(776)	(1,104)
Consolidated profit/(loss) before income taxes	**2,491**	**(1,792)**

Note 2.2 Revenue

Accounting policies

Revenue is measured at the fair value of the consideration receivable, exclusive of sales tax and discounts relating directly to sales. Revenue comprises goods and services provided during the year. Goods and services may be sold separately or in bundled packages. Services include traffic and subscription fees, interconnect and roaming fees, fees for leased lines, network services, TV distribution as well as connection and installation fees. Goods include customer premises equipment, telephony handsets, PCs, set-top boxes, etc.

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 recognised as income 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

Geographical markets

	External revenue		Non-current assets allocated	
DKKm	2016	2015	2016	2015
Denmark	17,992	18,877	39,414	39,566
International operations:				
Sweden	0	0	0	727
Norway	3,039	3,058	13,402	12,753
Germany	0	0	3	2
Total international operations	3,039	3,058	13,405	13,482
Total	**21,031**	**21,935**	**52,819**	**53,048**

1 Non-current assets other than investments in joint ventures and associates, financial instruments, deferred tax assets and pension assets.

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 the sale of equipment located at customer premises, e.g. switchboards and handsets.

Discounts on bundled sales of handsets and subscriptions are fully allocated to the handsets.

Sales of handsets below cost in an arrangement that cannot be separated from the provision of services are not recognised as revenue.

Revenues are recognised gross when TDC acts as the principal in a transaction. For content-based services and the resale of services from content providers where TDC acts as the 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, systems integration and other business solutions.

Other income

Other income comprises mainly compensation for *cable* breakages, investment advisory fees from the related pension funds as well as profit relating to divestment of property, plant and equipment.

Critical accounting estimates and judgements

Revenue recognition for a telecoms operator is a complex area of accounting that requires management estimates and judgements.

Recognition of revenue depends on whether the Group acts as a principal or an agent. Whether the Group is considered to be the principal or agent in a transaction depends on analysis of both the form and substance of the agreement with customers. Such judgements impact the amount of reported revenue and operating expenses but do not impact net profit for the year or cash flows.

Determining fair values of the individual elements determining if or when revenue should be recognised requires management judgement in bundling products and services. E.g. business customer contracts can comprise several elements related to goods, subscriptions, leases, etc. Revenue 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 the revenues and the related expenses for any period. See also notes 3.4 and 3.5.

Revenue

DKKm	2016	2015
Sales of goods	1,042	1,230
Sales of services	19,989	20,705
Total	**21,031**	**21,935**

External revenue from products and services

DKKm	2016	2015
Mobile services	4,635	4,626
Landline voice	2,166	2,615
Internet & network	6,290	6,378
TV	5,659	5,651
Other services	2,281	2,665
Total	**21,031**	**21,935**

Note 2.3 Cost of sales

Accounting policies

Cost of sales includes transmission costs and cost of goods sold. Transmission costs include expenses related to operation of mobile and landline networks and leased transmission capacity as well as *interconnection* and roaming costs related directly to the Group’s primary income.

Cost of goods sold includes terminal equipment and transmission material as well as TV-programme rights and other content costs.

The cost of a handset is expensed as cost of sales when the handset is sold unless the handset is sold below cost (see note 2.4 for a description of the accounting for sale of handsets below cost). The sale could be an individual sale or a multiple-element sale with a subscription.

Cost of sales

DKKm	2016	2015
Mobile services	(603)	(473)
Landline voice	(349)	(355)
Internet & network	(693)	(738)
TV	(2,544)	(2,471)
Other services	(1,215)	(1,440)
Total	**(5,404)**	**(5,477)**

Note 2.4 External expenses

Accounting policies

External expenses include expenses related to marketing and advertising, IT, property, cost related to staff, capacity maintenance, service contracts, etc.

Subscriber acquisition and retention costs

Subscriber acquisition and retention costs are expensed as incurred. The most common subscriber acquisition costs are handsets and dealer commissions. If a handset is sold below cost, the difference between the sales price and the cost of the handset is considered a marketing expense and is expensed under external expenses.

Operating 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.

External expenses

DKKm	2016	2015
Marketing and advertising costs	(284)	(259)
Subscriber acquisition and retention costs	(460)	(494)
Property	(721)	(765)
IT	(410)	(284)
Temps and personnel-related costs	(228)	(251)
Other	(1,331)	(1,420)
Total	**(3,434)**	**(3,473)**

Rental expenses for the year for all operating leases

DKKm	2016	2015
Lease payments	(837)	(666)
Sublease payments	119	121
Total	**(718)**	**(545)**

Note 2.5 Personnel expenses

Accounting policies

Wages, salaries, social security contributions, paid leave and sick leave, bonuses and other employee benefits are recognised in the year in which the employee renders the related services.

Pension costs
See note 3.8.

Share-based remuneration
See note 6.1.

Full-time employee equivalents
The number of full-time employee equivalents includes permanent employees and trainees. Employees who are entitled to pensions on conditions similar to those provided for Danish civil servants and who are seconded to external parties in connection with outsourcing of tasks or divestment of operations are not included in the reported numbers.

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 1 January until the time of divestment.

Personnel expenses

DKKm	2016	2015
Wages and salaries (including short-term bonus)	(3,824)	(3,694)
Pensions:		
• defined benefit plans	(132)	(167)
• defined contribution plans	(314)	(313)
Share-based remuneration	(140)	(64)
Social security	(160)	(152)
Total	**(4,570)**	**(4,390)**
Of which capitalised as non-current assets	765	748
Total personnel expenses recognised in the income statement[1]	**(3,805)**	**(3,642)**

1 The figures cover only continuing operations. Calculated including discontinued operations, personnel expenses totalled DKK 4,283m in 2016 and DKK 4,195m in 2015.

Number of full-time employee equivalents

	2016	2015
1 January	7,897	8,594
Transferred to discontinued operations	—	(807)
Redundancy programmes	(225)	(286)
Acquisitions and divestments	82	15
Hirings and resignations	209	381
31 December	**7,963**	**7,897**
Former Danish civil servants	98	110
Employees entitled to pension from TDC's pension fund	1,056	1,059
Other employees	6,809	6,728
31 December	**7,963**	**7,897**
Of which in Denmark	**7,025**	**6,825**
Average number of full-time employee equivalents, TDC Group[1,2]	**7,983**	**7,877**

1 The average number of full-time employee equivalents seconded to external parties in connection with outsourcing of tasks or divestment of operations and entitled to pensions on conditions similar to those provided for Danish civil servants is not included in the reported figures (2016: 106 and 2015: 136).

2 The figures cover only continuing operations. Calculated including discontinued operations, the average number of full-time employee equivalents amounted to 8,675 in 2016 and 8,681 in 2015.

Note 2.6 Depreciation, amortisation and impairment losses

Accounting policies

See notes 3.1 and 3.2.

Comments

The decline in amortisation from 2015 to 2016 reflects primarily lower amortisation of the value of customer relations according to the diminishing balance method.

For impairment losses recognised as special items, see note 2.7.

Depreciation, amortisation and impairment losses

DKKm	2016	2015
Depreciation on property, plant and equipment, cf. note 3.2	(2,976)	(2,977)
Amortisation of intangible assets, cf. note 3.1	(1,906)	(2,045)
Impairment losses, cf. notes 3.1 and 3.2	(58)	(52)
Total	**(4,940)**	**(5,074)**

Note 2.7 Special items

Worth noting

Special items includes significant amounts that cannot be attributed to normal operations such as restructuring costs and special write-downs for impairment of intangible assets and property, plant and equipment. Special items also includes gains and losses related to divestment of enterprises, as well as transaction costs and adjustments of purchase prices relating to the acquisition of enterprises.

Accounting policies

Special items as described above is disclosed on the face of the income statement. Items of a similar nature for non-consolidated enterprises and discontinued operations are recognised in profit from joint ventures and associates and profit for the year from discontinued operations, respectively.

Critical accounting estimates and judgements

The Group's income statement separately identifies operating results before special items. Special items are those that in Management's judgement need to be disclosed separately by virtue of their size, nature or incidence. In determining whether an event or transaction is special, Management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. This is consistent with the way that financial performance is measured by Management and reported to the Board of Directors and assists in providing a meaningful analysis of the operating results of the Group.

Comments

The positive development in special items was due to impairment losses in 2015 (DKK 4,658m) related primarily to goodwill as well as the gain in 2016 from divesting TDC Sweden (DKK 981m). In 2015, costs related to redundancy programmes and vacant tenancies included a reassessment of the provision for expected expenses in relation to vacant tenancies (DKK 174m).

Special items

DKKm	2016	2015
Costs related to redundancy programmes and vacant tenancies	(221)	(375)
Other restructuring costs, etc.	(53)	(89)
Impairment losses	0	(4,658)
Loss on sale of enterprises	(2)	0
Loss from rulings	(5)	(5)
Adjustment of purchase price of enterprises	0	24
Costs related to acquisition of enterprises	0	1
Special items before income taxes	**(281)**	**(5,102)**
Income taxes related to special items	60	227
Special items related to joint ventures and associates	1	0
Special items related to discontinued operations	973	(11)
Total special items	**753**	**(4,886)**

Cash flow from special items (excl. discontinued operations)

DKKm	2016	2015
Redundancy programmes and vacant tenancies	(243)	(287)
Rulings	0	(1)
Other	(203)	(236)
Total	**(446)**	**(524)**

If recognised in operating profit above special items, special items would be included in the following items

DKKm	2016	2015
Cost of sales	(27)	0
External expenses	(106)	(265)
Personnel expenses	(146)	(203)
Other income	0	24
Other expenses	(2)	0
Depreciation, amortisation and impairment losses	0	(4,658)
Total	**(281)**	**(5,102)**

Note 2.8 Income taxes

Worth noting

A large part of TDC's deferred tax liabilities relate to assets that are not expected to be taxed in the foreseeable future (pension assets, customer relations and brands). The deferred tax liabilities relating to customer relationships and brands stem primarily from the merger between TDC and the former parent company NTC ApS in 2009 and the resulting adoption of NTC's purchase price allocation.

Accounting policies

Tax for the year comprises current income tax, changes in deferred tax and adjustments from prior years and is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income.

Current income tax liabilities and current income tax receivables are recognised in the balance sheet 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. However, deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or if it arises from initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit/loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by TDC and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets including the tax value of tax-loss carryforwards are 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 effective under the legislation in the respective countries 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 statement except for the effect of items recognised directly in other comprehensive income.

Deferred tax assets and liabilities are offset in the consolidated balance sheet if the Group has a legally enforceable right to offset them, and the deferred tax assets and liabilities relate to the same legal tax entity.

Reconciliation of income taxes

DKKm	2016 Income taxes cf. the income statement	2016 Income tax payable/ (receivable)	2016 Deferred tax liabilities/ (assets)	2015 Income taxes cf. the income statement	2015 Income tax payable/ (receivable)	2015 Deferred tax liabilities/ (assets)
At 1 January	—	(5)	4,218	—	(64)	4,271
Transferred to discontinued operations	—	22	7	—	—	—
Additions relating to acquisition of enterprises	—	1	19	—	0	17
Disposals relating to loss of control	—	9	0	—	0	0
Income taxes for the year	(602)	634	(32)	(728)	929	(201)
Adjustment of tax for previous years	47	(78)	31	24	(70)	46
Change in tax rate	26	0	(26)	45	0	(45)
Tax relating to remeasurement effects from defined benefit pension plans	—	—	(95)	—	—	168
Tax relating to coupon payments on hybrid capital	—	0	(21)	—	0	0
Income tax paid	—	(608)	–	—	(800)	—
Currency translation adjustment	—	0	32	—	0	(38)
Transferred to discontinued operations	—	—	—	(1)	—	—
Total	**(529)**	**(25)**	**4,133**	**(660)**	**(5)**	**4,218**
Shown in the balance sheet as:						
Tax payable/deferred tax liabilities	—	0	4,133	—	0	4,218
Tax receivable/deferred tax assets	—	(25)	0	—	(5)	0
Total	—	**(25)**	**4,133**	—	**(5)**	**4,218**
Income taxes are specified as follows:						
Income excluding special items	(589)	—	—	(887)	—	—
Special items	60	—	—	227	—	—
Total	**(529)**	—	—	**(660)**	—	—

Comments

Reconciliation of income taxes

In 2016, the change in tax rate related to a reduction of the Norwegian corporate income tax rate from 25% to 24% with effect from 2017.

DKK 607m of the income tax paid was paid in Denmark (2015: DKK 778m). DKK 1m was paid in Norway (2015: DKK 8m). In Sweden, TDC received a refund of income tax of DKK 3m related to ordinary business (2015: payment of DKK 14m). No tax payments related to the divestment of TDC Sweden.

The value of tax-loss carryforwards relates primarily to the Norwegian business and is expected to be utilised within a few years.

In Sweden, the Group has a tax-loss not recognised of DKK 11m (2015: DKK 0m).

In 2015, the change in tax rate related to a reduction of the Norwegian corporate income tax rate from 27% to 25% with effect from 2016.

All Danish group companies participate in joint taxation with TDC A/S as the management company.

Reconciliation of effective tax rate

The decreasing effective tax rate (excluding special items) was due primarily to the reduced impact from the Danish limitation on the deductibility of interest due to lower net financial expenses as well as the reduction of the Danish corporate income tax rate.

Specification of deferred tax

DKKm	2016 Deferred tax assets	2016 Deferred tax liabilities	2016 Total	2015
Receivables, inventories, etc.	(7)	0	(7)	4
Other	(35)	0	(35)	(83)
Current	**(42)**	**0**	**(42)**	**(79)**
Intangible assets	0	3,457	3,457	3,565
Property, plant and equipment	0	46	46	65
Pension assets and pension liabilities	(2)	1,231	1,229	1,306
Tax value of tax-loss carryforwards	(401)	0	(401)	(492)
Other	(156)	0	(156)	(147)
Non-current	**(559)**	**4,734**	**4,175**	**4,297**
Deferred tax at 31 December	**(601)**	**4,734**	**4,133**	**4,218**
Recognised as follows in the balance sheet:				
Deferred tax assets			0	0
Deferred tax liabilities			4,133	4,218

Reconciliation of effective tax rate

	2016 DKKm	2016 %	2015 DKKm	2015 %
Danish corporate income tax rate	610	22.0	778	23.5
Limitation on the tax deductibility of interest expenses	49	1.7	159	4.8
Other non-taxable income and non-tax deductible expenses	1	0.0	3	0.1
Tax value of non-capitalised tax losses and utilised tax losses, net	1	0.0	16	0.5
Deviation in foreign subsidiaries' tax rates compared with the Danish tax rate	7	0.3	11	0.3
Change in the Norwegian corporate income tax rate	(26)	(0.9)	(45)	(1.4)
Adjustment of tax for previous years	(47)	(1.6)	(24)	(0.7)
Other	(6)	(0.2)	(11)	(0.3)
Effective tax excluding special items	**589**	**21.3**	**887**	**26.8**
Special items from non-tax deductible write-downs on goodwill	0	0.0	(221)	(62.0)
Other special items	(60)	0.0	(6)	(1.6)
Effective tax including special items	**529**	**21.3**	**660**	**(36.8)**

Note 2.9 Discontinued operations

Accounting policies

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 will 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 income statement with restated comparative figures. Revenue, cost and taxes relating to the discontinued operation are disclosed in the table below.

Discontinued operations

DKKm	2016	2015
Revenue	**2,256**	**2,431**
Total operating costs	(1,999)	(2,110)
Income taxes	(25)	1
Results from discontinued operations excluding gain from divestment	102	79
Gain from divestment of discontinued operations (special items) cf. note 2.7	981	0
Other special items relating to discontinued operations cf. note 2.7	(8)	(11)
Profit for the year from discontinued operations	**1,075**	**68**

Discontinued operations comprise the former 100% owned subsidiary TDC Sweden AB, divested in October 2016.

Cash flows from operating, investing and financing activities of discontinued operations are presented in separate lines in the statement of cash flow with restated comparative figures.

Note 2.10 Earnings per share (EPS)

Accounting policies

Earnings per share constitutes the amount of post-tax profit attributable to each share.

Diluted EPS reflects any commitments the Group has to issue shares in the future and so includes the impact of share units from incentive programmes, cf. note 6.1.

Basic EPS is adjusted in order to show the business performance of the Group in a consistent manner and reflect how the business is managed. Adjustments are made for special items, discontinued operations, amortisation stemming from the merger of TDC and NTC ApS in 2009, and the related tax amounts.

DKKm	2016	2015
Profit/(loss) for the year (DKKm)	3,037	(2,384)
Average number of shares	812,000,000	812,000,000
Average number of treasury shares	(9,997,028)	(10,341,242)
Average number of outstanding shares	**802,002,972**	**801,658,758**
Average dilutive effect of outstanding share-based instruments (number)	2,763,128	0
Average number of diluted outstanding shares	**804,766,100**	**801,658,758**
EPS (DKK)		
EPS, basic	3.58	(2.87)
EPS, diluted	3.56	(2.87)
EPS from continuing operations, basic	2.24	(2.95)
EPS from continuing operations, diluted	2.22	(2.95)
EPS from discontinued operations, basic	1.34	0.08
EPS from discontinued operations, diluted	1.34	0.08
Profit/(loss) for the year from continuing operations	1,962	(2,452)
Reversal of special items before income taxes (cf. note 2.7)	281	5,102
Reversal of income taxes related to special items (cf. note 2.7)	(60)	(227)
Reversal of special items related to joint ventures and associates (cf. note 2.7)	(1)	0
Reversal of amortisation of brands and customer relationships stemming from the merger of TDC and NTC ApS (net of tax)	441	592
Adjusted profit for the year (DKKm)	**2,623**	**3,015**
Adjusted EPS (from continuing operations)	3.27	3.76

Section 3

Operating assets and liabilities

This section shows the assets used to generate the Group's performance and the resulting liabilities incurred. Assets and liabilities relating to the Group's financing activities are addressed in Section 4. Deferred tax assets and liabilities are shown in note 2.8.

Note 3.1 Intangible assets

Worth noting

TDC's intangible assets relate largely to goodwill, customer relations and brands stemming from the merger between TDC and the former parent company NTC ApS in 2009 and the resulting adoption of NTC's purchase price allocation. These items amounted to DKK 19,756m (2015: DKK 20,335m).

Accounting policies

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

Brands with finite useful lives, licences, proprietary rights, 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 the percentage of churn (5% 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 sheet are expensed as incurred in the income statement.

The main amortisation periods are as follows:

Brands	4-10 years
Mobile licences	16-22 years
Development projects	3-5 years

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

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

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 amounts may not be recoverable.

Critical accounting estimates and judgements

Useful lives

Useful lives for intangible assets are assigned based on periodic studies of customer churn or 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, i.e. when events or circumstances occur that indicate the carrying amount of the asset may not be recoverable and should therefore be tested for impairment. Any change in customer churn or the estimated useful lives of these assets is recognised in the financial statement as soon as any such change is ascertained.

Impairment testing of intangible assets

Intangible assets comprise a significant portion of TDC's total assets. The measurement of intangible assets is a complex process that requires significant Management judgement in determining various assumptions, such as cash-flow projections, discount rates and terminal growth rates. In addition, judgements are required in determining cost drivers, etc. in the activity-based costing model, which is used for allocation of the carrying amount and value in use of the cost centres. 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 below in the section Impairment testing of goodwill and intangible assets with indefinite useful lives.

Intangible assets

					2016					2015
DKKm	**Goodwill**	**Customer relation-ships**	**Brands**	**Other rights, software, etc.**	**Total**	**Goodwill**	**Customer relation-ships**	**Brands**	**Other rights, software, etc.**	**Total**
Accumulated cost at 1 January	22,556	19,178	6,116	11,299	59,149	23,016	23,312	6,154	10,354	62,836
Transferred to discontinued operations	(1,053)	(478)	0	(490)	(2,021)	0	0	0	0	0
Additions relating to the acquisition of enterprises	76	43	8	37	164	(36)	(124)	0	74	(86)
Disposal relating to loss of control	(202)	0	0	(21)	(223)	0	0	0	0	0
Additions	0	0	0	1,289	1,289	0	0	0	989	989
Assets disposed of or fully amortised	0	(46)	(54)	(206)	(306)	(98)	(3,782)	0	(128)	(4,008)
Currency translation adjustments	298	230	34	1	563	(326)	(228)	(38)	10	(582)
Accumulated cost at 31 December	**21,675**	**18,927**	**6,104**	**11,909**	**58,615**	**22,556**	**19,178**	**6,116**	**11,299**	**59,149**
Accumulated amortisation and write-downs for impairment at 1 January	(5,062)	(10,980)	(203)	(8,449)	(24,694)	(1,012)	(13,161)	(184)	(7,586)	(21,943)
Transferred to discontinued operations	1,016	424	0	344	1,784	0	0	0	0	0
Amortisation	0	(973)	(3)	(930)	(1,906)	0	(1,138)	(22)	(973)	(2,133)
Write-downs for impairment	0	(23)	(4)	(8)	(35)	(4,144)	(472)	0	(12)	(4,628)
Disposal relating to loss of control	146	0	0	18	164					
Assets disposed of or fully amortised	0	46	54	206	306	98	3,782	0	128	4,008
Currency translation adjustments	0	(22)	(3)	(1)	(26)	(4)	9	3	(6)	2
Accumulated amortisation and write-downs for impairment at 31 December	(3,900)	(11,528)	(159)	(8,820)	(24,407)	**(5,062)**	**(10,980)**	**(203)**	**(8,449)**	**(24,694)**
Carrying amount at 31 December	**17,775**	**7,399**	**5,945**	**3,089**	**34,208**	**17,494**	**8,198**	**5,913**	**2,850**	**34,455**

Comments

Write-downs for impairment of intangible assets, etc. totalled DKK 35m (2015: DKK 4,628m). Of this, DKK 23m related to impairment of customer values, DKK 4m related to brand values not in use and DKK 8m was due to termination of various software projects. These write-downs related to assets in Denmark.

The carrying amount of assets with indefinite useful lives other than goodwill amounted to DKK 5,938m (2015: DKK 5,907m). DKK 5,339m related to the TDC brand in Denmark, DKK 105m related to the TDC Norway brand and DKK 494m related to the Get brand in Norway.

The carrying amount of software amounted to DKK 1,588m (2015: DKK 1,479m). The addition of internally developed software totalled DKK 289m (2015: DKK 241m).

The carrying amount of individually material Danish mobile licences included in other rights, software etc., amounted to DKK 1,325m (2015: DKK 1,141m) and is set forth in the following table:

Spectrum licences in Denmark

DKKm Spectrum (MHz)	Bandwidth (MHz)	Type/ Technology	Licence expiration	Carrying amount
800	2 x 20	Technology neutral	2034	457
900	2 x 9	Technology neutral	2019	225
1800	2 x 21.8	Technology neutral	2017	0
1800 (from 2017)	2 x 20	Technology neutral	2032	299
2100	2 x 15 + 1 x 5	Technology neutral	2021	127
2600	2 x 20	Technology neutral	2030	217

Cash flow

DKKm	2016	2015
Additions, cf. table above	(1,289)	(989)
Instalments regarding mobile licences	(156)	(96)
Non-cash part of acquisition of mobile licence	294	0
Of which related to discontinued operations	0	82
Cash flow from investment in intangible assets	**(1,151)**	**(1,003)**

Impairment testing 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 1 October 2016 and at 1 October 2015, respectively.

Impairment testing is an integral part of the Group's budget and planning process, which 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. The business plans approved by Management follow the operating segments as described in note 2.1. The carrying amounts of Operations and Headquarters and the calculated negative value in use of these cost centres are allocated to YouSee, Online Brands, Business and Wholesale via an activity-based costing model. The value of the TDC brand is not allocated to business lines, which are combined to test potential impairment of the value of the TDC brand.

Projections for the terminal period are based on general expectations and risks, taking into account the general growth expectations for the telecoms industry in the relevant countries. The growth rates applied reflect expectations of relatively saturated markets. The valuation impact of changes in growth rates is minimal.

The three-year business plans are based on historic trends. The budget period includes cash flow effects from completed restructurings combined with effects of strategic initiatives aimed at improving or maintaining trend lines. The terminal period does not include additional effects.

For the impairment testing of goodwill, TDC uses a pre-tax discount rate for each cash-generating unit. In determining the discount rate, a risk premium on the risk-free interest rate is fixed at a level reflecting Management's expectations of the spread for future financing.

Goodwill and intangible assets with indefinite useful lives relate primarily to YouSee, Online Brands, Business and Get. The assumptions for calculating the value in use for the most significant goodwill amounts are given below.

Assumptions for calculating the value in use for the significant goodwill amounts

	YouSee[1]	Online Brands[1]	Business	Get
Carrying amount of goodwill at 31 December 2016 (DKKm)	6,756	1,114	4,436	5,326
Carrying amount of goodwill at 31 December 2015 (DKKm)	—	—	4,367	5,052
Market-based growth rate applied to extrapolated projected future cash flows for the period following 2019	0.0%	0.0%	0.0%	2.0%
Applied pre-tax discount rate at 1 October 2016	7.6%	7.3%	8.2%	8.2%
Applied pre-tax discount rate at 1 October 2015	—	—	8.4%	8.5%

1 Consumer was split into YouSee and Online Brands as per 1 January 2016. Consumer goodwill amounted to DKK 7,854m at 31 December 2015.

Assumptions regarding recoverable amounts and projected earnings

YouSee

Any reasonably possible changes in the key assumptions are not expected to cause the carrying amount of goodwill to exceed the recoverable value.

Projections are based on the assumption of an improved EBITDA development in the three-year business plan based on the following assumptions:

- Reduced loss in landline voice as a consequence of a continuation of lower churn from 2016
- Small growth in mobility services from higher mobile voice *ARPU* and growth in mobile broadband
- Almost stable broadband gross profit growth as our accelerated gigaspeed roll-out counters intense price competition
- *Opex* savings driven by simplification initiatives and reduced call-to-customer service

Sensitivity analyses have been performed to assess the probability that any likely changes in cash flow or discount rate will result in an impairment loss. One of the key swing factors behind the projection is the 2019 EBITDA level used to calculate the terminal period. A sensitivity analysis indicates that in 2019, EBITDA may decrease by up to 23% before a write-down would have to be recognised.

Online Brands

Any reasonably possible changes in the key assumptions are not expected to cause the carrying amount of goodwill to exceed the recoverable value.

Projections are based on assumptions of single-digit EBITDA growth in the three-year business plan, driven by modest growth in mobility services from higher *ARPU* and growth in mobile broadband as well as modest growth in TV driven mainly by Blockbuster.

Sensitivity analyses have been performed to assess the probability that any likely changes in cash flow or discount rate will result in an impairment loss. The sensitivity analysis of the 2019 EBITDA level shows that EBITDA in 2019 may decrease by up to 29% before a write-down will have to be recognised.

Business

Projections are based on assumptions of improved YoY gross profit developments vs. the 2016 level. Continued intense price competition in the Danish business market is expected to negatively impact earnings, however gross profit development is expected to continue to improve as Business increases its focus on profitable contracts. In addition, new products and services are assumed to have a positive impact on gross profit.

Sensitivity analyses have been performed to assess the probability that any likely changes in cash flow or discount rate will result in an impairment loss. One of the key swing factors behind the projection is the 2019 EBITDA level used to calculate the terminal value. A sensitivity analysis indicates that 2019 EBITDA may decrease by more than DKK 150m before a write-down would be recognised. Likewise, a write-down will have to be recognised if the pre-tax discount rate increases by more than 0.5 percentage points.

Get

Any reasonably possible changes in the key assumptions are not expected to cause the carrying amount of goodwill to exceed the recoverable value.

Projections are based on assumptions of continued EBITDA growth in the three-year business plan, however at a lower level than previously. The main growth components are continued growth from broad-band and in the short run, a limited impact from mobile voice and smart home solutions. TV is expected to be negatively impacted by increased content cost and *broadband unbundling*, partly off-set by higher TV *ARPU*.

Sensitivity analyses have been performed to assess the probability that any likely changes in cash flow or discount rate will result in an impairment loss. The key swing factor behind the projection is the market-based growth rate applied to extrapolated projected future cash flows for the period following 2019. A sensitivity analysis indicates that this growth rate may decrease to approximately 1% before a write-down will have to be recognised. The sensitivity of the 2019 EBITDA level indicates that EBITDA may decrease by more than 10.5% before a write-down will have to be recognised.

Note 3.2 Property, plant and equipment

Accounting policies

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 decommissioning costs if the related obligation meets the conditions for recognition as a provision.

Directly attributable costs comprise personnel expenses together with other external expenses calculated in terms of time spent on self-constructed assets in the relevant business units.

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
Network infrastructure:	
mobile networks	20 years
copper	20 years
coax	20 years
fibre	30 years
exchange equipment	3-30 years
other network equipment	3-30 years
Equipment (computers, tools and office equipment)	3-15 years

The useful lives and residual values of the assets are reviewed regularly. If the residual value exceeds the carrying amount of an asset, 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 statement under other income.

Software that is an integral part of telephone exchange installations, for example, 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.

Customer-placed equipment (e.g. set-top boxes) is capitalised and depreciated over the estimated useful life of the individual asset, not exceeding five years.

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.

Property, plant and equipment

	2016					2015				
DKKm	Land and buildings	Network infra-structure	Equipment	Assets under construction	Total	Land and buildings	Network infra-structure	Equipment	Assets under construction	Total
Accumulated cost at 1 January	589	34,288	2,493	1,489	38,859	588	31,965	2,460	916	35,929
Transferred to discontinued operations	0	(681)	(305)	(89)	(1,075)	0	0	0	0	0
Transfers (to)/from other items	1	1,386	(22)	(1,365)	0	0	933	111	(1,044)	0
Additions relating to the acquisition of enterprises	0	0	3	0	3	0	248	0	40	288
Additions	8	1,894	235	1,225	3,362	4	1,720	183	1,640	3,547
Assets disposed of	(1)	(232)	(100)	0	(333)	0	(394)	(265)	(5)	(664)
Currency translation adjustments	2	194	1	50	247	(3)	(184)	4	(58)	(241)
Accumulated cost at 31 December	**599**	**36,849**	**2,305**	**1,310**	**41,063**	**589**	**34,288**	**2,493**	**1,489**	**38,859**
Accumulated depreciation and write-downs for impairment at 1 January	(115)	(18,504)	(1,906)	(371)	(20,896)	(104)	(16,173)	(1,823)	(325)	(18,425)
Transferred to discontinued operations	0	393	206	33	632	0	0	0	0	0
Transfers to/(from) other items	0	(75)	35	40	0	0	13	(13)	0	0
Depreciation	(12)	(2,727)	(237)	0	(2,976)	(12)	(2,781)	(323)	0	(3,116)
Write-downs for impairment	0	(9)	0	(14)	(23)	0	(33)	(9)	(50)	(92)
Assets disposed of	0	232	98	0	330	0	394	264	5	663
Currency translation adjustments	(2)	(87)	0	0	(89)	1	76	(2)	(1)	74
Accumulated depreciation and write-downs for impairment at 31 December	**(129)**	**(20,777)**	**(1,804)**	**(312)**	**(23,022)**	**(115)**	**(18,504)**	**(1,906)**	**(371)**	**(20,896)**
Carrying amount at 31 December	**470**	**16,072**	**501**	**998**	**18,041**	**474**	**15,784**	**587**	**1,118**	**17,963**
Carrying amount of finance leases at 31 December	**52**	**148**	**0**	**—**	**200**	**54**	**198**	**0**	**—**	**252**

Comments

In 2016, write-downs for impairment totalled DKK 23m. Of this, DKK 18m related to assets in Denmark operated by Operations and DKK 5m related to Norway.

In 2015, write-downs for impairment totalled DKK 92m. Of this, DKK 82m related to assets in Denmark operated by Operations and DKK 10m related to Norway and Sweden.

Damages of DKK 46m received relating to property, plant and equipment were recognised as income (2015: DKK 46m).

Cash flow

DKKm	2016	2015
Additions, cf. table above	(3,362)	(3,547)
Non-cash additions regarding finance leases	12	130
Non-cash additions regarding decommissioning obligations	22	0
Additions not yet paid	25	0
Of which related to discontinued operations	—	139
Cash flow from investment in property, plant and equipment	**(3,303)**	**(3,278)**

Note 3.3 Receivables

Accounting policies

Receivables are measured initially at fair value and subsequently 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 receivables.

Receivables

DKKm	2016	2015
Trade receivables	2,577	3,284
Allowances for doubtful debts	(259)	(270)
Trade receivables, net	**2,318**	**3,014**
Contract work in progress	89	70
Other receivables	344	322
Total	**2,751**	**3,406**
Recognised as follows in the balance sheet:		
Non-current assets	256	275
Current assets	2,495	3,131
Total	**2,751**	**3,406**
Allowances for doubtful debts at 1 January	(270)	(276)
Transferred to discontinued operations	1	0
Additions	(111)	(97)
Realised losses	80	81
Reversed allowances	41	22
Allowances for doubtful debts at 31 December	**(259)**	**(270)**

Trade receivables past due

			Past due and not impaired		
DKKm	**Not past due**	**Past due and impaired**	**Less than six months**	**More than six months**	**Total**
2016:	1,390	813	331	43	2,577
2015:	2,193	644	361	86	3,284

Comments

Write-down for impairment of other receivables is DKK 15m (2015: DKK 16m).

The carrying amount of the balances approximates fair value due to the short maturity of amounts receivable.

Of the receivables classified as current assets, DKK 13m falls due after more than one year (2015: DKK 14m).

Note 3.4 Prepaid expenses

Accounting policies

Prepaid expenses comprise expenses paid relating to subsequent financial years. Prepaid expenses are measured at amortised cost.

Prepaid expenses

DKKm	2016	2015
Prepaid expenses related to service contracts	113	176
Expenses related to non-refundable up-front connection fees	369	373
Other prepaid expenses	513	547
Total	**995**	**1,096**
Recognised as follows in the balance sheet:		
Non-current assets	314	355
Current assets	681	741
Total	**995**	**1,096**

Note 3.5 Deferred income

Accounting policies

Deferred income recognised as liabilities comprises payments received from customers covering income in subsequent years. Deferred income is measured at cost.

Deferred income

DKKm	2016	2015
Deferred income from non-refundable up-front connection fees	660	710
Deferred subscription revenue	2,627	2,531
Other deferred income	217	362
Total	**3,504**	**3,603**
Recognised as follows in the balance sheet:		
Non-current liabilities	372	426
Current liabilities	3,132	3,177
Total	**3,504**	**3,603**

Note 3.6 Provisions

Accounting policies

Provisions are recognised when the Group has a legal or constructive obligation arising from past events, it is probable that economic benefits must be sacrificed to settle it, and the amount 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 commences 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. Subsequent changes in such a decommissioning liability that result from a change in the current best estimate of cash flows required to settle the obligation or from a change in the discount rate are added to (or deducted from) the amount recognised for the related asset. However, to the extent that such a treatment would result in a negative asset, the effect of the change is recognised as profit or loss for the year.

Provisions are measured at Management's best estimate of the amount at which the liability is expected to be settled. Provisions are discounted if the effect is material to the measurement of the liability.

Critical accounting estimates and judgements

The Group has engaged, and may in the future need to engage, in restructuring activities, which require Management to make significant estimates on provisions based on expectations concerning timing and scope, future cost level, etc. In connection with large restructurings, the provision for vacant tenancies comprises rent and operating costs for the contract period reduced by the expected rental income. For each category of tenancy (office, exchange, etc.) and in consideration of the geographical location, the probability of sublease and expected sublet rent rates are assessed. The provision is estimated based on certain assumptions, the most significant of which relate to the probability of sublease and expected sublet rent rates. The provision is estimated to DKK 551m (2015: DKK 567m). Should the actual amounts differ from these estimates, future results could be materially impacted.

The Group will continue to vacate and sublet additional tenancies following further reductions in the number of employees and upgrading to technical equipment that requires fewer square metres.

Provisions

				2016	2015
DKKm	**Decommis-sioning obligations**	**Restructuring obligations**	**Other provisions**	**Total**	
Provisions at 1 January	209	800	206	1,215	1,282
Transferred to discontinued operations	0	(42)	(30)	(72)	0
Additions relating to the acquisition of enterprises	0	0	3	3	0
Provisions made	18	213	28	259	342
Change in present value	8	7	0	15	3
Provisions used (payments)	(1)	(235)	(22)	(258)	(364)
Reversal of unused provisions	(1)	(35)	0	(36)	(47)
Currency translation adjustments	0	1	1	2	(1)
Provisions at 31 December	**233**	**709**	**186**	**1,128**	**1,215**
Of which recognised through special items in the income statement	**0**	**708**	**84**	**792**	**874**
Recognised as follows in the balance sheet:					
Non-current liabilities	233	553	149	935	985
Current liabilities	0	156	37	193	230
Total	**233**	**709**	**186**	**1,128**	**1,215**

Comments

Provisions for decommissioning 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 within the next five years.

Provisions for restructuring obligations relate primarily to redundancy programmes and vacant tenancies. The majority of the provisions for redundancy programmes are expected to result in cash outflows in the next five years. The uncertainties relate primarily to the estimated amounts and the timing of the related cash outflows.

Specification of how payments regarding provisions are recognised in the statements of cash flow

DKKm	2016	2015
Payments related to provisions	(5)	(11)
Cash flow related to special items	(251)	(326)
Investment in enterprises	0	(26)
Investment in property, plant and equipment	(2)	(1)
Total	**(258)**	**(364)**
Of which related to discontinued operations	—	28
Total	**(258)**	**(336)**

The Group has 142 leased tenancies no longer used by the Group (2015: 143). The leases terminate in 2041 at the latest. See also note 6.5. The uncertainties regarding the provision for vacant tenancies relate primarily to the assumption on probability of sublease and rent rates that will be impacted by e.g. changed market conditions for subletting.

Other provisions relate mainly to onerous contracts and jubilee benefits for employees as well as legal claims. The majority of these provisions are expected to result in cash outflows in the next five years. The uncertainties regarding legal claims and onerous contracts relate to both timing and estimated amounts. The uncertainties regarding jubilee benefits relate to both salary and number of employees included.

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 fund. 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 their full monthly salary for four years and nine months (stand-off pay).

Average redundancy cost per full-time employee equivalent

DKK thousands	2016	2015
Non-civil servants	412	422
Former Danish civil servants	1,350	1,085
Employees with civil-servant status	771	969
Weighted average per full-time employee equivalent	504	672

The Group's total termination benefits include 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*), social security contributions and out-placement costs. The average redundancy cost per full-time employee equivalent, calculated as the total cost divided by the number of full-time employee equivalents included in the redundancy programmes during this period, is shown in the table above.

Note 3.7 Trade and other payables

	2016	2015
Trade payables	4,164	4,686
Prepayments from customers	161	208
Amounts owed to joint ventures and associates	0	0
Accrued interest	554	700
Holiday allowance provision	631	689
Other payables	676	752
Total	**6,186**	**7,035**

Of the current liabilities, DKK 164m falls due after more than one year (2015: DKK 120m).

Note 3.8 Pension assets and pension obligations

Worth noting

In a defined contribution plan, TDC pays fixed contributions to a third party on behalf of the employees and has no further obligations towards the employees. The benefits for the employees ultimately depend on the third party's ability to generate returns.

In a defined benefit plan, members receive cash payments on retirement, the value of which depends on factors such as salary and length of service. TDC underwrites investment, mortality and inflation risks necessary to meet these obligations. In the event of returns not being sufficient to honour obligations towards the employees, TDC needs to address this through increased levels of contribution. TDC has defined benefit plans in Denmark (in the separate legal entity: TDC Pension Fund) and in Norway.

TDC makes contributions to its separate pension funds, which are not consolidated in these financial statements, but are reflected in the balance sheet in pension assets (TDC Pension Fund) and pension liabilities (Norway). TDC's pension assets and pension obligations are outlined in more detail in the following.

Accounting policies

In a defined benefit plan, TDC is obliged to pay a specific benefit 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 plan 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 remeasurement effects and are recognised in other comprehensive income when gains and losses occur.

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

Pension income/costs from defined benefit plans consist of the items: service cost, administrative expenses and interest on pension assets. Service cost and administrative expenses are recognised in personnel expenses, whereas interest on pension assets is presented as an item in financial income and expenses.

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.

Critical accounting estimates and judgements

Defined benefit plans

Pension related to defined benefit plans is estimated based on certain actuarial assumptions, the most significant of which relate to discount rates, wage inflation and demography (mortality, disability, etc.). The assumed discount rate may fluctuate significantly. We believe the actuarial assumptions illustrate current market conditions and expectations for market returns in the long term. With the updated assumptions, TDC's pension costs related to the Danish defined benefit plan are expected to amount to DKK 57m in 2017 compared with DKK 8m in 2016, assuming all other factors remain unchanged. See the separate section Sensitivity analysis for the impact on the defined benefit obligation of sensitivities to discount rate, inflation and mortality.

Pension income/(costs) from defined benefit plans

DKKm	2016	2015
Specification of plans		
Denmark	(8)	(63)
Norway	(6)	(16)
Pension income/(costs) from defined benefit plans	**(14)**	**(79)**
Recognition in the income statement		
Service cost[1]	(123)	(158)
Administrative expenses	(9)	(9)
Personnel expenses (included in EBITDA)	(132)	(167)
Interest on pension assets	118	88
Pension income/(costs) from defined benefit plans	**(14)**	**(79)**

1 The increase in the present value of the defined benefit obligation resulting from employees' services in the current period.

Contributions to defined benefit plans

DKKm	2016	2015
Pension contributions (ordinary contributions)		
Denmark	(96)	(99)
Norway	(10)	(22)
Total	**(106)**	**(121)**
Special items (extraordinary contributions)		
Denmark	(12)	(14)
Norway	0	0
Total	**(12)**	**(14)**

Defined benefit plan in Denmark

Under conditions similar to those provided by the Danish Civil Servants' Pension Plan, 1,104 of TDC's employees (2015: 1,212) were entitled to pensions from the pension fund related to TDC. Of these, 96 (2015: 132) employees were seconded to external parties in connection with outsourcing tasks or divesting operations. In addition, 8,068 (2015: 8,144) members of the pension fund receive or are entitled to receive pension benefits. The pension benefits comprise lifelong old age and disability pensions as well as certain benefits for spouses and children. Future pension benefits are based primarily on years of credited service and on participants' compensation at the time of retirement. Since 1990, no new members have joined the pension fund plans, and the pension fund is prevented from admitting new members in the future due to the articles of association.

The pension fund operates defined benefit plans via a separate legal entity 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. Distribution of funds from the pension fund to TDC is not possible until all pension obligations have been met.

Ordinary monthly contributions to the pension fund are made corresponding to a percentage of wages. Extraordinary contributions are made in connection with redundancy programmes and other retirements. Overall, the risk of additional capital contributions to the pension fund can be categorised as investment, longevity and regulatory risks.

Investment risk is managed within risk tolerance limits to mitigate excessive risk that could lead to contribution. The fund invests in a wide variety of marketable securities (predominantly fixed-income securities) and the return on the investments has implications for TDC's financial results. Uncompensated risk related to nominal interest rates and inflation has been hedged.

Since the Danish FSA introduced the longevity benchmark in 2011 for statutory purposes, the fund's actuary has conducted a detailed longevity statistical analysis, that overall underpinned the fund's assumptions regarding observed current longevity. In line with the sector, however, the fund has increased its provisions for future expected improvements to longevity corresponding to the updated Danish FSA benchmark.

Other risks of capital contributions in excess of the planned ordinary contributions and extraordinary contributions in connection with redundancies going forward relate primarily to future changes to pension regulation and benefits over which TDC does not have full control.

The surplus under the Danish FSA pension regulation amounted to approx. DKK 3.1bn (2015: DKK 1.7bn). The equity of the pension fund amounted to approx. DKK 4.0bn (2015: DKK 2.6bn). The equity differs from the pension assets recognised in accordance with IFRS due to specific FSA pension regulation requirements relating to mortality assumptions and an assumed higher inflation. The method for determining the fair value of plan assets is identical under the two requirements.

Plan assets include property with a fair value of DKK 39m used by Group companies (2015: DKK 125m).

Pension (costs)/income

DKKm	Expected 2017	2016	2015
Service cost	(127)	(119)	(143)
Administrative expenses	(9)	(9)	(9)
Personnel expenses (included in EBITDA)	(136)	(128)	(152)
Interest on pension assets	79	120	89
Pension (costs)/income	**(57)**	**(8)**	**(63)**
Domestic redundancy programmes recognised in special items	—	(26)	(65)
Total pension (costs)/income recognised in the income statement	—	**(34)**	**(128)**

Assets and obligations

DKKm	2016	2015
Specification of pension assets		
Fair value of plan assets	30,836	29,185
Defined benefit obligation	(25,241)	(23,238)
Pension assets recognised in the balance sheet	**5,595**	**5,947**
Change in defined benefit obligation		
Defined benefit obligation at 1 January	(23,238)	(24,665)
Service cost	(119)	(143)
Administrative expenses	(9)	(9)
Interest cost on the defined benefit obligation	(454)	(411)
Termination benefits	(26)	(65)
Remeasurement effect:		
Demographic experience	232	156
Financial assumptions	(2,683)	833
Benefit paid	1,056	1,066
Projected benefit obligations at 31 December	**(25,241)**	**(23,238)**
Change in fair value of plan assets		
Fair value of plan assets at 1 January	29,185	29,870
Interest income on plan assets	574	500
Actual return on plan assets greater/(less) than discount rate (remeasurement effect)	2,025	(232)
TDC's contribution	108	113
Benefit paid	(1,056)	(1,066)
Fair value of plan assets at 31 December	**30,836**	**29,185**
Change in pension assets		
Pension assets at 1 January	5,947	5,205
Pension (costs)/income	(34)	(128)
Remeasurement effects	(426)	757
TDC's contribution (see also table below)	108	113
Pension assets recognised in the balance sheet at 31 December	**5,595**	**5,947**

Asset allocation by asset categories at 31 December

DKKm	2016	2015
Assets with quoted prices:		
Government and mortgage bonds (incl. hedges and repos)	13,720	9,685
High-yield bonds	3,502	3,893
Investment grade bonds	2,927	3,437
Emerging markets-debt	3,248	2,665
Property	1,947	1,728
Equities	413	1,895
Cash	(115)	(18)
Other	(334)	112
Assets without quoted prices:		
High-yield bonds	1,917	1,320
Investment grade bonds	2,042	2,105
Property	1,154	859
Alternatives	246	1,417
Equities	169	87
Fair value of plan assets	**30,836**	**29,185**

Assumptions used to determine defined benefit obligations (balance sheet)

	%	
	2016	**2015**
Discount rate	1.41	2.00
General price/wage inflation	1.69	1.50

Assumptions used to determine pension (costs)/income

	%		
	2017	**2016**	**2015**
Discount rate	1.41	2.00	1.70
General price/wage inflation	1.69	1.50	1.45

The basis for determining the discount rate is the yield of AA-rated euro-denominated corporate bonds with an average maturity of 12 years, taking into account that the pension liability is in Danish kroner. For purposes of determining TDC's pension costs, the assumed discount rate was 2.00% (1.70% in 2015) and inflation was 1.50% (1.45% in 2015). The assumptions for 2017 reflect a discount rate decrease to 1.41% and an increase of the assumed inflation rate to 1.69%.

The decreased discount rate during 2016 resulted in an increased pension benefit obligation compared with year-end 2015.

In 2017, with these changed assumptions, pension costs from the domestic defined benefit plan are expected to amount to DKK 57m (2016: DKK 8m), assuming all other factors remain unchanged.

The mortality assumptions are based on regular mortality studies. In 2014, the latest study for IAS 19 purposes was completed, which analysed the actual mortality experience of the TDC pension fund plan, found a best fit for a variety of adjusted standard tables, and also took into consideration broader factors impacting mortality globally.

The mortality assumptions provide the best fit for TDC's recent experience plus an allowance for future improvement.

Life expectancy

	Years from birth	
	Males	**Females**
Without allowance for future improvements	82.4	83.0
Now aged 60 with future improvements	85.0	85.9
Now aged 40 with future improvements	86.9	88.2

Sensitivity analysis

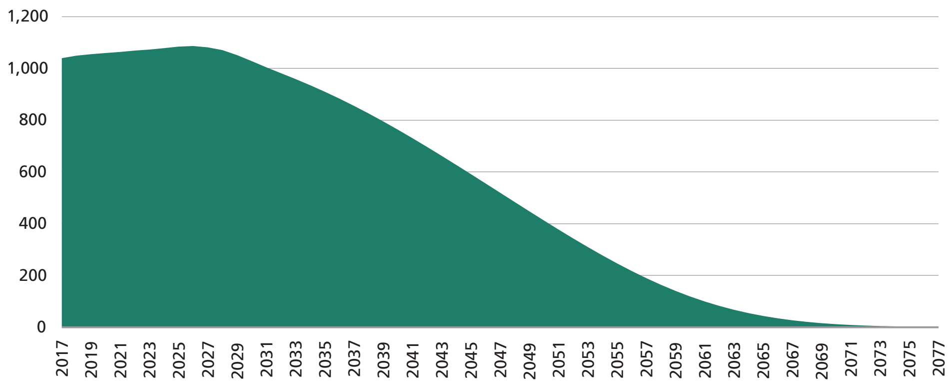
The table below shows the estimated impact of some of the risks that TDC is exposed to. TDC is also exposed to fluctuations in the market value of assets. For some of these risks, if the defined benefit obligation rises or falls, the market value of assets may move in the opposite direction, thereby eliminating part of the risk.

Projected defined benefit obligations

DKKm	2016	2015
Reported defined benefit obligation	25,241	23,238
Discount rate sensitivity	**1.41%**	**2.00%**
Assumption -0.5%	27,216	24,978
Assumption +0.5%	23,484	21,686
General price/wage inflation sensitivity	**1.69%**	**1.50%**
Assumption +0.25%	26,231	24,119
Assumption -0.25%	24,304	22,404
Mortality sensitivity		
Assumption +1 year longevity	26,316	24,142
Assumption -1 year longevity	24,113	22,283

Projected benefit payments[1]

DKKm



1 The duration of the pension plan is approximately 15 years.

TDC's contributions

DKKm	Expected 2017	2016	2015
Ordinary contributions	86	96	99
Extraordinary contributions in connection with retirements	20	12	14
Capital contributions	0	0	0
Total	**106**	**108**	**113**

Other information

Ultimately, 530 members of the defined benefit plans will have part of their pension payment reimbursed by the Danish government.

The related benefit obligations of DKK 466m (2015: DKK 452m) have been deducted in the projected benefit obligation.

Defined benefit plans in Norway

TDC's foreign defined benefit plans concern employees in Norway. The difference between the actuarially determined pension obligations and the fair value of the pension funds' assets is recognised in the balance sheet under pension liabilities.

One of TDC Norway's defined benefit plans was closed down during 2015, resulting in a one-off gain of DKK 34m.

Pension contributions related to foreign defined benefit plans amounted to DKK 10m (2015: DKK 22m). Pension liabilities relating to foreign defined benefit plans amounted to DKK 39m (2015: DKK 36m). The actuarially determined pension obligations amounted to DKK 250m (2015: DKK 227m) and the fair value of the pension funds' assets amounted to DKK 211m (2015: DKK 191m). The remeasurement effects amounted to DKK (4)m (2015: DKK 28m).

Section 4

Capital structure and financing costs

This section explains the Group's capital structure and related financing costs, *net interest-bearing debt* as well as finance-related risk and how these are managed.

Note 4.1 Equity

Worth noting

In February 2015, TDC issued EUR 750m in hybrid capital used to repay the bridge facility from the Get acquisition.

Hybrid capital is accounted for as equity, whereas rating agencies assign 50% equity credit to this type of capital.

Accounting policies

Hybrid capital

Hybrid capital comprises issued bonds that qualify for treatment in accordance with the rules on compound financial instruments due to the special characteristics of the loan. The principal amount, which constitutes a liability, is recognised at the present value, and equity has been increased by the difference between the net proceeds received and the present value of the discounted liability. As coupon payments are discretionary and therefore not included in the calculation of the present value of the liability, the present value amounts to nil on initial recognition. Accordingly, amortisation charges will only impact on profit for the year towards the end of the 1,000-year term of the hybrid capital.

Any coupon payments are recognised directly in equity at the time the payment obligation arises. This is because the coupon payments are discretionary and relate to the part of the hybrid capital that has been recognised in equity. Consequently, coupon payments have no effect on profit for the year. Coupon payments are recognised in the statement of cash flow as a separate item within financing activities.

Treasury shares

The cost of treasury shares is deducted from equity under retained earnings on the date of acquisition. Similarly, payments received in connection with the disposal of treasury shares and dividends are recognised directly in equity.

Dividends

Dividends expected to be distributed for the year are recognised in 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

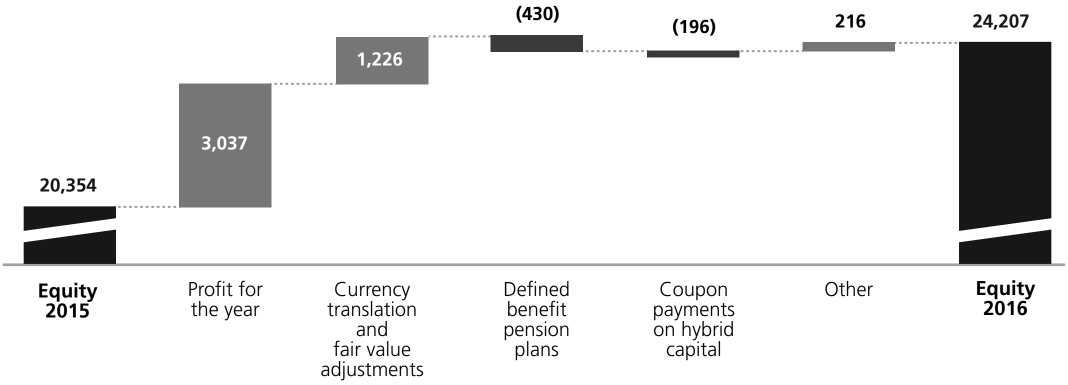
Currency translation reserve comprises exchange-rate differences arising from translation of the functional currency of foreign enterprises' financial statements into Danish kroner. Translation adjustments are recognised in the income statement when the net investment is realised.

Reserve for cash flow hedges

Reserve for cash flow hedges in equity comprises changes in the fair value of hedging transactions that qualify for recognition as cash flow hedges and where the hedged transaction has not yet been realised.

Equity

Dkkm



Comments

The total authorised number of shares is 812,000,000 with a par value of DKK 1 per share (unchanged during 2016 and 2015). All issued shares have been fully paid up.

During 2016, total equity increased by DKK 3.8bn to DKK 24.2bn due mainly to the positive total comprehensive income (DKK 3.9bn).

During 2015, total equity increased by DKK 1.7bn to DKK 20.4bn due chiefly to the issuance of hybrid bonds (DKK 5.6bn), which are accounted for as equity in the balance sheet. This was partly offset by the negative total comprehensive income (DKK 2.3bn) and distributed dividends (DKK 1.6bn).

The Parent Company statement of changes in equity specifies which reserves are available for distribution. The distributable reserves amounted to DKK 17,224m at 31 December 2016 before proposed dividend (2015: DKK 13,963m before proposed dividend). At the Annual General Meeting on 9 March 2017, the Board of Directors will propose a dividend of DKK 1 per share. For the financial year 2015, a dividend of DKK 1.00 per share was distributed.

Dividend payments during the financial year 2016 amounted to DKK 0 per share (2015: DKK 2.00 per share).

Treasury shares

	Shares (number)	Nominal value (DKKm)	% of share capital
Holding at 1 January 2015	11,723,513	12	1.44
Used to settle share programmes	(1,441,582)	(2)	(0.17)
Holding at 1 January 2016	10,281,931	10	1.27
Used to settle share programmes	(325,858)	0	(0.04)
Holding at 31 December 2016	**9,956,073**	**10**	**1.23**

Treasury shares

The holding of treasury shares may be used in connection with incentive and other remuneration programmes for the Executive Committee and employees, as consideration in acquisitions of other businesses and subject to the necessary approval of the Annual General Meeting, to complete a share capital reduction.

Hybrid capital

TDC has EUR 750m in callable subordinated capital securities (hybrid bonds) outstanding which are accounted for as equity. The hybrid capital is subordinate to the Group's other creditors. The further key details on the hybrid bonds are:

- final maturity: 26 February 3015
- first par call date: 26 February 2021
- coupon rate: fixed at 3.5000% until 26 February 2021

TDC may defer coupon payments to bond holders. However, deferred coupon payments will fall due for payment in the event of distribution of dividends to TDC's shareholders. Deferred coupons will lapse in 3015.

Coupon payments will be recognised directly in equity at the time the payment obligation arises. Non-recognised accumulated coupons amounted to DKK 166m as of 31 December 2016.

Coupon payments will be recognised in the statement of cash flow as a separate item within financing activities. Hybrid coupon payments will be included as a separate item in the statement of *equity free cash flow* (*EFCF*).

The hybrid bonds issued by TDC provide 50% equity credit from rating agencies. Accordingly, an adjusted *net interest-bearing debt* (*NIBD*) and leverage ratio are disclosed, where 50% of the hybrid capital is included in *NIBD*.

Note 4.2 Loans and derivatives

Worth noting

TDC is financed through the European bond market and bank loans. In December 2016, TDC launched and executed a bond tender offer to holders of its outstanding EUR 800m notes maturing in 2018 and GBP 550m notes maturing in 2023.

The tender offer resulted in a repurchase of nominal EUR 200m of the 2018 notes and nominal GBP 125m of the 2023 notes.

The next upcoming maturity is the EUR 600m bond that will mature in February 2018.

TDC's outstanding EMTN bonds have been issued in EUR and GBP with fixed interest rates. The GBP bonds have been swapped to fixed EUR interest rates. Part of the fixed-rate debt has been swapped to floating-rate debt. On 31 December 2016, TDC had a floating-rate share of debt of 25%, which is within the maximum of 60% as defined in TDC´s Financial Strategy.

Hedges used for hedge accounting purposes comprise both cash flow hedges (GBP to EUR) and fair value hedges (fixed to a floating interest rate). Fair value adjustments of cash flow hedges are recognised in other comprehensive income except for any ineffective part of the hedge which is recognised under fair value adjustments in the income statement. Fair value adjustments of both derivatives and loans treated as fair value hedges are recognised in the income statement.

Derivatives are used for hedging interest and exchange-rate exposure only, and not for taking speculative positions.

Accounting policies

Loans

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 statement over the term of the loan. Fair value hedged loans are measured at fair value excluding the effect of changes in own credit risk.

Other financial liabilities are measured at amortised cost.

Finance leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. At inception, 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 the finance charges so as to achieve a constant interest rate on the outstanding finance balance.

Financial instruments

On initial recognition, financial derivatives are recognised in the balance sheet at fair value and subsequently remeasured at fair value.

Depending on the type of instrument, different recognised measurement methods are applied for derivative financial instruments.

Fair value changes of financial derivatives are recognised in the income statement. However, in case of changes in the fair value of financial derivatives designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income. Any ineffective portion of the hedge is recognised in the income statement. Changes in the fair value of derivative financial instruments that qualify as hedges of fair value are recognised in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged interest rate risk.

Unrealised gains/losses relating to hedging of future cash flows are recognised in other comprehensive income under a separate reserve.

Euro Medium Term Notes (EMTNs) and Bank loans[1]

	2018	2019	2020	2020	2022	2023	2027	Total
Maturity	23 Feb 2018	30 Dec 2019	4 Feb 2020	14 Dec 2020	2 Mar 2022	23 Feb 2023	27 Feb 2027	
Fixed/floating rate	Fixed	Floating	Floating	Floating	Fixed	Fixed	Fixed	
Coupon	4.375%				3.750%	5.625%	1.75%	
Currency	EUR	EUR	EUR	EUR	EUR	GBP	EUR	
Type	Bond	Bank loan	Bank loan	Bank loan	Bond	Bond	Bond	
Nominal value (DKKm)	4,461	2,974	1,859	744	3,718	3,695	5,948	23,399
Nominal value (Currency)	600	400	250	100	500	425	800	—
Of which nominal value swapped to or with floating interest rate (EURm)	200	400	250	100	150	50	0	1,150
Of which nominal value swapped from GBP to EUR (GBPm)[2]	0	0	0	0	0	425	0	425

1 The maturity of derivatives used for hedging of long-term loans matches the maturity of the underlying loans.

2 The nominal value of the GBP 425m Feb-2023 bond is fully swapped to EUR 508m.

Debts relating to finance leases

	Minimum payments		Present value	
DKKm	**2016**	**2015**	**2016**	**2015**
Maturing within 1 year	83	93	81	85
Maturing between 1 and 3 years	45	108	44	98
Maturing between 3 and 5 years	11	14	11	7
Maturing after 5 years	85	118	37	58
Total	**224**	**333**	**173**	**248**

Debts relating to finance leases concerned primarily lease agreements regarding property and IT equipment. See also note 3.2.

Note 4.3 Financial risks

Worth noting

TDC is exposed to financial market and credit risks when buying and selling goods and services denominated in foreign currencies as well as due to its investing and financing activities. As a consequence of TDC's capital structure and financing, TDC faces interest-rate and exchange-rate risks. TDC's Group Treasury identifies monitors and manages these risks through policies and procedures that are revised on an annual basis, if necessary, and approved by the Board of Directors.

TDC's current financial strategy was approved in June 2015 and defines maxima/minima for interest-rate, exchange-rate and counterparty risks as well as maxima/minima for a range of other variables. Together with market values of financial assets and liabilities, these exposures are calculated and monitored monthly. All risk measures are reported to the Group Chief Financial Officer on a monthly basis.

Monitored interest-rate risk variables (average)

	Maxima/ minima	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Interval 2016	Average 2016	Average 2015
Share of floating interest-rate debt	Max. 60%	25%	23%	23%	23%	24%	23%-25%	23%	29%
Actual financial portfolio BPV (DKKm)		17.2	17.1	16.3	15.9	14.1	12.2-17.3	15.9	17.2
Max. BPV of the financial portfolio (DKKm)[1]		20.4	19.3	18.3	17.7	15.7	13.9-19.5	17.7	19.5
Duration of financial assets (years)	Max. 0.25	0	0	0	0	0	0	0	0
The maximum share of fixed interest-rate gross debt to be reset within one year in year two[2]	Max. 25%	0%	19%	16%	16%	15%	13%-20%	17%	0%
The maximum share of fixed interest-rate gross debt to be reset within one year in year three[2]	Max. 30%	18%	0%	0%	0%	0%	0%-0%	0%	15%

1 At 31 December 2016, a +/- 1 percentage point parallel shift in the interest-rate curve would impact profit for the year by approx. DKK +50.0/-57.1m due to changes in fair value adjustments and paid interest (2015: +45.9/- 25.5m). The impact on equity is estimated to be immaterial in both years.

2 Average figures for reset risk in 2016 and 2015 are defined as the average of the maximum share of the fixed interest-rate gross debt to be reset within one year for the next five years.

Interest-rate risks

TDC is exposed to interest-rate risks in the euro area, as 100% of the nominal gross debt is denominated in or swapped to 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.

Throughout 2016, TDC monitored and managed its interest-rate risks using several variables in accordance with TDC's financial strategy to protect primarily TDC's financial policy targets. The following variables are monitored:

- floating interest-rate debt shall not exceed 60% of the total gross debt (including related derivatives)
- the maximum share of TDC's fixed-rate debt (including related derivatives) to be reset within one year shall not exceed 25% in year two and 30% in year three, respectively. The Group Chief Financial Officer can approve breaches of the limit for up to three months during which Group Treasury must take action or have plans approved by the Group Chief Financial Officer to reduce the interest resetting risk to below the limit
- the BPV (basis point value or DKK change in the value of the financial portfolio for a one basis point change in interest rates) of the financial portfolio shall not exceed the BPV of the debt portfolio if it were fully fixed for its entire maturity.
- TDC can pre-hedge future debt issuances up to 3 years in advance with instruments that have a maturity of up to 15 years. Pre-hedging is used to reduce the interest-rate reset risk, and the instruments will be exempt from the BPV limit above
- The duration (interest-rate sensitivity) of TDC's financial assets shall not exceed 0.25 year.

Exchange-rate risks

TDC is exposed primarily to exchange-rate risks from NOK, USD, SEK and EUR. The exchange-rate exposure from TDC's business activities relates principally to profits and cash flow for the year generated in foreign subsidiaries, as income and expenses generated in these entities are denominated in primarily local currencies.

For Danish companies, the net exchange-rate exposure relates to payables and receivables mainly from roaming and *interconnection* agreements with foreign operators as well as equipment and handset suppliers.

Due to TDC's capital structure, the exposure from financial activities in EUR is significant, as 100% of the nominal gross debt (including derivatives) is denominated in EUR. However, due to the fixed EUR/DKK exchange-rate policy of Danmarks National-bank (the Danish central bank), TDC does not consider its positions in EUR to constitute a significant risk. TDC's EUR exposure was DKK 29.0bn in 2016 (DKK 31.8bn in 2015).

Throughout 2016, TDC monitored and managed its exchange-rate risks using several variables in accordance with TDC's financial strategy to protect primarily TDC's financial policy targets. The following variables are monitored:

- total open gross position, including payables and receivables, cash accounts, financing (including derivatives) and marketable securities in other currencies than DKK and EUR must not exceed DKK 500m (DKK 400m until June 2015)
- budgeted cash flows in other currencies than EUR and DKK in the coming year must be hedged if foreign currencies constitute a risk to *EFCF* of more than 1.25% of total *EFCF*. This is measured and tested on a quarterly basis using Value at Risk (VaR). VaR is a measure of the maximum potential loss (caused by changes in market exchange rates) with 90% certainty within a certain time frame

In addition to the above variables, the financial strategy includes a range of exchange-rate hedging policies that e.g. stipulate the guiding rule that EUR positions of TDC companies with local currencies in DKK or EUR are not to be hedged. Furthermore, as a guiding rule, foreign subsidiaries with other reporting currencies than DKK or EUR must hedge payables/receivables in other currencies than DKK and EUR to local currency. Finally, to the largest extent possible, foreign subsidiaries should pay out net cash holdings as dividend to TDC subject to maintaining an appropriate capitalisation and liquidity position for the subsidiary.

As a guiding rule, TDC does not currently hedge exchange-rate exposure arising from foreign investments in the Nordic countries as these are regarded as long-term investments. This also applies to intragroup loans.

Net investments in foreign subsidiaries, joint ventures and associates

DKKm	2016 Carrying amount	2015 Carrying amount
SEK	1,350	(362)
EUR	1	7
NOK	8,932	8,591
Total at 31 December	**10,283**	**8,236**

The change in the carrying amounts for SEK is due to the divestment of TDC Sweden by TDC Nordic AB.

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

DKKm	Maxima	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Interval 2016	Average 2016	Average 2015
Total open gross position in other currencies than DKK and EUR[1, 2]	500	304	284	283	341	315	126-490	324	207

1 Including payables and receivables, cash accounts and financing (including derivatives).

2 At 31 December 2016, foreign currencies constituted a maximum translation risk of approx. DKK 8m in relation to EFCF (2015: approx. DKK 24.5m, with 90% certainty within a time frame of one year).

Credit risks

TDC is 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 risks in relation to financial contracts are handled centrally by Group Treasury. Credit risks arising in relation to financial contracts are governed by the financial strategy that defines a maximum exposure for each counterparty. The maxima 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).

Financial transactions with a potential financial exposure for TDC are entered into only with counterparties holding the long-term credit rating of at least BBB+ from Standard & Poor's or Baa1 from Moody's. 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 counter-parties. However, should one of TDC's counterparties default, TDC might incur a loss. Credit risks are monitored on a monthly basis.

TDC's maximum credit risks amounted to DKK 4,364m at 31 December 2016 (2015: DKK 3,697m).

Liquidity risks

To reduce refinancing risks, the maturity profile of the debt portfolio is spread over several years. The committed Revolving Credit Facilities totalling EUR 700m (or DKK 5,205m) and cash generated by the business activities are deemed sufficient to handle upcoming redemption of debt.

Based on TDC's financial planning, stable access to the debt capital markets, the available cash, interest-bearing receivables and undrawn credit lines are sufficient to maintain current operations to complete projects underway, to finance stated objectives and plans, and to meet short- and long-term cash requirements.

Undrawn credit lines

At year-end 2016, TDC had undrawn committed credit lines totalling DKK 5,205m, of which DKK 3,718m was syndicated.

Note 4.4 Credit ratings and net interest-bearing debt

Worth noting

Credit rating

TDC is rated by three international rating agencies, S&P's, Moody's and Fitch, and is committed to maintaining investment grade ratings. This is e.g. done by continuously monitoring several credit metrics (including *NIBD*/EBITDA) which determine the credit profile and form the basis of the rating according to rating agencies' methodologies.

No assurance can be given that the aims of the credit rating policy will be achieved at all times. If TDC is downgraded, the funding costs will increase.

TDC financing contains coupon/margin step-up clauses, cross-default provisions and change of control clauses.

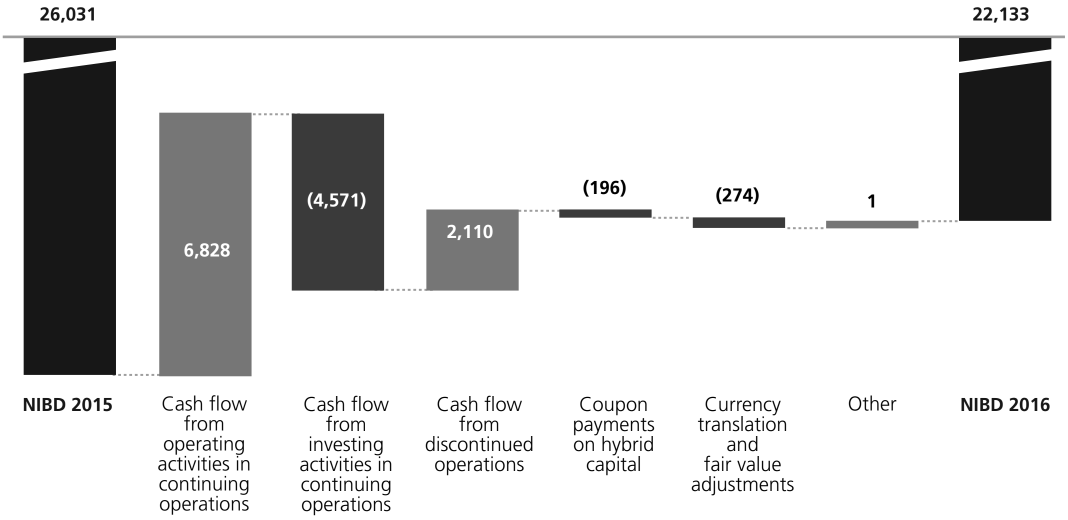
TDC's rating agencies took no action in relation to the rating of TDC in 2016.

TDC's company ratings at 31 December 2016

Rating	Short-term	Long-term	Outlook
S&P	A-3	BB-	Stable
Moody's	—	Baa3	Stable
Fitch	F3	BBB-	Stable

NIBD

Dkkm



Net interest-bearing debt

	2016							
		Included in cash flows from		Non-cash changes				
DKKm	At 1 January, 2016	Investing activities	Financing activities	Acquisi-tions /disposals	New leases and debt re. mobile licences	Currency translation adjustment	Fair value adjust-ments	At 31 December, 2016
Long-term loans incl. short-term part	27,595	(156)	(2,994)	(16)	306	(769)	220	24,186
Short-term loans	3	0	1	(4)	0	0		0
Interest-bearing payables	2	0	0	0	0	0		2
Derivatives	(928)	0	0	0	0	755	64	(109)
Total interest-bearing debt	**26,672**	**(156)**	**(2,993)**	**(20)**	**306**	**(14)**	**284**	**24,079**
Interest-bearing receivables and investments	(278)							(259)
Cash	(363)							(1,687)
Net interest-bearing debt	**26,031**							**22,133**
50% of hybrid capital	2,776							2,776
Adjusted net interest-bearing debt	**28,807**							**24,909**

	2015							
	Included in cash flows from			Non-cash changes				
DKKm	At 1 January, 2015	Investing activities	Financing activities	Acquisi-tions	New leases	Currency translation adjustment	Fair value adjust-ments	At 31 December, 2015
Long-term loans incl. short-term part	26,767	(96)	386	59	130	375	(26)	27,595
Short-term loans	11,914	0	(11,943)	0	0	32	0	3
Interest-bearing payables	7	(5)	0	0	0	0	0	2
Derivatives	(711)	0	0	0	0	(326)	109	(928)
Total interest-bearing debt	**37,977**	**(101)**	**(11,557)**	**59**	**130**	**81**	**83**	**26,672**
Interest-bearing receivables and investments	(307)							(278)
Cash	(4,746)							(363)
Net interest-bearing debt	**32,924**							**26,031**
50% of hybrid capital	0							2,776
Adjusted net interest-bearing debt	**32,924**							**28,807**

Comments

Both *net interest-bearing debt* and adjusted *net interest-bearing debt* fell by DKK 3,898m during 2016 following the net cash flows from operating and investing activities including the proceeds from divesting TDC Sweden of DKK 1,997m (net proceeds after adjustment for net debt, transaction costs, etc.).

Note 4.5 Financial income and expenses

Financial income and expenses

DKKm	2016	2015
Interest income	17	26
Interest expenses	(782)	(986)
Net interest	**(765)**	**(960)**
Currency translation adjustments	98	(320)
Fair value adjustments	(223)	88
Interest, currency translation adjustments and fair value adjustments	**(890)**	**(1,192)**
Profit from joint ventures and associates	(4)	0
Interest on pension assets	118	88
Total	**(776)**	**(1,104)**

Interest, currency translation adjustments and fair value adjustments

				2016
DKKm	Net interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(692)	49	(289)	(932)
European Investment Bank (EIB) and bank loans	(23)	20	0	(3)
Other hedges (not treated as hedge accounting)	0	0	66	66
Other	(50)	29	0	(21)
Total	**(765)**	**98**	**(223)**	**(890)**

DKKm	Net interest	Currency translation adjustments	Fair value adjustments	Total
				2015
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(847)	(28)	86	(789)
European Investment Bank (EIB) and bank loans	(21)	(10)	0	(31)
Other hedges (not treated as hedge accounting)	0	0	2	2
Other	(92)	(282)	0	(374)
Total	**(960)**	**(320)**	**88**	**(1,192)**

Comments

Financial income and expenses represented an expense of DKK 890m in 2016, an improvement of DKK 302m compared with 2015 (DKK 1,192m), driven primarily by:

Net interest

The EMTN loan (EUR 274m) that matured in December 2015 was refinanced by bank loans (EUR 100m) and cash resulting in a lower interest expense. Furthermore, 2015 was negatively impacted by interest expenses on the bridge bank loan (EUR 1,600m) stemming from the acquisition of Get in 2014.

Currency translation adjustments

In 2016, intercompany loans denominated in NOK resulted in gains. This was partly offset by losses from intercompany loans denominated in SEK. In 2015, intercompany loans denominated in NOK resulted in losses.

In 2016, the EUR/DKK exchange rate decreased, resulting in gains, whereas the EUR/DKK exchange rate increased during 2015, resulting in losses.

Fair value adjustments

2016 was primarily impacted by a bond tender equivalent of nominal EUR 350m in December. The repurchased notes as well as losses from swaps terminated resulted in a loss of DKK 291m.

Interest on pension assets

The higher interest on pension assets was attributable to an increasing discount rate, as the interest is calculated on the basis of the pension funds' net assets (assets less liabilities) using a discount rate. For further information about pension plans, see note 3.8.

Net financials recognised in other comprehensive income

DKKm	2016	2015
Currency translation adjustment, foreign enterprises	530	(415)
Reversal of currency translation adjustment related to disposal of foreign enterprises	654	0
Exchange rate adjustments of foreign enterprises	**1,184**	**(415)**
Change in fair value adjustments of cash flow hedges	(7)	(38)
Change in fair value adjustments of cash flow hedges transferred to financial expenses	49	(86)
Value adjustments of hedging instruments	**42**	**(124)**

Cash flow from net interest

DKKm	2016	2015
Interest received	557	637
Interest paid	(1,470)	(1,514)
Net interest paid	**(913)**	**(877)**
Specified as follows:		
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(830)	(775)
European Investment Bank (EIB) and KfW bank loans	(21)	(15)
Other hedges (not treated as hedge accounting)	(50)	(60)
Other	(12)	(27)
Net interest paid	**(913)**	**(877)**

Comments

Net interest of DKK 913m paid in 2016, represented a DKK 36m increase compared with 2015 (DKK 877m), driven primarily by:

2016 was primarily impacted by a bond tender in December that resulted in higher interest paid. This was partly offset by refinancing of debt in 2015, which resulted in lower interest paid.

Note 4.6 Maturity profiles of financial instruments

Maturity profiles

The maturity analyses of financial assets and liabilities are disclosed by category and class and are allocated according to maturity period. All interest payments and repayments of financial liabilities are based on contractual agreements. Interest payments on floating-rate instruments are determined using forward rates.

Financial assets and liabilities measured at fair value relate to derivatives. Calculation of fair value of these derivatives is based on observable inputs such as interest rates, etc. (Level 2 in the IFRS fair value hierarchy).

Maturity profiles of expected cash flows[1]

DKKm Financial assets and liabilities measured at fair value through profit or loss	< 1 year	1-3 years	3-5 years	> 5 years	Total	Fair value	Carrying amount
Assets[2]:							
Derivatives Fair value hedges							
Inflow	50	65	26	11	152		
Outflow	(17)	0	(3)	0	(20)		
Total fair value hedges, assets	**33**	**65**	**23**	**11**	**132**	**132**	**132**
Derivatives, Other derivatives							
Inflow	1,028	242	166	123	1,559		
Outflow	(875)	(6)	(36)	(73)	(990)		
Total other derivatives assets	**153**	**236**	**130**	**50**	**569**	**568**	**568**
Liabilities: Derivatives, Cash flow hedges							
Inflow	188	416	416	4,111	5,131		
Outflow	(180)	(398)	(396)	(4,176)	(5,150)		
Total cash flow hedges	**8**	**18**	**20**	**(65)**	**(19)**	**(282)**	**(282)**
Derivatives, Other derivatives							
Inflow	933	0	30	71	1,034		
Outflow	(1,095)	(263)	(209)	(135)	(1,702)		
Total other derivatives	**(162)**	**(263)**	**(179)**	**(64)**	**(668)**	**(667)**	**(667)**
Total derivatives	**32**	**56**	**(6)**	**(68)**	**14**	**(249)**	**(249)**
Financial liabilities measured at amortised cost							
Euro Medium Term Notes (EMTNs)	0	(4,461)	0	(13,361)	(17,822)	(18,946)	(17,865)
European Investment Bank loan (EIB)	0	(2,974)	(744)	0	(3,718)	(3,718)	(3,718)
Other bank loans	0	0	(1,859)	0	(1,859)	(1,859)	(1,855)
Debt relating to finance leases	(83)	(45)	(11)	(85)	(224)	(173)	(173)
Other loans	(141)	(249)	(123)	(93)	(606)	(575)	(575)
Total loans	(224)	(7,729)	(2,737)	(13,539)	(24,229)	(25,271)	(24,186)
Euro Medium Term Notes (EMTNs) and bank loans, interest[3]	(664)	(1,139)	(911)	(1,180)	(3,894)	(554)	(554)
Trade and other payables[4]	(2,614)	(13)	0	0	(2,627)	(2,627)	(2,627)
Total financial liabilities measured at amortised cost	**(3,502)**	**(8,881)**	**(3,648)**	**(14,719)**	**(30,750)**	**(28,452)**	**(27,367)**
Total 2016	**(3,470)**	**(8,825)**	**(3,654)**	**(14,787)**	**(30,736)**	**(28,701)**	**(27,616)**
Total 2015	**(4,136)**	**(7,805)**	**(6,863)**	**(16,574)**	**(35,378)**	**(31,518)**	**(31,043)**

1 All cash flows are undiscounted. The table reflects only the cash flow from financial liabilities and derivatives recognised as financial assets, other cash flow from financial assets is not disclosed.

2 Both assets and liabilities measured at fair value through profit or loss are disclosed in the above table because the some of the derivatives are used for hedging of financial liabilities measured at amortised cost, which is disclosed in the table.

3 Fair value and carrying amount value consist of accrued interest on EMTNs, EIB and bank loans at 31 December 2016.

4 As not all trade and other payables recognised in the balance sheet are financial instruments (e.g. unbilled payables do not constitute a financial liability), the amount differs from the amount disclosed in the balance sheet.

Section 5

Cash flow

This section gives information on the Group's cash flow. Furthermore, information on development in the cash flow items is included in note 2.7 Special items, note 3.1 Intangible assets, note 3.2 Property, plant and equipment, 3.6 Provisions, note 3.8 Pension assets and pension obligations as well as note 4.5 Financial income and expenses. A detailed review of *Equity free cash flow* is provided in the section 'Our performance' in the Management's review.

Worth noting

TDC Group's renewed 2016-18 strategy is centered on providing best-in-class customer satisfaction and improving the trend towards cash flow growth measured in terms of *equity free cash flow* (*EFCF*).

See also the consolidated statement of cash flow.

Accounting policies

Cash flow from operating activities is presented under the indirect method and is based on profit 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, realised currency translation adjustments as well as income taxes paid. Interest received and paid includes settlement of interest-hedging instruments.

Cash flow from investing activities comprises acquisitions and divestments of enterprises, purchases and sales of intangible assets, property, plant and equipment as well as other non-current assets, and purchases and sales 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 operating, investing and financing activities of discontinued operations is presented in separate lines in the statement of cash flow with comparative figures.

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.

Note 5.1 Adjustment for non-cash items

DKKm	2016	2015
Pension costs regarding defined benefit plans	132	137
Share-based remuneration	135	63
(Gain)/loss on disposal of property, plant and equipment, net	(11)	(5)
Other adjustments	11	(4)
Total	**267**	**191**

Note 5.2 Change in working capital

DKKm	2016	2015
Change in inventories	7	28
Change in receivables	176	188
Change in trade payables	(26)	1
Change in deferred income	(87)	7
Change in prepaid expenses	139	(118)
Change in other items, net	(58)	74
Total	**151**	**180**

Note 5.3 Investment in enterprises

Accounting policies

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 on the revaluation made is recognised.

Any 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 sheet under intangible assets. The cost is stated at the fair value of shares, debt instruments as well as cash and cash equivalents. Goodwill is not amortised, but is tested annually for impairment. Negative balances (negative goodwill) are recognised in the income statement on the date of acquisition. Positive differences on acquisition of joint ventures and associates are recognised in the balance sheet under investments in joint ventures and associates.

For acquisitions prior to 1 January 2010, the cost of the acquisition includes transaction costs. For acquisitions on or after 1 January 2010, such costs are expensed as incurred.

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. Changes in estimates of the cost of the acquisition being contingent on future events are recognised in the income statement.

Acquired enterprises are recognised in the consolidated financial statements from the time of acquisition.

Acquisitions in 2016

Enterprises and activities acquired	Segment	Date of recognition	Proportion acquired
Cirque A/S	Business	31 March 2016	100%
Cirque Bredbånd A/S	Operations	31 March 2016	100%
Cirque systems A/S	Business	31 March 2016	100%
TDC Erhvervscenter Holbæk ApS	Business	30 September 2016	60%
CubeIO A/S[1]	Consumer	1 November 2016	100%
Adactit ApS	Business	4 December 2016	100%

1 Previously recognised as an associated company with an equity share of 50%.

At the date of acquisition, the cost of the assets and liabilities acquired was DKK 141m. Following adjustment of net assets to fair value, goodwill was measured at DKK 76m. Goodwill represents the value of current employees and know-how as well as expected synergies arising from the business combinations.

Adjusted for cash in acquired enterprises of DKK (11)m, the cash flow related to investment in enterprises amounted to DKK 130m. In addition, DKK 15m was paid in relation to acquisitions in prior years.

The acquisitions had no significant impact on the income statement for 2016.

Acquisitions in 2015

Enterprises and activities acquired	Segment	Date of recognition	Proportion acquired
TV and *fibre* activities from TREFOR	Consumer/Operations	1 January 2015	100%
Business activities from Justfone A/S	Business	1 May 2015	100%
Fyns Antenne- og Elektronikcenter A/S	Operations	30 June 2015	100%

At the date of acquisition, the cost of the assets and liabilities acquired was DKK 189m. Following adjustment of net assets to fair value, goodwill was measured at DKK 9m. Goodwill represents the value of current employees and know-how as well as expected synergies arising from the business combinations.

Adjusted for cash in acquired enterprises of DKK (1)m and change in unpaid acquisition cost of DKK (35)m, the cash flow related to investment in enterprises amounted to DKK 153m.

The acquisitions had no significant impact on the income statement for 2015.

Note 5.4 Cash flow from investing activities in discontinued operations

In 2016, TDC divested TDC Sweden AB. This divestment has been presented as discontinued operations.

At the time of divestment, the carrying amount of assets and liabilities in discontinued operations consisted of the following:

The carrying amount of assets and liabilities in discontinued operations at the time of divestments

DKKm	2016	2015
Intangible assets	224	0
Property, plant and equipment	463	0
Other non-current assets	54	0
Inventories	71	0
Receivables	644	0
Cash	98	0
Provisions	(58)	0
Deferred income	(203)	0
Trade and other payables	(865)	0
Net assets	**428**	**0**
Profit/(loss) relating to divestments of discontinued operations including tax	981	0
Reversal of non-cash taxes	26	0
Reversal of currency adjustments recognised in equity	654	0
Sales costs not paid yet	6	(2)
Cash and bank deposit in discontinued operations	(98)	0
Net cash flow on divestments	**1,997**	**(2)**
Cash flow from investing activities in discontinued operations excluding divestments	(183)	(222)
Net cash flow from investing activities in discontinued operations	**1,814**	**(224)**

Section 6

Other disclosures

This section contains statutory notes or notes that are presumed to be less important for understanding the Group's financial performance.

Note 6.1 Incentive programmes

Accounting policies

Share-based remuneration

TDC Group operates share-based incentive programmes, under which TDC Group grants the programmes and receives services from employees. The fair value of employee services received is recognised in the income statement under personnel expenses. The total expense is recognised over the period from the start of employees providing services (under the Deferred Bonus Share Programme and Performance Share Programme, employees provide services in advance of the grant date) until the end of the vesting period, which is the period during which all of the specified vesting conditions are to be satisfied. The Deferred Bonus Share Programme is a share-based programme with a cash settlement option while the Performance Share Programme and the Norwegian RSU programme are equity-settled programmes.

The fair value of the granted deferred bonus share units takes into account the risk of losing the deferred bonus. The fair value of the granted performance share units takes into account the conditions attached to that programme regarding the TDC share's performance compared with a peer group. Other conditions are included in assumptions about the number of units that are expected to vest.

At the end of each reporting period, the Group revises its estimates of the number of matching share units and RSUs that are expected to vest.

Bonus programmes

Approximately 275 TDC Group top managers participate in a short-term bonus programme called the Top Managers' Compensation Programme, and approximately 200 TDC Group managers and specialists participate in a short-term bonus programme called the Managers' Compensation Programme.

The short-term bonus programmes are closely linked to the two main goals in our 2016-2018 strategy: *equity free cash flow* (*EFCF*) and customer satisfaction, weighted 50% each.

Bonus payments are calculated as the individual employee's basic salary multiplied by the bonus percentage multiplied by the degree of target fulfilment.

The bonus achieved when targets are met is called the on-target bonus.

For the Top Managers' Compensation Programme, the bonus 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 bonus percentage is somewhat lower for the Managers' Compensation Programme. The bonus achieved can be maximum 200% of the on-target bonus.

The short-term bonus programme for the members of the Executive Committee is based on the same principles as those for other managers, with a bonus percentage of 50.

Deferred bonus

For the Executive Committee, a deferral element applies. The Executive Committee members are 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. Approximately 60 other executives have been eligible for a deferred bonus, but in 2016 the Board of Directors decided to discontinue the programme for other executives, as very few have taken advantage of the opportunity. This decision has been handled with a buy-out of deferred bonus share units in the 2015 and 2016 programmes and a lump sum for future opportunities.

Deferred bonuses are immediately converted into deferred bonus share units in TDC with a corresponding value. Deferred bonus share units vest and are converted into shares in TDC after three years, depending on how TDC Group's *equity free cash flow (EFCF)* per share performs compared with a weighted average of the three years in the base case in TDC Group's business plan. Participants will receive the following shares:

EFCF per share compared with the base-case business plan

	Deferred bonus share units	Matching share units[1]	Total share units[2]
2.5% higher	100%	100%	200%
Equal to	100%	75%	175%
2.5% lower	100%	62.5%	162.5%
5% lower	100%	50%	150%
5.01-15% lower	100%	25%	125%
15.01% lower	0%	0%	0%

1 Linear calculation of matching share units between 75%-100% and 50%-75%.

2 Dividends paid out on shares in the deferral period will result in corresponding increases of each participant's number of share units. A participant who terminates employment during the vesting period for reasons of voluntary resignation or misconduct will receive no matching shares. Participants who terminate employment for other reasons will receive matching shares as if their employment had continued throughout the vesting period.

The value of the bonus that the Executive Committee members are obliged to defer at the beginning of 2017 amounted to DKK 13.0m (beginning of 2016: DKK 14.4m). The value of the bonus that the participants have the option to defer at the beginning of 2017 amounted to DKK 15.5m (beginning of 2016: DKK 35.1m). The value of potential matching shares amounted to DKK 13.2m (2016: DKK 18.8m).

Liabilities arising from share-based remuneration amounted to DKK 9m (2015: DKK 19m).

The *EFCF* for 2014 to 2016 has been calculated and resulted in a 160% vesting for the 2014 grant (187% vesting for the 2013 grant).

Performance Share Programme

Approximately 175 TDC Group managers, including the Executive Committee, participate in a Performance Share Programme that rewards long-term performance.

Performance Shares granted in	Vesting period	Vesting	Market value in DKKm
2011	2011-2013	100%	73.2
2012	2012-2014	50%	43.5
2013	2013-2015	0%	0.0
2014	2014-2016	0%	0.0
2015	2015-2017	—	—
2016	2016-2018	—	—

All eligible participants are granted performance share units annually. Vested performance share units are converted into shares in TDC A/S. The value of performance share units granted is calculated as a percentage of participants' base salary depending on their tier level and individual performance. The number of performance share units granted is determined by the fair value per unit on the basis of a Monte Carlo simulation. For the Executive Committee, this corresponds to 30% of base salary and, for other TDC Group managers, up to 25% of their base salary.

Ownership of shares will pass to participants only provided the performance share units vest. Performance share units vest three years from the date of granting subject to TDC's performance as measured by Total Shareholder Return (*TSR*-calculated as share price movements plus dividends received over a stated period divided by the share price at the beginning of such period) relative to a peer group of 12 telecommunications companies (BT, Deutsche Telekom, Elisa, KPN, Orange, Proximus, Swisscom, Telefonica Deutschland, Telekom Austria, Telenor, Telia and Vodafone), cf. the table below.

From 2017, the performance criterion for participants outside the Corporate Man-agement Team has been changed from relative *TSR* to cash flow growth.

TSR performance relative to peer group	Vesting share units[1,2] 2016 and 2015 grants	Vesting share units[1,2] 2014 grant
Nos. 1-3	140%	150%
Nos. 4-6	90%	100%
Nos. 7-8	65%	75%
Nos. 9-10	40%	50%
Nos. 11	25%	25%
Nos. 12-13	25%	0%

1 Dividends paid out on shares in the vesting period will result in annual corresponding increases of each participant's number of performance share units. 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.

2 For the Executive Committee, the vesting schedule for the 2014 grant also applies to the 2015 and 2016 grants.

Share-based incentive programme for the management of TDC's Norwegian business

In July 2015, TDC Group launched a new share-based incentive programme for the management of Get and TDC Norway ("TDC's Norwegian business"). Under the incentive programme, the managers will be entitled to a bonus in the form of Restricted Stock Units (RSUs) based on the development in EBITDA less *capex* compared with a threshold level for TDC's Norwegian business for the period covering the financial years 2015, 2016 and 2017. The bonus will be calculated no later than 31 March 2018 and will be paid in RSUs. The number of RSUs is affected by the development in the TDC share price in the period 2015 to 2017. The RSUs will vest on 1 April 2018 and for each RSU the manager will be given one TDC share upon vesting. At the time of vesting, TDC may choose to make a cash settlement, in full or in part, of RSUs instead of delivering TDC shares.

The aggregate bonus amount cannot exceed NOK 150 million. Each manager's entitlement to RSUs is conditional upon the manager's continued employment until 31 December 2017 subject to certain leaver provisions.

The expenses for 2016 relating to the programme amounted to DKK 37m (2015: DKK 19m).

In addition to the above, TDC Group has entered into an investment agreement with each manager under which the manager will be required to purchase shares in TDC at a certain time for a certain amount at market value at the relevant time. The total investment in TDC shares amounted to NOK 100 million. The shares purchased are subject to certain lock-up restrictions until 31 December 2017.

The share-based incentive programme for the management of TDC's Norwegian business was amended in 2016. The amendment implies that the managers are guaranteed a minimum return on their TDC share investment of 0.8% per year (corresponding to the 3-year Norwegian risk-free interest rate) in the form of a compensation paid in TDC shares or cash in 2018. The expenses for 2016 relating to the amendment amounted to DKK 16m.

Mandatory share ownership for the Executive Committee

For the Executive Committee, a mandatory perpetual share ownership representing a value equivalent to two years' annual base salary, net of taxes, was implemented with effect from 1 January 2011. The required share owner-ship will be set as a fixed number of shares based on the individual Executive Committee member's base salary and the share 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 Executive Committee members employed before 2013, share ownership can be built up over a maximum of three years. For Executive Committee members employed from 2013, the share ownership can be built up over a maximum of five years, but with increasing mandatory ownership for each year.

Share units

	2016				2015			
	Deferred bonus share units		Performance share units		Deferred bonus share units		Performance share units	
	Executive Committee	Other managers'	Executive Committee	Other managers'	Executive Committee	Other managers'	Executive Committee	Other managers'
Outstanding at 1 January	151,100	336,283	297,505	3,461,665	227,843	413,146	452,918	3,628,999
Granted	185,613	67,219	208,235	1,509,375	135,016	17,385	168,422	1,159,744
Vested	(20,581)	(142,160)	(83,478)	(1,311,871)	(83,536)	(222,471)	(151,882)	(1,290,999)
Settled	(13,934)	(58,719)	(52,190)	(124,737)	0	0	0	0
Forfeited	0	0	0	(165,413)	0	0	(72,521)	(135,511)
Transferred	(84,272)	84,272	(88,275)	88,275	(128,223)	128,223	(99,432)	99,432
Outstanding at 31 December	**217,926**	**286,895**	**281,797**	**3,457,294**	**151,100**	**336,283**	**297,505**	**3,461,665**

1 Incl. retired Executive Committee members.

None of the outstanding performance share units at 31 December 2016 were exercisable.

The fair value at grant date was DKK 30.28 per unit for the 2016 grant (DKK 40.83 per unit for the 2015 grant). The fair value of the grant is calculated using a Monte Carlo simulation model with the assumptions given below.

Assumptions for using the Monte Carlo simulation model

	2016	2015
Interest rate	-0.21%	-0.01%
Volatility	24.6%	19.4%
Average correlation between TDC and peers	35.9%	37.3%
Share price at time of granting	33.95	47.23

Note 6.2 Remuneration for Management

Remuneration for the Board of Directors[1]

DKK thousands	2016	2015
Vagn Sørensen (Chairman)	1,300	1,327
Pierre Danon (Vice Chairman)	1,075	825
Marianne Rørslev Bock[2]	526	0
Stine Bosse	550	550
Pieter Knook	675	525
Angus Porter	525	525
Benoit Scheen[3]	700	452
Søren Thorup Sørensen[2]	126	650
Jan Bardino[2]	77	400
Christian A. Christensen[2]	77	400
Steen M. Jacobsen[2]	77	400
Mogens Jensen[2]	324	0
John Schwartzbach	400	400
Zanne Stensballe[2]	324	0
Gert Winkelmann	400	400
Total	**7,156**	**6,854**

1 In addition, TDC Group has paid social security contribution of DKK 432 thousand for members outside Denmark (2015: DKK 440 thousand) as well as certain of TDC Group products available for the members of the Board of Directors. See the section on Management for further information about the members of the Board of Directors including duties related to the Compensation, Nomination and Audit Committees.

2 The remuneration for 2016 for this member does not comprise remuneration for the full year for all duties.

3 The remuneration for 2015 for this member does not comprise remuneration for the full year for all duties.

Remuneration rates for the Board of Directors

DKK thousands	2016	2015
Chairman of the Board	1,100	1,100
Vice Chairman of the Board	700	700
Other members of the Board	400	400
In addition:		
Chairman of the Audit Committee	250	250
Member of the Audit Committee	150	150
Chairman of the Business Review Development Committee	250	—
Member of the Business Review Development Committee	150	—
Chairman of the Compensation Committee	150	150
Member of the Compensation Committee	100	100
Chairman of the Nomination Committee	50	50
Member of the Nomination Committee	25	25

Remuneration for the Executive Committee[1]

	2016				2015
DKKm	CEO Pernille Erenbjerg	CFO Stig Pastwa[2]	Other members	Total	Total
Base salary (incl. benefits)	7.3	2.5	19.8	29.6	30.2
Cash bonus	2.7	0.7	10.0	13.4	14.5
Deferred bonus	4.0	1.3	8.1	13.4	11.9
Pensions[3]	1.4	0.5	3.3	5.2	5.6
Performance share remuneration[4]	2.2	0.0	4.5	6.7	5.1
Share-based incentive programme in Norway	—	—	20.7	20.7	7.7
Retention allowance	1.4	0.0	0.0	1.4	3.2
One-off consideration	0.0	0.0	3.1	3.1	0.0
Employer social security contribution	—	—	6.4	6.4	2.9
Redundancy compensation[5]	—	—	10.9	10.9	24.2
Total	**19.0**	**5.0**	**86.8**	**110.8**	**105.3**
Total in 2015	**16.6**	—	**88.7**	**105.3**	

1 During 2016, the remuneration for the Executive Committee (excluding redundancy compensation) comprises 7.1 members on average (2015: 7.7 members). For further information on the Executive Committee members, see Management.

2 Remuneration for seven months.

3 Defined contribution plans.

4 Fair value of performance share units granted. The performance share remuneration for 2016 was reduced by DKK 0m (2015: DKK 2.3m) due to cancellation of performance share units due on retirement.

5 The compensation in 2015 related primarily to the former CEO Carsten Dilling.

The remuneration rates to the Vice Chairman of the Board and the ordinary board members have not been adjusted since 2010. The Chairman has received the current remuneration rate since before 2010.

The Board of Directors has set up a temporary Business Review and Development Committee to support execution of TDC's new strategy. This committee had finished its work by the end of 2016.

For 2017, the Board of Directors will propose no adjustment of the remuneration rates for the Board of Directors to the Annual General Meeting 2017.

The amounts for deferred bonus and performance share remuneration included in the table above are the fair values of instruments granted during the year.

The fair values are expensed over the vesting period. The expense for 2016 amounted to DKK 27.6m (2015: DKK 32.2m). Total remuneration expenses for the Executive Committee amounted to DKK 104.8m (2015: DKK 106.3m).

The Executive Committee members' service contracts include 6-12 months' notice in the event of termination by the Company. In case of change of control of the Company, the 12 months' notice will be prolonged to 24 months for one Executive Committee member in the event of termination by the Company.

TDC Group's executive remuneration:

- is closely linked to company performance and shareholder value creation. The executive remuneration comprises a mix of base salary and incentive programmes that are measurable, controllable, well defined and aligned with shareholder interests
- varies according to level and consists of a base salary, pension contribution, a cash-based incentive and share performance programmes based on *Total Shareholder Return*, company performance and peer group performance. The split between base salary and variable remuneration is set to ensure a clear focus on short-term performance and achievement of our long-term business objectives
- is assessed against a benchmark of large Danish companies – some include international activities to ensure competitiveness
- is decided by the Compensation Committee

Number of shares in TDC A/S

	1 January 2016[2]	Additions	Divestments	31 December 2016	Market value DKKm
Present Board of Directors[1]					
Vagn Sørensen	325,392	33,600	0	358,992	13.0
Pierre Danon	45,085	45,225	0	90,310	3.3
Marianne Rørslev Bock	6,116	0	0	6,116	0.2
Stine Bosse	2,310	0	0	2,310	0.1
Benoit Scheen	0	6,500	0	6,500	0.2
Mogens Jensen	255	0	0	255	0.0
John Schwartzbach	740	0	0	740	0.0
Zanne Stensballe	740	0	0	740	0.0
Gert Winkelmann	750	0	0	750	0.0
Total	**381,388**	**85,325**	**0**	**466,713**	**16.8**
Present Executive Committee					
Pernille Erenbjerg	170,790	24,033	0	194,823	7.1
Stig Pastwa	20,000	5,000	0	25,000	0.9
Jaap Postma	30	0	0	30	0.0
Gunnar Evensen	699,600	0	0	699,600	25.4
Marina Lønning	0	0	0	0	0.0
Peter Trier Schleidt	16,433	0	0	16,433	0.6
Jens Aaløse	9,299	0	0	9,299	0.3
Total	**916,152**	**29,033**	**0**	**945,185**	**34.3**

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

2 For new members: The shareholding at the time of appointment.

Note 6.3 Related parties

The pension fund TDC Pensionskasse located in Copenhagen, Denmark, is a related party.

Danish Group companies have one lease contract with the pension fund, TDC Pensionskasse. The lease contract is interminable until 2022. In addition, annual contributions are paid to the pension fund, see note 3.8. TDC A/S has issued a subordinated loan to the pension fund.

Related parties also include the Group's joint ventures and associates shown in note 6.9.

Remuneration for the Board of Directors and the Executive Committee is described in note 6.2. In addition to the remuneration for the membership of the Board of Directors, the Vice Chairman Pierre Danon provided consultancy services totalling DKK 75 thousand in 2016 (2015: DKK 410 thousand).

The Group has the following additional transactions and balances with related parties; income/(expenses), receivables/(debt):

Related parties

DKKm	2016	2015
TDC Pensionskasse		
Rental expense	(3)	(3)
Investment advisory fees	16	16
Interest income of subordinated loan and other income	3	3
Debt regarding lease agreements and other payables	(20)	(40)
Subordinated loan	149	150
Other receivables	3	3
Joint ventures and associates		
Expenses	(14)	(5)

Note 6.4 Fees to auditors

Fees to auditors elected by the Annual General Meeting

DKKm	2016	2015
Statutory audit, PricewaterhouseCoopers	**10**	**10**
Other assurance engagements	1	5
Tax advisory services	1	1
Other services	4	7
Total non-statutory audit services, PricewaterhouseCoopers	**6**	**13**
Total, PricewaterhouseCoopers	**16**	**23**

Note 6.5 Other financial commitments

Worth noting

Commitments represent amounts TDC Group has contractually committed to pay to third parties in the future. This gives an indication of future cash flows.

Lease agreements can commit TDC Group to significant future expenditure. The table discloses TDC Group's commitments to make such payments. Except for the provision for vacant tenancies (cf. note 3.6), such commitments are not recognised in the balance sheet.

TDC Group sublets a number of the leased properties where such properties, or part of such properties, are no longer required for use. The table discloses the commitments sub-lessors have made in respect of such arrangements. These commitments are not recognised in the balance sheet. However, they are included in the basis for determining the provision for vacant leases.

Other financial commitments

DKKm	2016	2015
Lease commitments for all operating leases[1]		
Properties and mobile sites	6,267	6,602
Machinery, equipment, computers, etc.	622	577
Total	**6,889**	**7,179**
Future sublease payments	(239)	(208)
Net commitments	**6,650**	**6,971**
Total lease commitments can be specified as follows:		
Due not later than 1 year	708	732
Due later than 1 year and not later than 5 years	1,897	1,860
Due later than 5 years	4,284	4,587
Total	**6,889**	**7,179**
Capital and purchase commitments		
Investments in intangible assets	925	659
Investments in property, plant and equipment	838	591
Commitments related to outsourcing agreements	696	633

1 Lease commitments include commitments on vacant tenancies for which a provision of DKK 551m has been recognised in the balance sheet (2015: DKK 567m), cf. note 3.6.

Comments

Some of the leases are expected to be transferred to new lessees instead of being subleased. This will reduce the commitments.

Operating leases, for which TDC Group is the lessee, are related primarily to agreements on *fibre* networks, sea *cables*, cars and agreements on property leases and mobile sites. The lease agreements will terminate in 2041 at the latest.

Note 6.6 Contingencies

Contingent liabilities

TDC Group is party to certain pending lawsuits and cases pending with public authorities and complaints boards. Based on a legal assessment of the possible outcome of each of these lawsuits and cases, Management is of the opinion that these will have no significant adverse effect on TDC Group's financial position.

Change of control

The EU Takeover Directive, as partially implemented by the Danish Financial Statements Act, contains certain rules for listed companies specifying the disclosure 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.

Certain of TDC Group's contracts with third parties also include change-of-control clauses. A change of control could lead to termination of such contracts. Termination of such contracts would not individually or in combination have a material adverse effect on TDC Group's revenue and earnings.

Note 6.7 Events after the balance sheet date

None.

Note 6.8 New accounting standards

At 3 February 2017, IASB had approved the following new accounting standards (IFRSs and IASs) and interpretations (IFRICs) that are effective for 2017 or later, and are judged relevant for TDC:

- IFRS 9 Financial Instruments addresses the requirements for recognition and measurement, impairment, derecognition and general hedge accounting. A new credit loss model has replaced the incurred loss impairment model used in IAS 39. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright-line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the ratio Management actually uses for risk management purposes. The intrinsic value of a hedging instrument is designated as hedge accounting while changes in time value are recognised in OCI and re-classified to profit or loss on an amortised basis. The standard becomes effective from 2018, and TDC Group will implement the standard when it becomes effective. The Group is in the process of quantifying the impact.

- IFRS 15 Revenue from Contracts with Customers deals with revenue. Revenue is recognised when customers obtain control of goods or services. The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations and becomes effective from 2018. TDC Group will implement the standard when it becomes effective. The standard will change our accounting for revenue arrangements with multiple deliverables, subscriber acquisition costs, non-refundable up-front connection fees and fulfilment costs. The Group is in the process of quantifying the impact.

- IFRS 16 Leases[1] amends the rules for the lessee's accounting treatment of operating leases. In future, operating leases must therefore be recognised in the balance sheet as lease assets and corresponding lease liabilities. The standard will become effective from 2019. TDC Group expects to implement the standard when it becomes effective. TDC Group is in the process of examining the effect of the standard.

The IASB has approved further new standards and interpretations that are not relevant to the Group and will have no effect on the financial statements.

Note 6.9 Overview of Group companies at 31 December 2016

Company name[1]	Domicile	Currency	Ownership share (%)
Business			
Adactit ApS	Copenhagen, Denmark	DKK	100
Cirque A/S	Copenhagen, Denmark	DKK	100
TDCH A/S	Copenhagen, Denmark	DKK	100
TDC Mobil Center A/S	Odense, Denmark	DKK	100
TDC Erhvervscenter Holbæk ApS	Holbæk, Denmark	DKK	60
Mobilcenter Bagsværd A/S[2]	Bagsværd, Denmark	DKK	50
Wholesale			
OCH A/S[2]	Copenhagen, Denmark	DKK	25
4T af 1. oktober 2012 ApS[2]	Copenhagen, Denmark	DKK	25
Norway			
Get AS	Oslo, Norway	NOK	100
Homebase AS	Oslo, Norway	NOK	100
TDC AS	Oslo, Norway	NOK	100
Operations			
Dansk Kabel TV A/S	Copenhagen, Denmark	DKK	100
Consumer			
Contact Center Europe GmbH	Flensburg, Germany	EUR	100
CubeIO A/S	Herlev, Denmark	DKK	100
TDC Telco ApS	Taastrup, Denmark	DKK	100
Ecosys A/S[2]	Silkeborg, Denmark	DKK	38
Bet25 A/S[2]	Silkeborg, Denmark	DKK	38
Other			
TDC Nordic AB	Stockholm, Sweden	SEK	100
TDC Reinsurance A/S	Copenhagen, Denmark	DKK	100

1 In order to give readers a clear presentation, 12 minor enterprises are not listed separately in the overview. 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, 4WEB A/S, TDC Hosting Holding ApS, Hosting TopCo ApS, Selskabet af 16. juni 2015 ApS and TDCH III ApS.

2 The enterprise is included under the equity method.

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