Subject to Completion, dated April 19, 2006

OFFERING MEMORANDUM | **NOT FOR GENERAL CIRCULATION IN THE UNITED STATES**

€2,031,000,000
Nordic Telephone Company Holding ApS

a parent company of

TDC A/S

€ % Senior Notes due 2016
$ % Senior Notes due 2016
€ Floating Rate Notes due 2016

Nordic Telephone Company Holding ApS (the "Issuer") is offering € aggregate principal amount of % Senior Notes due 2016 (the "Euro Notes"), $ aggregate principal amount of % Senior Notes due 2016 (the "Dollar Notes," and collectively with the Euro Notes, the "Senior Notes") and € aggregate principal amount of Floating Rate Notes due 2016 (the "Floating Rate Notes"). Interest on the Senior Notes will be paid semi-annually on each and , commencing , 2006. At any time on or after , 2011, we may redeem each series of the Senior Notes in whole or in part at the redemption prices set forth in this offering memorandum. At any time prior to , 2011, we may redeem each series of the Senior Notes in whole or in part by paying a "make-whole" premium. In addition, on or before , 2009, we may redeem up to 40% of each series of the Senior Notes with the net proceeds from specified equity offerings. Interest on the Floating Rate Notes will be paid quarterly on each , , and , commencing , 2006. At any time on or after , 2007, we may redeem the Floating Rate Notes in whole or in part at the redemption prices set forth in this offering memorandum. At any time prior to , 2007, we may redeem the Floating Rate Notes in whole or in part by paying a "make-whole" premium. If we undergo specific kinds of changes of control, we must offer to repurchase all of the notes. In the event of certain developments affecting taxation, we may redeem all, but not less than all, of the notes.

The notes will be general senior obligations of the Issuer and will rank equally in right of payment with all its existing and future senior indebtedness. The notes will be effectively subordinated to the liabilities of the Issuer's subsidiaries. The notes will be secured by a second-ranking pledge of all of the shares of Nordic Telephone Company ApS (the "Purchaser"), a direct wholly-owned subsidiary of the Issuer. TDC A/S ("TDC") is an 88.2%-owned subsidiary of the Purchaser. The notes are obligations of the Issuer, and not of TDC or the Purchaser.

This offering memorandum includes information on the terms of the notes, including redemption and repurchase prices, covenants and transfer restrictions.

Application will be made to list the notes on the Euro MTF, the alternative market operated by the Luxembourg Stock Exchange.

Investing in the notes involves a high degree of risk. See "Risk Factors" beginning on page 17.

The notes have not been registered under the U.S. federal securities laws or the securities laws of any other jurisdiction. The initial purchasers named below are offering the notes only to qualified institutional buyers in accordance with Rule 144A of the U.S. Securities Act of 1933, as amended, and to persons outside the United States in accordance with Regulation S of the U.S. Securities Act of 1933, as amended. See "Notice to Investors" for additional information about eligible offerees and transfer restrictions.

Price: % plus accrued interest, if any, from the issue date.

We expect that the notes will be made ready for delivery in book-entry form through DTC, Euroclear and Clearstream, on or about , 2006, against payment in immediately available funds.

Joint Book-Running Lead Managers

Deutsche Bank JPMorgan Barclays Capital Credit Suisse The Royal Bank of Scotland

Co-Manager

Nordea

The date of this offering memorandum is , 2006

IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

You should rely only on the information contained in this offering memorandum. We have not, and the Initial Purchasers (as defined below) have not, authorized any other person to provide you with different information. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date of this offering memorandum. Our business, financial condition, results of operations and prospects may have changed since that date.

You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the notes. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the notes. If you are in any doubt about the contents of this document, you should consult your stockbroker, bank manager, solicitor, accountant or other financial advisor. By purchasing the notes, you will be deemed to have acknowledged that:

- you have reviewed this offering memorandum;
- you have had an opportunity to request, receive and review all additional information that you need from us;
- you have not, and will not, rely upon the information contained in this offering memorandum in making an investment decision with respect to any securities other than the notes, whether offered in the future or described herein; and
- none of Deutsche Bank AG, London Branch, J.P. Morgan Securities Ltd., Barclays Bank PLC, Credit Suisse Securities (Europe) Limited, The Royal Bank of Scotland plc or Nordea Bank Denmark A/S (the "Initial Purchasers") is responsible for, or is making any representation to you concerning, our future performance or the accuracy or completeness of this offering memorandum.

An investment in these notes is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses which may result from such investment.

The notes have not been nor will they be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act ("Regulation S")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The notes are being offered and sold outside the United States in reliance on Regulation S and within the United States to "qualified institutional buyers" ("QIBs") in reliance on Rule 144A under the U.S. Securities Act ("Rule 144A"). Prospective purchasers are hereby notified that the sellers of the notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of these and certain other restrictions on offers, sales and transfers of the notes and the distribution of this offering memorandum, see "Notice to Investors."

The notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other United States regulatory authority, nor have any of these authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense in the United States.

The notes are subject to restrictions on transferability and resale as described under "Notice to Investors" and "Plan of Distribution" and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable state securities laws pursuant to registration thereunder or exemption therefrom. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. By purchasing the notes you will be deemed to have made certain acknowledgments, representations and agreements described in those sections of the offering memorandum.

This offering memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. Laws in certain jurisdictions may restrict the distribution of this offering memorandum and the offer and sale of the notes. Persons into whose possession this offering memorandum or any of the notes are delivered must inform themselves about and observe those restrictions. Each prospective purchaser of the notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the notes or possesses or distributes this document. In addition, each prospective purchaser must obtain any consent, approval or permission required under the regulations in force in any jurisdiction to which it is subject or in which it purchases, offers or sells the notes. Neither we nor the Initial Purchasers shall have any responsibility for obtaining such consent, approval or permission.

We have summarized certain documents and other information in a manner we believe to be accurate, but we refer you to the actual documents for a more complete understanding of the matters we discussed in this document. You should not consider any information in this document to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the notes. In making an investment decision, you must rely on your own examination of our business and the terms of this offering and the notes, including the merits and risks involved.

We accept responsibility for the information contained in this offering memorandum. We have made all reasonable inquiries and confirm to the best of our knowledge, information and belief that the information contained in this offering memorandum with regard to us, our subsidiaries and 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 we are not aware of any other acts the omission of which would make this offering memorandum or any statement contained herein misleading in any material respect.

Neither we nor any of the Initial Purchasers have authorized any other person to provide you with different information or to make any representation not contained in this offering memorandum. If anyone provides you with different or inconsistent information, you should not rely on it.

We reserve the right to withdraw this offering of the notes at any time. We and the Initial Purchasers also reserve the right to reject any offer to purchase the notes in whole or in part for any reason or no reason and to allot to any prospective purchaser less than the full amount of the notes sought by it.

In connection with this offering, Deutsche Bank AG, London Branch or J.P. Morgan Securities Ltd. may over-allot or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, neither Deutsche Bank AG, London Branch nor J.P. Morgan Securities Ltd. is under any obligation to do this. Such stabilizing, if commenced, may be discontinued at any time and must be brought to an end after a limited period.

NOTICE TO EEA INVESTORS

In relation to each Member State of the European Economic Area which has implemented the Directive 2003/71/EC (the "Prospectus Directive," and each a "Relevant Member State"), each Joint Book-Running Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of notes in that Relevant Member State at any time:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of €50,000,000, as shown in its last annual or consolidated accounts (which, if domiciled in Denmark, has been accepted in the register of qualified investors kept by the Danish Financial Supervisory Authority or registered as such in another Relevant Member State); or

(c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any notes in any Relevant 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 the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" includes any relevant implementing measure in each Relevant Member State.

NOTICE TO CERTAIN EUROPEAN INVESTORS

Austria. The notes may be offered and sold in Austria only in accordance with the provisions of the Banking Act, the Securities Supervision Act of Austria (*Bankwesengesetz* and *Wertpapieraufsichtsgesetz*) and any other applicable Austrian law. The notes have not been admitted to public offer in Austria under the provisions of the Capital Markets Act or the Investment Fund Act or the Exchange Act (*Kapitalmarktgesetz, Investmentfondsgesetz* or *Börsengesetz*). Consequently, in Austria, the notes may not be offered or sold directly or indirectly by way of a public offering in Austria and will only be available to a limited group of persons within the scope of their professional activities.

Denmark. This offering memorandum has not been and will not be filed with or approved by the Danish Financial Supervisory Authority or any other regulatory authority in Denmark, and the notes have not been and are not intended to be listed on a Danish stock exchange or a Danish authorized market place. Furthermore, the notes have not been and will not be offered to the public in Denmark. Consequently, this offering memorandum may not be made available nor may the notes otherwise be marketed or offered for sale directly or indirectly in Denmark, except to qualified investors within the meaning of, or otherwise in compliance with an exemption set forth in, Executive Order No. 306 of 28 April 2005.

France. The notes have not been and will not be offered or sold to the public in France (*appel public à l' épargne*), and no offering or marketing materials relating to the notes must be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public in the Republic of France.

The notes may only be offered or sold in the Republic of France to qualified investors (*investisseurs qualifiés*) and/or to a limited group of investors (*cercle restreint d' investisseurs*) as defined in and in accordance with articles L.411-1 and L.411-2 of the French *Code monétaire et financier* and Decree n°98-880 dated October 1, 1998.

Prospective investors are informed that:

(i) this offering memorandum has not been submitted for clearance to the French financial market authority (*Autorité des Marchés Financiers*);

(ii) in compliance with Decree n°98-880 dated October 1, 1998, any investors subscribing for the notes should be acting for their own account; and

(iii) the direct and indirect distribution or sale to the public of the notes acquired by them may only be made in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 of the French *Code monétaire et financier*.

Germany. The offering of the notes is not a public offering in the Federal Republic of Germany. The notes may be offered and sold in the Federal Republic of Germany only in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (*Wertpapierprospektgesetz, WpPG*) and any other applicable German law. Consequently, in Germany, the notes will only be available to and this offering memorandum and any other offering material in relation to the notes is directed only at persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2 No. 6 of the Securities Prospectus Act. Any resale of the notes in Germany may only be made in accordance with the Securities Prospectus Act and other applicable laws.

Ireland. The notes may be offered or sold in Ireland only in accordance with the European Communities (Stock Exchange) Regulations 1984, the European Communities (Transferable Securities and Stock Exchange) Regulations 1992, the Investment Intermediaries Act, 1995 (as amended) and the Companies Act 1963 to 2001 and all other applicable Irish laws and regulations.

Italy. The offering of the notes in Italy has not been registered with the Commissione Nazionale per le Società e la Borsa ("CONSOB") pursuant to Italian securities legislation and, accordingly: (i) the notes cannot be offered, sold or delivered in the Republic of Italy ("Italy") in a solicitation to the public at large (*sollecitazione all'investimento*) within the meaning of Article 1, paragraph 1, letter (t) of Legislation Decree no. 58 of February 24, 1998 (the "Financial Services Act"), nor may any copy of this offering memorandum or any other document relating to the notes be distributed in Italy, (ii) **the notes cannot be offered, sold and/or delivered, nor may any copy of this offering memorandum or any other document relating to the notes be distributed, either in the primary or in the secondary market, to individuals resident in Italy**, and (iii) sales of the notes in Italy shall only be: (a) negotiated with "Professional Investors" (*operatori qualificati*), as defined under Article 31, paragraph 2, of CONSOB Regulation no. 11522 of July 1, 1998, as amended ("CONSOB Regulation 11522"), (b) effected in compliance with Article 129 of the Legislative Decree no. 385 of September 1, 1993 (the "Italian Banking Act") and the implementing instructions of the Bank of Italy, (c) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Italian Banking Act, the Financial Services Act, CONSOB Regulation 11522 and all the other relevant provisions of Italian law and (d) effected in accordance with any other Italian securities, tax and exchange control and other applicable laws and regulations and any other applicable requirement or limitation which may be imposed by CONSOB or the Bank of Italy. Insofar as the requirements above are based on laws which are suspended at any time pursuant to the Prospectus Directive, such requirements shall be replaced by the applicable requirements under the Prospectus Directive or the relevant implementing laws.

Grand Duchy of Luxembourg. This offering should not be considered a public offering in the Grand Duchy of Luxembourg. This offering memorandum may not be reproduced or used for any purpose other than this offering, nor provided to any person other than the recipient thereof. The notes are offered to a limited number of sophisticated investors in all cases under circumstances designed to preclude a distribution, which would be other than a private placement. All public solicitations are banned and the sale may not be publicly advertised.

The Netherlands. Each of the Initial Purchasers represents and agrees that (a) it is a professional market party ("PMP") within the meaning of Section 1(e) of the Exemption Regulation of June 26, 2002 in respect of the Act on the Supervision of the Credit System 1992 (*Vrijstellingsregeling Wtk 1992*), as amended from time to time (the "Exemption Regulation"), where applicable read in conjunction with the policy rules of the Dutch Central Bank (*de Nederlandsche Bank N.V.*) on key concepts of market access and enforcement of the Act on the Supervision of the Credit System 1992 (*Wet toezicht Kredietwezen 1992*) published on December 29, 2004 (*Beleidsregel 2005 kernbegrippen markttoetreding en handhaving Wtk 1992*) (the "Policy Rules"), and Section 2 of the Policy Rules, as amended, supplemented and restated from time to time and (b) it has offered or sold and will offer or sell, directly or indirectly, as part of the initial distribution or at any time thereafter, the notes exclusively (i) to PMPs as reasonably identified by the Issuer on the issue date or (ii) to persons which cannot reasonably be identified as PMPs by the Issuer on the issue date, provided that the notes have a denomination of €50,000 (or the equivalent in any other currency) and shall upon their issuance be included in a clearing institution that is established in an EU Member State, the United States, Japan, Australia, Canada or Switzerland; so that it can reasonably be expected that the Initial Purchasers will transfer the notes exclusively to other PMPs.

Generally, notes (including rights representing an interest in a global note) may not be offered, sold, transferred or delivered at any time by anyone, directly or indirectly, to individuals or legal entities who or which are established, domiciled or have their residence in The Netherlands ("Dutch Residents") other than to PMPs acquiring the notes for their own account. Dutch Residents, by purchasing notes (or any interest therein), will be deemed to have represented and agreed for the benefit of the Issuer that (i) they are a PMP and acquire the notes for their own account, (ii) such notes (or any interest herein) may not be offered, sold, pledged or otherwise transferred to Dutch Residents other than to a PMP acquiring for its own account or for the account of another PMP and (iii) they will provide notice of this transfer restriction to any subsequent transferee.

In addition, and without prejudice to the relevant restrictions set out above, the notes that are offered in The Netherlands may only be offered and such an offer may only be announced: (i) if the notes have a denomination of at least €50,000 or the equivalent in any other currency; (ii) if the notes, irrespective of their denomination, can be acquired only as a package for a consideration of at least €50,000 or the equivalent in any other currency; and/or (iii) to professional market parties within the meaning of Section 1a paragraph 3 of the Exemption Regulation to the Dutch Securities Supervision Act 1995 (*Vrijstellingsregeling Wet toezicht effectenverkeer 1995*); and otherwise (iv) in accordance with the Dutch Securities Supervision Act 1995 (*Wet toezicht effectenverkeer 1995*) and corresponding regulations, as amended from time to time.

Spain. The notes may not be offered or sold in Spain except in accordance with the requirements of the Spanish Securities Market Law (*Ley 24/1988, de 28 de julio, del Mercado de Valores*), as amended and restated, and Royal Decree 291/1992, on issues and public offerings for the sale of securities (*Real Decreto 291/1992, de 27 de marzo, sobre emisiones y ofertas públicas de venta de valores*), as amended and restated, and the decrees and regulations made thereunder. The notes may not be sold, offered or distributed to persons in Spain except (i) in circumstances which do not constitute an offer of securities in Spain within the meaning of Spanish Securities Market Law and further relevant legislation or (ii) pursuant to Article 7 of Royal Decree 291/1992 and subject to compliance with the registration requirements set out therein. This offering memorandum has not been registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and therefore it is not intended for the offering or sale of the notes in Spain.

Switzerland. The notes may be offered in Switzerland on the basis of a private placement and not as a public offering. The notes will neither be listed on the SWX Swiss Exchange nor are they subject to Swiss Law. This offering memorandum does not constitute a prospectus within the meaning of Art. 1156 of the Swiss Federal Code of Obligations or Art. 32 et seq. of the Listing Rules of the SWX Swiss Exchange, and does not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association. We will not apply for a listing of the notes on any Swiss stock exchange or other Swiss regulated market and this offering memorandum may not comply with the information required under the relevant listing rules. The notes have not and will not be registered with the Swiss Federal Banking Commission or any other Swiss authority for any purpose, whatsoever.

United Kingdom. This offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc") of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The notes are being offered solely to "qualified investors" as defined in the Prospectus Directive and accordingly the offer of notes is not subject to the obligation to publish a prospectus within the meaning of the Prospectus Directive.

NOTICE TO NEW HAMPSHIRE RESIDENTS

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

PRESENTATION OF INFORMATION

We have generally obtained the market and competitive position data in this offering memorandum from industry publications and from surveys or studies conducted by third-party sources that we believe to be reliable. However, we cannot assure you of the accuracy and completeness of such information and we have not independently verified such market and position data. We do, however, accept responsibility for the correct reproduction of this information.

In addition, in many cases we have made statements in this offering memorandum regarding our industry and our position in the industry based on our experience and our own investigation of market conditions. We cannot assure you that any of these assumptions are accurate or correctly reflect our position in the industry, and none of our internal surveys or information have been verified by any independent sources.

In this offering memorandum:

- "U.S.$," "$" or "dollars" refer to the lawful currency of the United States;
- "€" or "euros" refer to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time;
- "Danish GAAP" refers generally to accepted accounting principles in Denmark;
- "DKK," "Danish krone" or "Danish kroner" refer to the lawful currency of Denmark;
- "CHF" or "Swiss francs" refer to the lawful currency of Switzerland;
- "EU" refers to the European Union;
- "United States" or the "U.S." refer to the United States of America;
- "US GAAP" refers to generally accepted accounting principles in the United States;
- "IFRS" refers to International Financial Reporting Standards;
- "we," "us," "our," "group," "TDC Group" and other similar terms refer to, prior to the Acquisition (as defined herein), TDC and its consolidated subsidiaries, and subsequent to the Acquisition, the Issuer and its consolidated subsidiaries, including TDC and its consolidated subsidiaries, except where the context otherwise requires, and in each case, such terms are used for convenience only and on the basis that Nordic Telephone Company Holding ApS is the sole issuer of and obligor on the notes;
- all references to the "Issuer" are to Nordic Telephone Company Holding ApS, and not to any of its subsidiaries; and
- all references to the "Purchaser" are to Nordic Telephone Company ApS, and not to any of its subsidiaries.

You should note that the Issuer is the sole obligor on the notes, and that TDC has not guaranteed, and makes no representations as to, the notes issued by the Issuer. All statements and opinions included herein, including statements of facts and any forward-looking statements, are solely those of the Issuer, not of TDC.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, financial information in this offering memorandum as of and for the years ended December 31, 2004 and 2005 has been prepared in accordance with IFRS and as of and for the years ended December 31, 2001, 2002 and 2003 has been prepared in accordance with Danish GAAP. IFRS and Danish GAAP differ in certain significant respects from US GAAP. For a reconciliation of certain of our financial data to US GAAP, see note 34 to our consolidated financial statements included elsewhere in this offering memorandum.

The financial statements as of and for the years ended December 31, 2005 and December 31, 2004 included elsewhere in this offering memorandum have been audited by PricewaterhouseCoopers.

Unless otherwise stated, financial information set forth in this offering memorandum is that of TDC, as the predecessor entity of the Issuer. Except where indicated, no adjustments have been made to reflect the impact of changes to the statement of income, balance sheet or statement of cash flow of TDC that might occur as a result of its acquisition by us.

Some financial information in this offering memorandum has been rounded and, as a result, the numerical figures shown as totals in this offering memorandum may vary slightly from the exact arithmetic aggregation of the figures that precede them.

Revenue and EBITDA before special items presented for TDC's business lines in this offering memorandum are before giving effect to intragroup eliminations.

Amounts stated in dollars or euros, unless otherwise indicated, have been translated from Danish kroner at an assumed rate solely for convenience and may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this offering memorandum. Our inclusion of these exchange rates should not be construed as representations that the dollar or euro amounts actually represent such Danish kroner amounts or could be converted into Danish kroner at the rate indicated or any other rate.

In this offering memorandum, we utilize certain non-GAAP financial measures and ratios, including EBITDA before special items, EBITDA margin, EBITDA, capital expenditure to revenue ratio, and leverage and coverage ratios. These measures are presented as we believe that they and similar measures are widely used in the global telecommunications industry as a means of evaluating a company's operating performance and financing structure. They may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles, nor should they be considered as substitutes for the information contained in our consolidated financial statements.

Euro translations are based on the set DKK/euro exchange rate of 7.46038 krone per euro except where otherwise specified, and are provided for convenience only.

EXCHANGE RATE INFORMATION

The following chart shows for the period from January 1, 2001 through March 31, 2006, the period end, average, high and low noon buying rates in the City of New York for cable transfers of Danish kroner as certified for customs purposes by the Federal Reserve Bank of New York expressed as Danish kroner per $1.00.

	DKK per $1.00			
Year	**High**	**Low**	**Period average[1]**	**Period end**
2001	8.8900	7.8260	8.3323	8.3529
2002	8.6470	7.0850	7.8862	7.0850
2003	7.1280	5.9150	6.5800	5.9150
2004	6.3115	5.4596	5.9891	5.4940
2005	6.3891	5.5161	6.0194	6.2985
Month				
October 2005	6.2632	6.1423	6.2034	6.2219
November 2005	6.3891	6.1857	6.3277	6.3200
December 2005	6.3698	6.1874	6.2844	6.2985
January 2006	6.2284	6.0714	6.1530	6.1377
February 2006	6.2888	6.1677	6.2514	6.2559
March 2006	6.2748	6.1174	6.2025	6.1467

(1) In respect of the yearly data, the average of the noon buying rates on the last business day of each month during the relevant period. In respect of the monthly data, the average of the noon buying rates on each business day during the month. The noon buying rate of the Danish kroner on April 18, 2006 was DKK 6.0795 = $1.00.

The following chart shows for the period from January 1, 2001 through March 31, 2006, the period end, average, high and low noon buying rates in the City of New York for cable transfers of Danish kroner as certified for customs purposes by the European Central Bank expressed as Danish kroner per €1.00. The exchange rate of Danish kroner per euro is regulated by the Exchange Rate Mechanism (ERM II), a system originally established in 1979 for controlling exchange rates within the European Monetary System of the EU. Under this system, Denmark sets its central exchange rate to 7.46038 krone per euro and allows fluctuations of the exchange rate within a 2.25% band. This means that Danish krone can fluctuate from a high of DKK 7.63 per €1.00 to a low of DKK 7.29 per €1.00. If the market determined floating exchange rate rises above, or falls below the bands, Danmarks Nationalbank, the Danish central bank, must intervene.

	DKK per €1.00			
Year	**High**	**Low**	**Period average[1]**	**Period end**
2001	7.4671	7.4342	7.4504	7.4365
2002	7.4405	7.4246	7.4298	7.4288
2003	7.4450	7.4234	7.4309	7.4450
2004	7.4524	7.4287	7.4394	7.4388
2005	7.4640	7.4351	7.4525	7.4605
Month				
October 2005	7.4632	7.4594	7.4620	7.4623
November 2005	7.4640	7.4537	7.4596	7.4537
December 2005	7.4610	7.4487	7.4541	7.4605
January 2006	7.4639	7.4573	7.4613	7.4639
February 2006	7.4674	7.4598	7.4641	7.4610
March 2006	7.4628	7.4586	7.4612	7.4624

(1) In respect of the yearly data, the average of the noon buying rates on the last business day of each month during the relevant period. In respect of the monthly data, the average of the noon buying rates on each business day during the month. The noon buying rate of the Danish kroner on April 18, 2006 was DKK 7.4621 = €1.00.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “anticipates,” “expects,” “intends,” “may,” “will,” “seeks” or “should” or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this offering memorandum and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties 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 that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this offering memorandum. In addition, even if our actual results of operations, financial condition and liquidity, and the development of the industry in which we 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 factors that could cause those differences include, but are not limited to:

- the impact of increased competition, including the entry of new competitors in our key markets;
- our ability to avoid market share loss;
- saturation of the Danish mobile market leading to slower growth rates;
- our ability to respond to technological developments;
- failure to control customer churn;
- our ability to fund capital programs and ongoing operations;
- the impact of exchange rate fluctuations and fluctuations in the global economy;

- the impact of interest rate fluctuations;
- the impact of capital expenditure obligations under UMTS licenses;
- development of a favorable market and market acceptance of new product offerings;
- the impact of terrorist attacks, natural disasters or sabotage of our networks;
- difficulties we may encounter with disruption or failure of our computer and communications systems;
- our ability to implement workforce reduction programs;
- the impact of strikes or other industrial actions;
- risks in connection with our suppliers and certain distributors of our products;
- risks in connection with our agreements with third parties;
- our ability to impact decision making at our non-wholly-owned subsidiaries;
- the loss of intellectual property rights;
- our ability to retain and attract key personnel;
- our ability to integrate acquired companies into our business;
- general economic conditions;
- our dependence on our distributors, retailers and sales agencies;
- our ability to meet customer demand for new product offerings;
- the impact of health risks in respect of mobile phone usage;
- risks in connection with changes in the regulatory environment in our key markets;
- the impact of the loss of licenses or inability to renew existing licenses;
- the outcome of litigation;
- our substantial leverage and ability to meet significant debt service obligations;
- the impact of restrictive covenants in our debt agreements, which may restrict the manner in which we operate our business;
- the impact of restrictions on our subsidiaries on making payments to us, which we as a holding company are dependent upon in order to make payments on the notes;
- the interests of our direct and indirect shareholders, which may conflict with those of the holders of the notes;
- considerations relating to TDC's minority shareholders in operational and corporate decisions; and
- other factors beyond our control.

We urge you to read the sections of this offering memorandum entitled "Risk Factors," "Operating and Financial Review and Prospects," "Industry" and "Business" for a more complete discussion of the factors that could affect our future performance and the industry in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this offering memorandum may not occur.

The Issuer undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this offering memorandum.

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SUMMARY

The following summary highlights certain significant aspects of our business and the offering described elsewhere in this offering memorandum. You should read this entire offering memorandum, including the financial statements and the related notes to those financial statements, before making an investment decision. For a discussion of certain defined terms used in this offering memorandum, see "Presentation of Information" and "Glossary of Technical Terms." You should carefully consider the information set forth under the heading "Risk Factors" for factors that you should consider before investing in the notes.

The historical financial statements and summaries thereof appearing in this offering memorandum are those of TDC. TDC became an indirect 88.2% owned subsidiary of the Issuer following the closing of the Tender Offer (as described herein). See "The Acquisition and Related Financings."

Our Company

We are the leading provider of communications solutions in Denmark, the second-largest telecommunications provider in Switzerland, and we have a significant presence in selected Northern and Central European telecommunications markets. Over the past decade, we have transformed our business from a traditional provider of landline and mobile telephony services in the Danish market into a Danish-based European provider of communications solutions. At the end of 2005, we had more than 15 million customers in Europe, including more than 9 million mobile customers. In 2005, we had revenue of DKK 46,588 million (€6,245 million) and EBITDA before special items of DKK 13,003 million (€1,743 million).

Our five main business lines and their contribution to our revenue and EBITDA before special items for the year ended December 31, 2005 are:

- **TDC Solutions** (46% of revenue, 51% of EBITDA before special items) provides communications services primarily in Denmark and the other Nordic countries. Its activities include landline telephony services, convergence products (combined landline and mobile telephony), broadband solutions, data communications services and internet services, leased lines, sale of terminals and installation and advanced security and hosting services. In addition to offering telephony and data communications services through its Danish network, TDC Solutions operates a pan-Nordic network mainly for business customers through its wholly-owned subsidiary TDC Song, provides telecommunications infrastructure products to Swedish business customers through its wholly-owned subsidiary TDC Dotcom and provides IP/LAN infrastructure for business customers through its wholly-owned subsidiary NetDesign. TDC Solutions also provides landline and data communications services in Hungary through its 63.4% owned subsidiary HTCC.
- **TDC Mobile International** (34% of revenue, 22% of EBITDA before special items) provides mobile telecommunications services in Denmark and a number of other European countries. In addition to being the leading provider of mobile telecommunications services in Denmark, TDC Mobile International provides mobile telephony services in Germany through its wholly-owned subsidiary Talkline, and in Lithuania and Latvia through its wholly-owned subsidiary Bité. TDC Mobile International also holds a 19.6% stake in the Polish mobile operator Polkomtel (which is in the process of being sold) and a 15.0% stake in the Austrian mobile operator One.
- **TDC Switzerland** (21% of revenue, 20% of EBITDA before special items) is the second-largest telecommunications provider in Switzerland, operating under the "sunrise" brand. Its activities include mobile and landline telephony and internet services. TDC Switzerland has its own national fixed line backbone, GSM and ISP networks, and is further developing and expanding its mobile network based on EDGE and UMTS technology. The Swiss Parliament recently adopted ULL legislation that, if enacted, will require the incumbent operator to grant access to its local loop to alternative providers, which we believe will benefit our fixed line business.
- **TDC Cable TV** (5% of revenue, 4% of EBITDA before special items) is a Danish provider of cable TV, internet services and VoIP. TDC Cable TV supplies cable TV to more than 1.0 million households by way of a 862 MHz fully digitized hybrid fiber coaxial cable network. TDC Cable TV offers its customers triple play service (voice, broadband and television in one package).
- **Other activities** include TDC Services, which mainly provides business services for the TDC Group's domestic business lines. The Other activities segment also includes intercompany eliminations.

Please note that the revenue and EBITDA before special items figures do not add up to 100%, due to intragroup eliminations.

Our Business Strengths

We believe that the following are our key business strengths:

- ***Leading positions in Denmark and Switzerland.*** We are the incumbent and leading telecommunications provider in Denmark and the second-largest telecommunications provider in Switzerland. In our Danish fixed line business, we have a market share of 81% in landline telephony and a retail market share of 72% in DSL, as measured by subscribers. In mobile, we are the number one service provider in Denmark with a 41% market share. In cable TV, we are the number one operator in Denmark with a 66% market share, providing TV services to approximately 40% of all Danish households, and we have a 52% market share in the Danish pay TV market. In Denmark, where we have a leading position as the former incumbent operator, we believe that the market is highly liberalized and further regulatory changes will likely be less extensive than in other jurisdictions. In Switzerland, we believe that we are well positioned as the leading alternative provider to capitalize on market liberalization, including the recent legislative changes on ULL. We also have a leading position in Lithuania and a significant presence in Germany, Norway, Sweden, Finland, Latvia and Hungary, as well as minority stakes in businesses in Poland (which we are in the process of selling) and Austria.

- ***Highly diverse telecommunications business.*** We are a diverse company in terms of product offerings, customer base and geography. In our key geographic markets, we are present in almost every major area of the telecommunications sector; for example, we offer landline telephony, broadband, mobile telephony and cable TV in Denmark. Our diversity in product offerings reduces our exposure to technological substitution and technology and platform migration. For example, although the Danish fixed line market has been affected by fixed-to-mobile substitution, our mobile MOU have increased as a result of this substitution trend. Similarly, our strong market presence in broadband and cable TV allows us to mitigate the decline in fixed voice usage by offering our broadband customers VoIP as an alternative to PSTN services. Our wide range of product offerings also affords us opportunities for synergies across platforms, allowing us to bundle and cross-sell products and services and to tailor business solutions to our customers' particular needs. We benefit from a diverse customer base that consists of retail and wholesale customers and residential and business customers from a wide range of industries. We also benefit from geographic diversity through our operations in Switzerland, the Baltic region and other Northern and Central European markets, which reduces our exposure to economic downturns in any one country.

- ***Extensive network infrastructure.*** We have the most extensive telecommunications network infrastructure in Denmark, where our network has been fully upgraded to digital. We operate our own networks in Switzerland, the Nordic countries, Lithuania, Latvia and Hungary. Our access network reaches almost 100% of Denmark's population and our DSL network can deliver speeds of at least 512 Kbps to 98% of Danish households and businesses and at least 4 Mbps to 90% of Danish households and businesses. We expect to be able to deliver 8 Mbps DSL service to 85% of the Danish population by the end of 2006. We view our access to such a high number of end users and locations as a key advantage in marketing and selling our products. Our integrated network structure provides us with the ability to cross-sell mobile, fixed line, cable TV and internet services and to capitalize on strong brand awareness in Denmark and strong product offerings across our business lines, which may result in reduced subscriber acquisition costs, increased ARPU and reduced churn.

  Our extensive network allows us to provide wholesale services to our fixed line retail competitors, as they often use our network. Our position as a network access provider in the Danish wholesale market provides a stable source of revenue as in most cases we have retained the wholesale component of any business that we have lost to competitors at the retail level. We also own and operate a backbone network in the Nordic region, which is one of Europe's fastest broadband networks for data, internet and voice traffic. We believe our past investments in network infrastructure will lower our present operating costs and will lower our capital expenditures in the future.

- ***Strong financial performance and high cash flow generation.*** Despite a relatively high level of competition in Denmark in both the fixed and mobile business areas in recent years, we delivered organic growth in EBITDA before special items of 4.0% in 2005. We have also steadily reduced our costs, in particular labor costs in Denmark, and have disposed of assets, where reasonable and profitable. As a result of our increased revenue, successful operating cost management and disciplined capital expenditure, we have significantly increased our operating cash flow and cash flow before debt service. We generated cash flow from operating activities of DKK 8,691 million (€1,165 million) for the twelve months ended December 31, 2005. We intend to continue to create value through active portfolio management.

- ***Experienced management team and strong equity sponsorship.*** Our management team of industry professionals has significant experience in the mobile, fixed line, cable TV and internet services markets in Denmark and abroad and has a proven track record in growing our businesses, including our Chief Executive Officer, Henning Dyremose, who has held his current position since 1998 and was previously the Minister of Finance in Denmark, and our Chief Financial Officer, Hans Munk Nielsen, who has held his current position since 1991. As one of the longest serving and highly regarded telecommunications management teams in Europe, our management team has demonstrated its ability to grow the business and increase EBITDA before special items in both favorable and adverse market conditions.

  Our principal shareholders are a group of investment funds (the "Consortium") each of which is respectively advised or managed, directly or indirectly, by Apax Partners Worldwide LLP (collectively, "Apax"), Blackstone Management Partners IV L.L.C. and Blackstone Communications Advisors I L.L.C. (collectively with their affiliates referred to as "Blackstone"), Kohlberg Kravis Roberts & Co. L.P. (collectively, "KKR"), Permira Advisers KB (collectively, "Permira") or Providence Equity Partners Limited (collectively, "Providence"), all leading European and U.S. private equity funds that have a strong track record in the telecommunications and cable TV sector.

Our Business Strategy

The key components of our strategy are as follows:

- ***Maintain position as market leader in Denmark and seek to benefit from regulatory changes in Switzerland.*** We intend to build on our position as the incumbent provider of integrated telephony, broadband and cable TV services in Denmark and to benefit from regulatory changes that may enhance our position in Switzerland as the leading alternative to the incumbent operator. We seek to achieve this by cross-selling mobile, fixed line, cable TV and internet services, and capitalizing on strong brand awareness in Denmark and Switzerland. In Denmark, we will continue to strengthen our market position through a full set of product and service offerings, including triple play service and convergence products. We also intend to capitalize on our expansive network, access to content expertise and content delivery technology from our cable TV business. We will seek to strengthen our leadership by earning our customers' long-term loyalty through retention programs and by offering the best customer experience and value for money. We seek to drive technology transitions where profitable and to invest in marketing to maintain and refresh brand awareness. We are encouraged by the recent Swiss ULL legislation, and believe that, if ULL is deployed expeditiously and on satisfactory terms, we will be in a good position to expand our customer base, geographical reach and product and service portfolio in Switzerland.

- ***Continue to increase efficiencies.*** We seek to continue to increase operational and capital expenditure efficiencies to improve operating margins and increase cash flows. We intend to continue to reduce headcount in Denmark, particularly in our fixed line business. We will focus on a strict cost management policy and intend to maintain a disciplined capital expenditure program. We currently expect to reduce domestic headcount in the order of 5% per annum until the end of 2007.

- ***Focus on selected growth opportunities in broadband and mobile services.*** We seek to take advantage of the growth in broadband and VoIP penetration in Denmark, in order to partially offset the anticipated overall decline in traditional voice. The broadband market in Denmark is rapidly growing and we expect penetration to increase from 54% in 2005 to 80% by 2010. To expand our product offerings and to counter emerging technologies, we plan to offer broadband at high speeds over cable and DSL with full triple play service, an area in which we have expertise. We also intend to strengthen our mobile business by offering innovative products such as data services (mobile broadband) via the UMTS network (3G), and increasing customer satisfaction and loyalty, which we believe will lead to a moderate increase in our subscriber base, a decline in churn and an increasing usage of services. As we have done with our UMTS roll out to date, we intend to continue our policy of entering the market for new products only at a stage where we consider they are sufficiently mature for profitable investment.

- ***Increase focus on core activities.*** We will increasingly focus on our core activities and markets, and intend to review our activities across the board to determine the most attractive businesses for organic expansion and further investments, where reasonable and justified by expected returns, or, alternatively, for divestiture. For instance, we believe that our comprehensive fixed line Nordic network acquired through the Song Networks acquisition (now TDC Song) gives us a low-cost opportunity to serve our customers on a pan-Nordic basis, improve our market position, presence and cost structure and challenge competitors by leveraging opportunities offered by technology transitions and customer orientation. TDC Song's IP-VPN business in the Nordic region provides a strong platform from which to further our growth. We will continue to review our existing holdings of minority interests and non-core businesses to determine whether to continue to maintain these going forward or, where suitable, to make disposals.
- ***Focus on de-leveraging.*** We intend to implement the above strategies with a focus on cash flow generation in order to reduce our debt levels going forward. We seek to achieve this through further organic growth in our business, further reduction of cost of employees, discipline in our capital expenditures, increasing our efficiencies and active management of our portfolio of assets. We will continue to evaluate the future potential of each of our assets with a view to either dispose of them at a profit, or to build on their current positions. We believe that these measures and the above strategies will enable us to maximize our cash flow and margin and delever our capital structure.

The Acquisition and Related Financings

The Tender Offer. On February 1, 2006, the Purchaser acquired approximately 88.2% of the outstanding share capital of TDC. The share capital was acquired pursuant to a tender offer, combined with open market purchases made at the same time (collectively, the "Tender Offer") by the Purchaser for all ordinary shares issued by TDC ("TDC Shares") and all American Depositary Shares ("TDC ADSs"), each representing one half of one TDC Share, at a price of DKK 382 (€51.0) per TDC Share and DKK 191 (€25.50) per TDC ADS.

The Debt Tender and Redemption. In conjunction with the Tender Offer, the Issuer invited the holders of certain series of TDC's Euro Medium Term Notes (the "EMTNs"), excluding a series of notes due on April 24, 2006, to offer to sell such EMTNs to the Issuer or another entity designated by the Issuer (the "Invitations"). In March 2006, TDC assumed the Issuer's obligations in respect of the Invitations and acquired or redeemed €1,770 million of the EMTNs pursuant to the Invitations, leaving €1,284 million of the EMTNs (excluding the notes due in April 2006) outstanding (the "Debt Tender"). On April 24, 2006, TDC will redeem the €685 million of notes due on that date (the "Redemption") with cash and amounts drawn under the Senior Credit Facilities (as defined below). See "Description of Other Indebtedness."

Financings. In connection with the Tender Offer, the Purchaser received a cash equity contribution of DKK 16.4 billion (€2,197 million) and the Issuer entered into senior credit facilities (the "Senior Credit Facilities") and a bridge facility (the "Bridge Facility"). TDC has acceded to the Senior Credit Facilities as a borrower and a guarantor. The Senior Credit Facilities include a term loan facility drawn in an amount of €1,576 million (the "Term A Facility"), a term loan facility drawn in an amount of €2,465 million (the "Term B Facility") and a term loan facility drawn in an amount of €2,465 million (the "Term C Facility" and, together with the Term A Facility and the Term B Facility, the "Term Facilities"), each used, among other things, to finance the Tender Offer, the Debt Tender and Redemption, refinance indebtedness, pay fees and fund the Debt Pushdown (as described below). The Senior Credit Facilities also include a revolving credit facility of up to €700 million (the "Revolving Credit Facility"), the proceeds of which may be used to, among other things, finance our working capital requirements and capital expenditures and finance the payment of interest on the indebtedness of the Issuer.

The Bridge Facility consists of a term loan facility drawn in an amount of €2,031 million. The proceeds from the issuance of the notes will be used to repay the amounts outstanding under the Bridge Facility. Following this repayment, approximately €269 million will be available under the Bridge Facility until May 30, 2006. The Senior Credit Facilities permit us under certain circumstances to apply asset sale proceeds to repay any amounts under the Bridge Facility. The Bridge Facility contains certain negative undertakings and covenants that are substantially similar to those under the Senior Credit Facilities. After the offering is completed, the Bridge Facility covenants will be conformed to be substantially similar to those included in the notes. See "The Acquisition and Related Financings," "Use of Proceeds," "Capitalization" and "Description of Other Indebtedness."

As used in this offering memorandum, the term "Financings" refers to the financing transactions described in the preceding two paragraphs.

Extraordinary General Meeting. At an extraordinary general meeting ("EGM") of TDC held on February 28, 2006, the Purchaser elected new board members and proposed that TDC seek to delist its shares and ADSs from the Copenhagen Stock Exchange and from the New York Stock Exchange ("NYSE"), respectively, and subsequently seek to deregister all securities registered under the Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"). The Purchaser also proposed the introduction of a new clause into the articles of association of TDC permitting the compulsory acquisition of the shares of minority shareholders. These proposals attained an affirmative vote of over 90% of the share capital of TDC represented at the EGM and such resolutions were declared passed by the EGM. Subsequently, the Danish Commerce and Companies Agency ("DCCA") ruled that it would not register the new articles of association. Further, the Danish Labour Market Supplementary Pension Scheme ("ATP"), a Danish pension fund holding 5.5% of the shares in TDC, has filed a writ with the Copenhagen City Court (which has been passed on to the Eastern High Court) against both TDC and the Purchaser seeking an acknowledgment of the invalidity of both the squeeze-out provisions in the articles of association and the authorization to delist from the Copenhagen Stock Exchange and the NYSE granted at the EGM. On April 5, TDC and the Purchaser announced that they would challenge the DCCA's ruling in the Danish courts. TDC has proceeded with its intention to delist its ADSs from the NYSE, which delisting occurred on April 19, 2006. If ATP succeeds with its litigation, we will be unable to proceed with the compulsory acquisition.

Debt Pushdown. On April 11, 2006, the amounts originally drawn by the Issuer under the Senior Credit Facilities were repaid with amounts received by the Purchaser from TDC by way of extraordinary dividend (and in turn paid to the Issuer by way of dividend). To finance part of this dividend (together with a pro rata dividend paid to remaining minority shareholders in TDC), TDC drew down €4,765 million under the Senior Credit Facilities.

As used in this offering memorandum, the term "Acquisition" means, collectively, the Tender Offer and the Debt Tender and Redemption; the term "Transactions" means, collectively, the Acquisition, the Financings and the Debt Pushdown described above.

Use of Proceeds. The proceeds from the issuance of the notes will be used to repay amounts outstanding under the Bridge Facility. The following table summarizes the sources and uses of funds in connection with the Transactions, including the Tender Offer, the Debt Tender and Redemption, the Financings and the Debt Pushdown and the payment of fees and expenses in relation thereto:

	€ m	DKKm		€ m	DKKm
Sources			**Uses(*)**		
Term loan facilities	6,506	48,538	Aggregate share purchase consideration	8,988	67,053
Revolving credit facility	—	—	Refinancing of existing debt	2,452	18,295
Notes offered hereby	2,031	15,145	Estimated fees and expenses	524	3,909
Equity commitments	2,197	16,391	Minority interest dividend payment	679	5,066
Use of cash on hand	1,891	14,107	Accrued interest	85	637
Other cash	103	779			
Total sources	12,728	94,960	**Total uses**	12,728	94,960

(*) The amounts of certain of the uses of funds presented in this offering memorandum differ from the amounts previously disclosed to certain participants in the Senior Credit Facilities and the Bridge Facility. Such differences, which include the amounts of existing debt refinanced, estimated fees and expenses, minority interest dividend payments and accrued interest, are due to differences in the nature of the sources and uses presentation, the decision to pay a higher extraordinary dividend than had been assumed and the inclusion of accrued interest on the EMTNs due 2006 and temporary financing and hedging arrangements.

Recent Developments

TDC has not published any financial information in respect of the first quarter of 2006, which ended on March 31, 2006, and its compilation and verification of financial data in respect of such quarter is not complete. However, based on currently available information, TDC estimates its revenue for the first quarter of 2006 to be higher than for the first quarter of 2005 before adjustment for acquisition and divestments of enterprises and, to a lesser extent, after adjustment for acquisitions and divestments. TDC also estimates its EBITDA before special items for the first quarter of 2006 to be higher than for the first quarter of 2005 before adjustment for acquisitions and divestments of enterprises and, to a lesser extent, after adjustment for acquisitions and divestments. TDC estimates that, as expected, revenue and EBITDA before special items declined for the TDC Switzerland segment in the first quarter of 2006 compared to the first quarter of 2005, despite the growth on a group basis. These estimates are based on financial information that is not final and is subject to change, and therefore no investment decision should be based on these estimates. TDC has announced that it will issue its earnings release for the first quarter of 2006 on May 4, 2006.

Our sale of our 19.6% share ownership in the Polish mobile operator Polkomtel is still pending. The sale is currently subject to an injunction as part of unresolved litigation initiated by Vodafone, another Polkomtel shareholder, to prevent the sale. See "Business—Legal Proceedings."

In the legal proceedings instigated by ATP against the Purchaser and TDC described above, ATP has reserved the right to challenge authorizations proposed for adoption at the annual general meeting of TDC on April 26, 2006 as illegal, in particular authorizations (i) to issue warrants to management and others and (ii) to repurchase shares. Furthermore, ATP claims that the reference date with regard to the redemption price of ATP's shares should only be decided as of when the redemption may actually be completed. Finally, ATP claims that the Purchaser should pay interest on the redemption price. TDC and the Purchaser have not yet responded to these claims by ATP. See "Business—Legal Proceedings."

Our Shareholders

Our principal shareholders are a group of investment funds, each of which is advised or managed, directly or indirectly, by Apax, Blackstone, KKR, Permira or Providence (collectively, the "Investors").

Apax is one of the world's leading private equity investment groups, operating across the United States, Europe, Israel and Asia and has raised approximately $20 billion around the world. Investments in the communications sector include TIM Hellas, Kabel Deutschland, Intelsat, Inmarsat, Q-Telecom and Bezeq.

Blackstone has been a leader in the field of private equity investing since 1987, managing more than $14 billion. Blackstone has invested in over 87 companies in a variety of industries, geographies and economic environments. Investments in the communications sector include Centennial, Kabel BW, New Skies Satellites, Freedom Communications and CommNet Cellular.

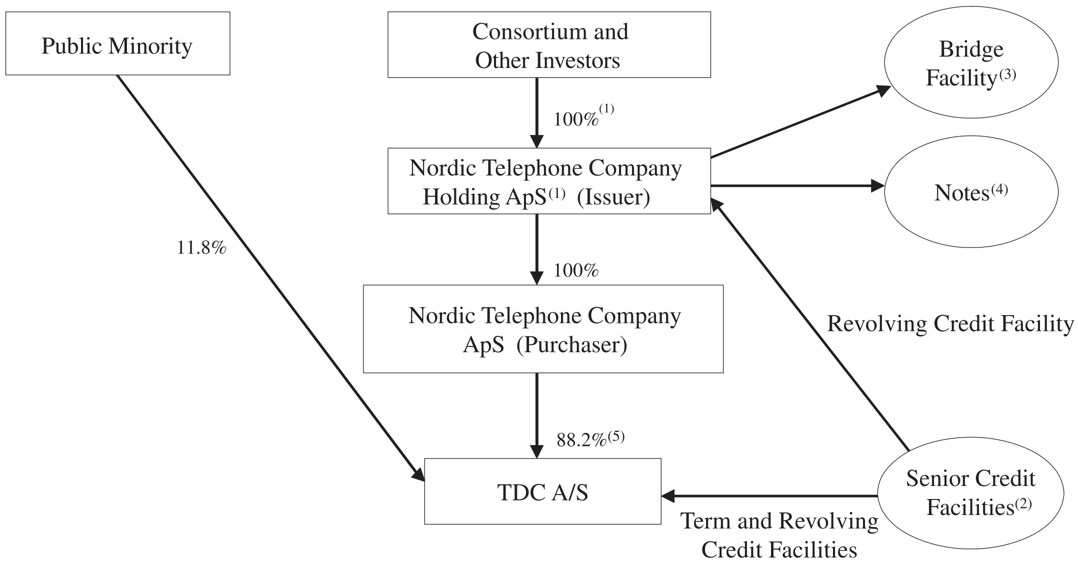
KKR, founded in 1976, is one of the world's oldest and most experienced private equity firms. KKR specializes in management buyouts, and has established itself as the largest and most active participant in the industry. KKR's investing activities are made on behalf of itself and its investors. These institutional investors include state and corporate pension funds, banks, insurance companies, other financial institutions and university endowments. Investments in the communications sector include PanAmSat, SBS Broadcasting, Nuvox Communications and Broadnet Mediascape.

Permira is a leading European-based private equity firm. Permira Advisers KB acts as adviser to the 18 Permira funds, totaling approximately €11 billion, that have been raised since 1985. These funds have invested in over 280 transactions in 15 different countries, in companies across a variety of sectors and geographies, at all stages of the business lifecycle. Investments in the communications sector include Debitel, SBS Broadcasting, Intelsat and Inmarsat.

Providence is a private equity investment firm specializing in equity investments in communications and media companies around the world. The principals of Providence manage funds with over $9.0 billion in equity commitments, including Providence Equity Partners V, a $4.25 billion private equity fund, and have invested in more than 80 companies operating in over 20 countries. Providence Equity Partners Limited currently has offices in Providence, Rhode Island, London, England, and New York, New York. Investments in the communications sector include Ono, Com Hem, Kabel Deutschland, Casema, Eircom and VoiceStream Wireless.

Summary Corporate and Financing Structure

The following diagram summarizes our corporate and financing structure after giving effect to the Transactions. See “Use of Proceeds,” “Capitalization,” “Description of Other Indebtedness” and “Description of the Notes” for more detailed descriptions.



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(1) The equity interests in Nordic Telephone Company Holding ApS are owned by the Consortium and by certain co-investors. The Consortium consists of investment funds and entities, each of which is advised or managed, directly or indirectly by Apax, Blackstone, KKR, Permira or Providence. The Investors and certain other equity co-investors to whom equity has been syndicated (together, the “Equity Investors”) have entered into a subscription and shareholders agreement. For details on the subscription and shareholders agreement and certain other co-investors, see “Certain Relationships and Related Party Transactions — The Shareholders Agreement.”

(2) TDC has borrowed €6,506 million under the Senior Credit Facilities, including the €4,765 million borrowed in connection with the Debt Pushdown. The Senior Credit Facilities are guaranteed by the Issuer and secured by a first-ranking pledge over the shares of the Purchaser and will also be secured by first-ranking security over certain assets of TDC and its subsidiaries. See “Description of Other Indebtedness — Senior Credit Facilities.” The Revolving Credit Facility in the amount of €700 million included in the Senior Credit Facilities may be drawn by the Issuer for, among other things, the service of interest under the notes and Bridge Facility, until January 30, 2008. It may also be drawn by TDC until December 31, 2012.

(3) Amounts outstanding under the Bridge Facility will be discharged with the proceeds of the notes. An additional €269 million will be available under the Bridge Facility until May 30, 2006. The Bridge Facility is secured by a second-ranking pledge of the shares of the Purchaser, ranking equally with the pledge securing the notes.

(4) The notes will have the benefit of security in the form of a second-priority pledge of 100% of the shares of the Purchaser, ranking equally with the pledge securing the Bridge Facility.

(5) Approximately 0.3% of the tendered shares were owned by TDC employees and must be returned if the compulsory acquisition does not occur. If the Purchaser returns these shares, it will own 87.9% of the share capital of TDC.

THE OFFERING

The following summary contains basic information about the notes. It does not contain all of the information that is important to you. For a more complete understanding of the notes, please refer to the section of this document entitled "Description of the Notes."

Issuer of the Notes	Nordic Telephone Company Holding ApS.
Notes Offered	€ aggregate principal amount of % Senior Notes due 2016. $ aggregate principal amount of % Senior Notes due 2016. € aggregate principal amount of Floating Rate Notes due 2016.
Maturity Date	, 2016.
Interest Payment Dates	In the case of the Senior Notes, semi-annually each and , commencing , 2006. In the case of the Floating Rate Notes, quarterly each , , and , commencing , 2006. Interest will accrue from the issue date of the notes.
Denominations	Euro Notes will have a minimum denomination of €50,000 and any integral multiple of €1,000 in excess thereof. Dollar Notes will have a minimum denomination of $75,000 and any integral multiple of $1,000 in excess thereof. Floating Rate Notes will have a minimum denomination of €50,000 and any integral multiple of €1,000 in excess thereof.
Security	A second-ranking share pledge of the shares of the Purchaser. Pursuant to an Intercreditor Agreement, the share pledge will be subject to restrictions on enforcement, including a standstill, and subject to turnover rights in favor of the Senior Credit Facilities and future first-ranking indebtedness. The share pledge is ranked equally with the share pledge in favor of the Bridge Facility and is subject to release in certain circumstances. See "Description of Other Indebtedness — Intercreditor Agreement" and "Description of the Notes — Security."
Ranking of the Notes	The notes will be general senior obligations of the Issuer and will rank equally in right of payment with all existing and future senior indebtedness of the Issuer, including the Bridge Facility, the Revolving Credit Facility and the guarantee by the Issuer of the Senior Credit Facilities. The notes will rank senior in right of payment to any other existing and future obligations of the Issuer expressly subordinated in right of payment to the notes. The notes will be structurally subordinated to all existing and future indebtedness of the Issuer's subsidiaries. The Issuer is a holding company with no revenue-generating operations of its own. In order to make payments on the notes or meet other obligations, the Issuer will be dependent upon receiving payments from its subsidiaries in the form of dividends or other distributions or upon being able to draw amounts under the Revolving Credit Facility (the availability of which for this purpose expires on January 30, 2008). The notes are subject to an Intercreditor Agreement to which the lenders under the Senior Credit Facilities and the Bridge Facility are also party, and which may reduce recoveries made in respect of the notes. See "Description of Other Indebtedness — Intercreditor Agreement."
Optional Redemption	We may redeem all or part of each series of the Senior Notes on or after , 2011, at the redemption prices listed in "Description of the Notes — Optional Redemption." We may redeem all or part of each series of the Senior Notes prior to , 2011 by paying a "make-whole" premium as described in "Description of the Notes — Optional Redemption." On or before , 2009, we may use the proceeds of specified equity offerings to redeem up to 40% of each series of the Senior Notes at a

	redemption price equal to % of their principal amount, plus accrued and unpaid interest, if any, to the redemption date, provided that at least 60% of the original aggregate principal amount of such series of the Senior Notes remains outstanding after the redemption. See "Description of the Notes — Optional Redemption."
	We may redeem all or part of the Floating Rate Notes on or after , 2007, at the redemption prices listed in "Description of the Notes — Optional Redemption."
	We may redeem all or part of the Floating Rate Notes prior to , 2007 by paying a "make-whole" premium as described in "Description of the Notes — Optional Redemption."
	We may also redeem each series of the notes in whole, but not in part, at any time, upon giving proper notice, if changes in tax laws impose certain withholding taxes on amounts payable on the notes. If we decide to do this, we must pay you a price equal to the principal amount of the notes plus interest and certain other amounts. See "Description of the Notes — Redemption for Taxation Reasons."
Change of Control	If we experience a change of control, we will be required to offer to repurchase the notes at 101% of their principal amount plus accrued and unpaid interest. See "Description of the Notes — Change of Control."
Covenants	The notes will be issued under an indenture (the "Indenture") which will limit, among other things, our ability to: • incur additional indebtedness; • pay dividends or make other distributions; • make certain other restricted payments and investments; • create liens; • enter into any agreement that would limit the ability of our restricted subsidiaries to pay dividends or make other payments; • transfer or sell assets; • enter into transactions with affiliates; and • merge or consolidate with other entities. Each of the covenants is subject to a number of important exceptions and qualifications. See "Description of the Notes — Certain Covenants."
Transfer Restrictions	We have not registered the notes under the U.S. Securities Act. The notes are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the U.S. Securities Act. Furthermore, the notes have not been registered under any other country's securities laws. See "Notice to Investors."
No Prior Market	The notes will be new securities for which there is currently no market. Although the Joint Book-Running Lead Managers have informed us that they intend to make a market for the notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, a liquid market for the notes may not be developed or maintained.
Listing	We will apply to list the notes on the Euro MTF operated by the Luxembourg Stock Exchange.
Listing Agent	Deutsche Bank AG, London Branch.
Trustee	Deutsche Trustee Company Limited (the "Trustee").

Registrar	Deutsche Bank Luxembourg SA.
Principal Paying Agent	Deutsche Bank AG, London Branch.
Security Agent	J.P. Morgan Europe Limited (the "Security Agent").
Governing Law	The notes and the Indenture are governed by the laws of the State of New York. The Intercreditor Agreement is governed by English law. The share pledge is governed by Danish law.
Use of Proceeds	We intend to use the proceeds of this offering to repay all amounts presently outstanding under the Bridge Facility. See "Use of Proceeds."

Risk Factors

Investing in the notes involves substantial risk. You should carefully consider all the information in this offering memorandum prior to investing in the notes. In particular, you should consider carefully the factors set forth under the heading "Risk Factors" below.

SUMMARY HISTORICAL AND PRO FORMA FINANCIAL AND OTHER DATA

The Issuer is a holding company which, apart from financing the Acquisition, does not have independent external operations other than through the indirect ownership of 88.2% of TDC's share capital; control of TDC was obtained in early 2006. Accordingly, the historical financial information presented herein is that of TDC and no separate financial statements of the Issuer on a stand-alone basis are included in this offering memorandum.

The following summary historical IFRS financial data for TDC as of and for the years ended December 31, 2004 and 2005 have been derived from our audited financial statements and notes thereto which have been prepared in accordance with IFRS and are included elsewhere in this offering memorandum. TDC has not prepared audited financial statements in accordance with IFRS for periods prior to 2004. We have also included summary historical Danish GAAP financial data for TDC as of and for the years ended December 31, 2001, 2002, 2003 and 2004. The unaudited Danish GAAP financial data as of and for the year ended December 31, 2001 has been derived from TDC's Annual Report on Form 20-F filed for 2004. The financial data as of and for the years ended December 31, 2002, 2003 and 2004 have been derived from TDC's previous audited financial statements prepared in accordance with Danish GAAP as filed with the SEC in TDC's Annual Report on Form 20-F for 2004. We have also included in this section unaudited operational data for the five years ended December 31, 2005 which has been derived from TDC's operating systems and from industry sources and not from TDC's audited financial statements.

TDC's historical consolidated financial statements are presented in Danish kroner and have been prepared in accordance with either IFRS or Danish GAAP, which differ in certain significant respects from US GAAP. The material differences between Danish GAAP and IFRS as they relate to TDC are discussed in note 1 to our consolidated financial statements included elsewhere in this offering memorandum. The material differences between US GAAP and IFRS as they relate to TDC are discussed in note 34 to our consolidated financial statements included elsewhere in this offering memorandum.

The following summary unaudited pro forma financial data of the Issuer have been prepared to give pro forma effect to the Transactions as if they had occurred on January 1, 2005, in the case of the unaudited pro forma statement of income data, and on December 31, 2005, in the case of the unaudited pro forma balance sheet data. The pro forma financial data of the Issuer are provided for informational purposes only and should not be considered indicative of actual results that would have been achieved had the Transactions been consummated on the dates indicated and do not purport to indicate balance sheet data or results of operations as of any future date or for any future period. You should read the following data in conjunction with "The Acquisition and Related Financings," "Unaudited Pro Forma Combined Financial Statements," "Operating and Financial Review and Prospects" and the consolidated IFRS financial statements and notes thereto included elsewhere in this offering memorandum and the consolidated Danish GAAP financial statements and notes thereto included in TDC's Annual Report on Form 20-F for 2004.

While the Purchaser (which is a direct wholly-owned subsidiary of the Issuer) had offered to acquire 100% of the outstanding TDC share capital, as of the date of this offering memorandum the Purchaser has acquired approximately 88.2%, and the remaining 11.8% of TDC's share capital is owned by public shareholders. Approximately 0.3% of the tendered shares were owned by employees and must be returned if the compulsory acquisition does not occur. If the Purchaser returns these shares, it will own 87.9% of the share capital of TDC. The pro forma financial information has been prepared to reflect the acquisition of 88.2% of the outstanding TDC share capital and therefore does not give effect to this possibility. It is possible that the Purchaser could subsequently acquire additional shares of TDC's share capital, including through the incurrence of additional indebtedness or through the contribution of further equity. However, no commitments have currently been made in this respect and it is therefore not possible to determine the price at which any such purchases would be made nor the method of financing such purchases. For further detail, please see the footnotes to the financial data presented in this section and "Unaudited Pro Forma Combined Financial Statements."

	Year Ended December 31, 2004	2005	2005
	(in DKK millions, except ratios)		(in € millions, except ratios)
Financial Data of TDC (IFRS):			
Statement of Income Data (audited):			
Revenue	42,339	46,588	6,245
Income before depreciation, amortization, and special items	11,996	13,003	1,743
Depreciation, amortization, and impairment losses	(6,661)	(6,790)	(910)
Operating income, before special items	5,335	6,213	833
Special items[(1)]	385	(968)	(130)
Operating income, including special items	5,720	5,245	703
Income from associates	5,632	334	45
Net financial items[(2)]	(716)	(1,056)	(142)
Income before income taxes	10,636	4,523	606
Income taxes	(1,041)	(1,026)	(138)
Income from continuing operations	9,595	3,497	469
Income from discontinued operations, net of tax	315	3,953	530
Net income	9,910	7,450	999
Balance Sheet Data (audited at period end):			
Total assets	90,264	93,524	12,536
Total shareholders' equity	38,850	43,795	5,870
Statement of Cash Flow Data (audited):			
Net cash from operating activities	11,084	8,691	1,165
Net cash (used for) / from investing activities	2,889	(1,226)	(164)
Net cash from / (used for) financing activities	(12,573)	(4,229)	(567)
Change in cash and cash equivalents	1,400	3,236	434
Other Financial Data (unaudited):			
Gross debt[(3)]	30,975	30,736	4,120
EBITDA before special items[(4)]	11,996	13,003	1,743
EBITDA margin[(5)]	28.3 %	27.9 %	27.9 %
Capital expenditures[(6)]	5,148	5,624	754
Capex-to-revenue ratio[(7)]	12.2 %	12.1 %	12.1 %
Adjusted capex-to-revenue ratio[(7)]	14.5 %	14.3 %	14.3 %
Change in working capital[(8)]	1,212	(527)	(71)

	Twelve months ended December 31, 2005	2005
	(in DKK millions, except ratios)	(in € millions, except ratios)
Pro Forma Issuer Financial Data (unaudited IFRS):[(9)]		
Pro Forma EBITDA before special items[(10)]	12,958	1,737
Gross debt[(11)]	76,395	10,240
Senior secured debt[(11)]	48,538	6,506
Cash interest expense[(12)]	4,936	662
Ratio of Pro Forma EBITDA before special items to cash interest expense[(13)]	2.6	2.6
Adjusted ratio of Pro Forma EBITDA before special items to cash interest expense[(13)]	2.5	2.5
Ratio of gross debt to Pro Forma EBITDA before special items[(14)]	5.9	5.9
Adjusted ratio of gross debt to Pro Forma EBITDA before special items[(14)]	6.0	6.0
Ratio of senior secured debt to Pro Forma EBITDA before special items[(14)]	3.7	3.7

(1) Special items include significant amounts that cannot be attributed to normal operations such as large gains and losses related to divestment of subsidiaries, special write-downs for impairment and costs for restructuring and others. Items of a similar nature for the non-consolidated enterprises are recognized under income from associates and net income from discontinued operations. In 2005, special items covered only restructuring costs and amounted to DKK (968) million (€(130) million) before tax and DKK (817) million (€(110) million) after tax, reflecting primarily the redundancy programs in the domestic operations and costs for financial and legal advisers related to the Tender Offer. In 2004, special items amounted to DKK 385 million (€52 million) before tax and DKK 741 million (€99 million) after tax. Profit before tax on divestment of major enterprises amounted to DKK 943 million (€126 million) before tax, reflecting primarily the disposal of Dan Net. Restructuring costs before tax amounted to DKK (558) million (€(75) million) and related primarily to the redundancy programs in the domestic operations. Restructuring costs after tax amounted to DKK (192) million (€(26) million), of which DKK 199 million (€27 million) related to a change in the tax value of goodwill in Talkline.

(2) Net financial items consists of financial income, financial expense and fair value adjustments.

(3) Gross debt represents the amount of principal repayable irrespective of related transaction costs, if any (i.e., before adjustment for any unamortized issue costs, debt discounts or premiums arising on issuance). For purposes of the balance sheet presentation under IFRS, debt is shown net of any unamortized issue costs, debt discounts or premiums arising on issuance.

(4) EBITDA before special items is operating income before depreciation, amortization and special items, as shown on our statement of income. This measure is presented as we believe that it and similar measures are widely used in the global telecommunications industry as a means of evaluating a company's operating performance.

(5) EBITDA margin is EBITDA before special items divided by revenue.

(6) Capital expenditures include expenditures on intangible assets and property, plant and equipment, but excludes share acquisitions.

(7) The capex-to-revenue ratio is calculated by dividing capital expenditures, excluding share acquisitions, by revenue. The capex-to-revenue ratio is presented as a measure of the extent to which revenue is being spent on capital expenditures.
We have also provided an adjusted capex-to-revenue ratio, which excludes Talkline etc. (which includes our Talkline and easyMobile activities). Talkline etc.'s revenue was DKK 7,763 million (€1,041 million) in 2005 (2004: DKK 7,675 million (€1,029 million)) and capital expenditure was DKK 73 million (€10 million) in 2005 (2004: DKK 112 million (€15 million)). Talkline is a reseller of telephony products and as a result has disproportionately low capital expenditure requirements compared to our business as a whole. You should note that certain other aspects of our non-reselling business may have low capital expenditure requirements.

(8) Change in working capital is change in inventory, receivables, trade payables and certain other items.

(9) You should note that the financial information includes results of HTCC, which is consolidated. HTCC will be designated as an Unrestricted Subsidiary under the Indenture. For 2005, HTCC, which prepares its financial statements in accordance with U.S. GAAP, publicly reported revenues, adjusted EBITDA, cash and cash equivalents, and long-term debt of $110.2 million (€93.1 million), $50.6 million (€42.7 million), $15.1 million (€12.8 million) and $158.2 million (€133.6 million), respectively, using the December 31, 2005 exchange rate of €1.00 = $1.1842. These figures are not comparable with HTCC's contribution to TDC's results. We have not received any cash dividends from HTCC since acquiring our stake in HTCC.

(10) Pro Forma EBITDA before special items is EBITDA before special items of the Issuer pro forma for the Transactions. For more detail on the pro forma information included herein, please see "Unaudited Pro Forma Combined Financial Statements."
Note that Pro Forma EBITDA before special items is calculated before minority interest, including minority interest related to the 11.8% of TDC owned by minority shareholders (before any return by the Purchaser of 0.3% of TDC's share capital). However, in order for the Issuer to have access to cash amounts from TDC by means of dividends from TDC, TDC will be required to pay dividends to minority shareholders on a pro rata basis. The Issuer is not currently able to estimate the amount of such dividends. However, assuming a requirement for interest service of the notes of DKK 1,452 million (€196 million) annually (in accordance with footnote (b) to the unaudited pro forma statement of income included under "Unaudited Pro Forma Combined Financial Statements"), pro rata dividends to minority shareholders in an amount of DKK 171 million (€23 million) annually would be required, if all such payments were to be serviced using funds derived from dividends from TDC. In addition, operating expenses of the Issuer that were serviced by dividends would also require the payment of a minority dividend. The Issuer may service interest and other expenses from other sources, including through drawing under the Revolving Credit Facility which is available to be drawn by the Issuer until January 30, 2008.

(11) Gross debt on a pro forma basis is derived from the unaudited pro forma balance sheet included under "Unaudited Pro Forma Combined Financial Statements." Senior secured debt on a pro forma basis reflects that portion of Gross debt represented by borrowings under the Senior Credit Facilities (and therefore does not include other secured financing such as capital leases and mortgages). Gross debt represents the amount of principal repayable irrespective of related transaction costs, if any (i.e., before adjustment for any unamortized issue costs, debt discounts, or premiums arising on issuance). For purposes of the balance sheet presentation under IFRS, debt is shown net of any unamortized issue costs, debt discounts, or premiums arising on issuance.

(12) Cash interest expense on a pro forma basis is derived from the unaudited pro forma statement of income included under "Unaudited Pro Forma Combined Financial Statements." It is presented net of any expense related to amortization of debt issuance costs, discount and premium.

(13) The Ratio of Pro Forma EBITDA before special items to cash interest expense is calculated by dividing our Pro Forma EBITDA before special items by pro forma cash interest expense. The Adjusted ratio of Pro Forma EBITDA before special items to cash interest expense is calculated by dividing our Pro Forma EBITDA before special items by adjusted pro forma cash interest expense. These measures are presented as we believe they and similar measures are widely used by investors and credit agencies as an indicator of our ability to cover scheduled interest payments with funds generated from operations.

The adjusted pro forma cash interest expense amount used in the adjusted ratio is our pro forma cash interest expense (derived from the pro forma information included under "Unaudited Pro Forma Combined Financial Statements"), increased by the amount of pro rata dividends that we would be required to pay to minority shareholders were we to service interest payments for the notes by means solely of dividend payments from TDC. Please see footnote (10) for a calculation of the pro forma pro rata dividend payment to be made to minority investors on this basis.

We have presented this adjusted ratio as the service of interest on the notes through the payment of dividends by TDC would require pro rata minority dividend payments, and we believe that this ratio therefore gives more information as to the cash costs of servicing interest payments of the Issuer.

(14) The Ratio of Gross debt to Pro Forma EBITDA before special items is calculated by dividing gross debt by Pro Forma EBITDA before special items. The adjusted ratio of gross debt to Pro Forma EBITDA before special items is calculated by dividing our adjusted Pro Forma Gross debt by our Pro Forma EBITDA before special items. The ratio of senior secured debt to Pro Forma EBITDA before special items is calculated by dividing our pro forma senior secured debt by our Pro Forma EBITDA before special items. We have presented these measures as we believe that they or similar measures are widely used by investors and credit agencies as an indicator of financial risk, including our ability to repay or refinance our debt obligations.

The adjusted pro forma gross debt amount used in the adjusted ratio is our pro forma gross debt (derived from the pro forma information included under "Unaudited Pro Forma Combined Financial Statements"), increased (in the case of debt incurred by the Purchaser or any parent of the Purchaser) by 11.8% in order to reflect the amount of distributions that may be required from TDC to fund not only the repayment of the principal amount of the notes but also pro rata dividend amounts to minority shareholders.

Financial Data of TDC (Danish GAAP)

	Year Ended December 31,			
	2001	2002	2003	2004
	(in DKK millions)			
	(unaudited)		(audited)	
Statement of Income Data:				
Net revenue	41,838	42,011	41,413	43,570
Work performed for own purposes and capitalized	1,439	1,465	1,291	1,225
Other operating income	426	344	525	6,683
Total revenue	43,703	43,820	43,229	51,478
Operating expenses before depreciation and amortization	(35,547)	(32,725)	(32,123)	(33,221)
Depreciation and amortization	(8,534)	(8,030)	(7,963)	(8,193)
Total operating expenses	(44,081)	(40,755)	(40,086)	(41,414)
Operating income (loss)	(378)	3,065	3,143	10,064
Net financials(1)	1,160	2,725	239	27
Income before income taxes	782	5,790	3,382	10,091
Income taxes	(1,397)	(1,559)	(1,629)	(1,351)
Income before minority interests	(615)	4,231	1,753	8,740
Minority interests' share of net result	534	227	(8)	2
Net income (loss)	(81)	4,458	1,745	8,742
	(unaudited)		(audited)	
Balance Sheet Data (at period end):				
Total assets	86,681	83,626	89,515	87,546
Total shareholders' equity	32,713	34,661	32,973	35,963
	(unaudited)		(audited)	
Cash Flow Data:				
Net cash from operating activities	5,554	10,416	10,051	10,274
Net cash (used for) / from investing activities	(19,405)	(2,627)	(12,008)	3,666
Net cash from / (used for) financing activities	10,863	(6,759)	4,943	(12,562)
Change in cash and cash equivalents	(2,988)	1,030	2,986	1,378
Other financial data (unaudited):				
EBITDA(2)	8,156	11,095	11,106	18,257
EBITDA Margin(3)	19.5%	26.4%	26.8%	41.9%
Capital expenditures(4)	9,344	6,341	5,505	5,254
Capex-to-revenue ratio(5)	22.3 %	15.1 %	13.3 %	12.1 %
Change in working capital(6)	na	1,590	1,461	1,257

(1) Net financials consists of financial income, financial expense, fair value adjustments, and share of income before tax of associated enterprises.

(2) EBITDA is operating income (loss) before depreciation and amortization. This measure is presented as we believe that it and similar measures are widely used in the global telecommunications industry as a means of evaluating a company's operating performance. As presented herein, EBITDA is calculated using statement of income data derived from our financial statements prepared in accordance with Danish GAAP, and is therefore calculated on a different basis than EBITDA before special items.

(3) EBITDA margin is EBITDA divided by net revenue.

(4) Capital expenditures include expenditures on intangible assets and property, plant and equipment, but excludes share acquisitions.

(5) The capex-to-revenue ratio is calculated by dividing capital expenditures, excluding share acquisitions, by revenue.

(6) Change in working capital is change in inventory, receivables, trade accounts payables, prepayments and accrued income, other accounts payable, and certain other items.

	Year Ended December 31,				
	2001	2002	2003	2004	2005
Operational Data:					
Subscriber base: (‘000)(1)					
Landline	3,913	3,598	3,631	3,483	3,521
Mobile	4,575	4,939	6,199	7,126	9,022
Internet	1,403	1,285	1,696	1,814	1,769
Cable TV	828	885	924	982	1,030
Total subscribers	10,719	10,707	12,450	13,405	15,342
Number of employees(2)	21,344	21,009	20,034	19,497	20,225
Segment Data:					
Fixed line — Domestic business					
Voice subscribers (‘000)	3,139	3,076	2,981	2,880	2,748
Narrowband subscribers (‘000)(3)	542	519	492	413	310
Broadband subscribers (‘000)(3)	111	253	405	549	689
DSL Penetration(4)	na	12%	19%	26%	33%
Mobile — Domestic business					
Mobile Penetration(5)	73.8%	83.2%	88.3%	95.5%	100.8%
Churn(6) — per month	2.3%	2.5%	2.3%	3.1%	2.5%
ARPU(7) — per month (DKK)	197	207	176	179	193
SAC (DKK)(8)	na	na	483	526	596

(1) Denotes end of period subscribers and includes customers with and without subscriptions on the following basis:

- Landline customers with subscriptions;
- Mobile customers with subscriptions or who have been active within the last 3 to 15 months; and
- internet customers with subscriptions or who have been active within the last 1 to 3 months.

The number of subscribers also includes resale customers.

(2) Denotes year-end full time employee equivalents, including permanent employees, trainees, and temporary employees.

(3) “Narrowband” includes dial-up access customers as well as DSL customers with a capacity less than 144 Kbps downstream (except for 2001 to 2003, where subscribers with capacity of less than 144 Kbps downstream were included in “Broadband”). “Broadband” customers are DSL customers with a capacity of more than 144 Kbps downstream (and lower capacity prior to 2004).

(4) Denotes the number of DSL subscriptions according to NITA based on NITA’s most recent reports divided by the number of households in Denmark according to Statistics Denmark.

(5) Mobile subscriptions per 100 inhabitants (pre-paid and post-paid), according to NITA.

(6) Denotes end of period figure and includes customers with and without subscriptions. Mobile subscribers who have been inactive for 15 months are not included. TDC calculates churn by dividing the gross decrease in the number of customers for a period by the average number of customers for such period. The average number of customers for a period is calculated by adding the number of customers at the beginning of such period to the number of customers at the end of such period and dividing by two. In general, we calculate churn using external gross decrease. However, internal migration between TDC Mobile A/S and Telmore is included in churn figures. Hence, internal migration will be recorded as higher churn. Different telecommunications companies calculate churn in different manners.

(7) Refers to Average Revenue per User. Monthly ARPU is defined as revenue from retail customers and external wholesale including roaming out (TDC Mobil’s mobile customers abroad), and excluding roaming in (foreign customers on TDC Mobil’s network), divided by average number of retail and external wholesale customers. Please note that the data for the years ended December 31, 2004 and 2005 refer to revenue reported according to IFRS, and the data for the years ended December 31, 2001, 2002 and 2003 refer to revenue reported according to Danish GAAP.

(8) Denotes subscriber acquisition costs divided by external customer intake for the period. Subscriber acquisition costs include incentive payments, terminal subsidies bonus, advertising subsidies and costs for terminal stock.

RISK FACTORS

You should carefully consider the risks described below as well as the other information contained in this offering memorandum before making an investment decision. Any of the following risks could materially adversely affect our business, financial condition, results of operations or cash flows. In such case, you may lose all or part of your original investment.

The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition, results of operations or cash flows.

Risks Related to Our Business

We operate in highly competitive industries, and competitive pressures could have a material adverse effect on our main business lines.

We face significant competition from established and new competitors. In our international operations, we compete against companies with in some cases better access to financing, more comprehensive product offerings, greater personnel resources, greater brand name recognition and experience or long-established relationships with regulatory authorities and customers. If we cannot match the product offerings, services or prices of our competitors, we may lose market share. If we are forced to lower our prices to match the prices of our competitors, we may experience decreasing profit margins and EBITDA before special items.

In summary, competition in our business could lead to:

- continued price erosion for our products and services;
- loss of existing or prospective customers and greater difficulty in retaining existing customers;
- obsolescence of existing technologies and the need for more rapid deployment of new technologies; and
- increased pressure on our profit margins and EBITDA before special items, preventing us from maintaining or improving our current level of operational profitability and cash flows.

Landline and Broadband. We expect increased competition to our landline business due to price reductions by our competitors, the development of new technologies, including VoIP, and fixed-to-mobile substitution. These factors may result in a loss of fixed line subscribers and market share, which could adversely affect our revenue and profit margins.

Providers of VoIP are offering telephony at significantly reduced prices. Therefore, there is considerable risk that our own introduction of VoIP could negatively affect our landline operation's future earnings potential, as we may not be able to maintain a price level for VoIP similar to levels for PSTN.

Continuing competition is also expected in landline telephony from IP-based internal networks (such as IP-VPN for business customers), antenna and housing association networks and utility companies using their infrastructure to provide telephony and broadband. Similarly, in the market for leased lines, continuing competition is likely from substitution products, including new IP-based transmission products such as MPLS, Ethernet solutions, landline networks, local digital networks, wireless networks, WLAN, WiMAX and CDMA/450 MHz. Such products are often priced lower than leased lines, and product quality is sufficiently strong to constitute a viable alternative to traditional landline solutions. Although we offer our customers substitution products and services to our traditional telephony products and services, including VoIP and broadband access, there is no assurance that our current telephony customers will switch to our substitution products and services and not those of a competitor. Even if we manage to capture 100% of customer conversions from traditional telephony to substitution products, our landline business may still experience decreasing profit margins as margins for substitution products and services are generally lower than those for traditional telephony products and services.

Further growth in the landline market requires us to lead or adapt to technological developments, including the market's demand for higher DSL speeds. We expect the future landline market to be dominated by those providers who can offer high quality telephony, TV and internet in one package, known as triple play, at attractive prices. This type of bundled product puts increasing demands on providers because of the technological, logistical and pricing complexities of combining these three services into a single product offering. If we fail to adapt to or lead technological developments, or to offer an attractive triple play package, our market share and profit margins in the landline sector may be adversely affected.

In general, our future success in the landline market will depend on our ability to shift toward VoIP and other IP-based products, and adapt to lower prices for our services and generally more competitive market conditions. If we are unsuccessful in dealing with these risks, our revenue and profit margins may be negatively affected.

Furthermore, price decreases in the Danish mobile market may accelerate the trend of migration from landline to mobile telephony. As we have a smaller share of the mobile market than the landline market in Denmark, such a migration could negatively affect our earnings.

Competitive pressure in broadband may increase due to continuing competition from new product offerings from other providers. A number of operators have launched VoIP over DSL and utility companies have announced a long-term roll out of FTTH. In total, the utility companies expect to roll out FTTH to 40%, or approximately one million, of Danish households.

Mobile. We may not be able to develop and market attractive mobile services at competitive prices, which may prevent our mobile business from maintaining or increasing revenue and earnings.

As market price levels for many mobile services continue to fall, including price reductions as a result of regulations in certain jurisdictions limiting prices for terminating calls in our mobile networks and for roaming charges, further growth in earnings will require improved sales volumes or continued cost control, which we may fail to achieve.

Although our size gives us economies of scale, our mobile operations continue to be challenged by new business models and the introduction of new products by our competitors. We have implemented a new business model for online self-service mobile telephony through our Danish subsidiary Telmore. There is no guarantee that this new business model will stay profitable. In addition, we face the risk that our competitors may introduce new and successful business models before we do or that we may not be able to adopt such new business models to our business. Moreover, our success in such a competitive environment will depend on our ability to keep pace with new mobile technologies, including the change from 2G to 3G mobile telephony, video telephony and data packaging. Growth in mobile data services is expected to be driven by an increase in the quantitative and qualitative capabilities of mobile business applications. Our success with 3G technology depends largely on our ability to develop and introduce attractive 3G products and services at competitive prices, including our ability to benefit from general developments in the content services market. The introduction of VoIP may also threaten mobile telephony in the long term because of its low cost. Failure to lead or adapt to such technical changes in the mobile market or to compete with or adopt new business models may have a materially adverse effect on our mobile business.

Cable TV. TDC Cable TV is expected to face increasing competition from a number of sources, including utility companies, large antenna co-operatives and housing associations and satellite television providers. Competition is driven by price, convenience and the range of channels offered. I/S DIGI-TV, an entity owned by the Danish state broadcasting services, launched DTT in March 2006, which utilizes digital technology to provide a greater number of channels and picture and sound enhancements such as HDTV and Dolby Digital through a conventional antenna. Although DTT currently offers three channels, it is expected that DTT will expand to up to 16 channels by 2009. DTT is expected to result in a greater range of channels in the generally accessible terrestrial network, which will increase competition. In the long term, increased competition in the Danish cable TV market may also arise from new technology, most notably from future internet-based content providers. Failure by TDC Cable TV to meet these challenges may have a materially adverse effect on our market share in the Danish cable TV market.

Increasing competition in the Danish, Swiss and certain other European telecommunications markets in which we have major operations makes us vulnerable to margin squeeze and further market share loss.

The Danish telecommunications sector is highly competitive. The main drivers of competition in this market are the strong reduction in interconnection prices, competitors in the Danish market such as TeliaSonera, Tele2 and Sonofon, and the regulatory requirement that we provide our competitors with access to our network. To remain successful in this market, we may be required to reduce the prices for our services. In the Danish mobile market, prices have been declining due to fierce competition, particularly from online products. Broadband customers are being offered increasing bandwidth at unchanged or even falling prices. Although traditionally our prices for landline and mobile telephony as well as leased lines in Denmark have been among the lowest in the EU, as market pressures continue, our Danish operations may experience further reductions in profit margins. In the past few years, we have experienced loss of market share in the Danish landline and mobile markets.

We believe that ongoing regulatory initiatives in Denmark will make the Danish telecommunications market increasingly competitive, which has been the case with telecommunications regulations in recent years. These regulatory initiatives, such as CPS and number portability, have increased the ease with which our customers can move to other operators. As a result of these regulatory measures, competition in the Danish telecommunications market has increased, and we have lost market share in the Danish telecommunications market and are vulnerable to greater competition and further loss of market share in the future. For more information on the impact of telecommunications regulations on competition in Denmark, see the section entitled "—Risks Related to Regulatory Matters and Litigation" below.

In the pan-Nordic market, our business customers increasingly demand Nordic solutions covering cross-border landline telephony, data communications, IP telephony and mobile communications, where competition, especially from other pan-Nordic providers, is intensifying. We face increasing competition from the Nordic operators Telenor and TeliaSonera, each of which offers a full product suite of mobile, broadband, voice and TV. If we are unable to provide cross-border solutions to our Nordic business customers, we risk losing an important segment of our customer base.

Our foreign subsidiaries also face increasing competition. This development could adversely affect the revenue and profit margins of our foreign subsidiaries. Almost half of TDC's 2005 revenue was related to operations outside Denmark, including operations in a number of emerging markets.

With regard to our Swiss landline business, TDC Switzerland has experienced price decreases in the landline market due to competition from established competitors, including the incumbent Swisscom. Such competition may result in loss of customers, reduced revenue and a lower profit margin in Switzerland. Competition in Switzerland is expected to intensify because established cable network operators, such as Cablecom, are offering landline telephony through their existing networks at very low or flat rate prices.

With respect to the Swiss mobile market, TDC Switzerland faces the risk of increased pricing pressure from competition from new MVNOs entering the market. In addition, future growth in revenue and earnings within the mobile telephony sector will depend on our ability to establish a presence in the business market, which we may not be able to achieve. In the past year, the Swiss mobile market has experienced intense competition, driven by Swisscom's attempt to retain its market share, which may result in declining margins and diluted earnings. The still increasing mobile penetration in the Swiss mobile market may result in fierce competition for remaining customers, which could in turn lead to a rise in customer-acquisition and retention costs, and further pressure on earnings.

The future growth of Bité will depend primarily on winning market share in Latvia, which Bité, as a new entrant there, may not be able to achieve. More generally, the future growth of Bité will also depend on country-wide factors beyond our control such as poor economic growth that may have an adverse effect on the competitive environment in Latvia and Lithuania. The future success of Talkline will depend largely on its ability to keep a large portion of the gross margin on traffic resales for itself when negotiating with network suppliers. There is also a significant risk of future pressure on retail prices in the German mobile market, which are high compared to price levels in other countries in the Organization for Economic Co-operation and Development.

The mobile telecommunications market in Denmark is mature and approaching saturation, with the consequence that subscriber growth in the market has slowed in recent years and our mobile business may not grow at historical rates.

The mobile telecommunications market in Denmark is approaching saturation, with a penetration rate of 101%. The degree to which the Danish mobile telecommunications market will continue to expand, if at all, is uncertain. We believe that, in addition to general market conditions, future market growth will be driven largely by new technologies and new content. Our ability to sustain growth in revenue and our customer base despite the increased competition that has resulted from this market saturation will depend in large part upon our ability to retain our existing subscribers, convince subscribers to switch from competing carriers to our services, and to stimulate and increase usage. We may not achieve these aims if we are not able to enhance our existing mobile products and services and to develop, introduce and market new mobile technologies, products and services. If we fail to increase revenue from or expand our subscriber base in our mobile business in the face of market saturation, our business, financial condition and results of operation could be materially adversely affected.

Our business is subject to rapid changes in technology and if we fail to lead or respond to technological developments, our business may be adversely affected.

Our landline, mobile, internet and cable TV operations may not be successful if we fail to lead or keep pace with continuing changes in technology and provide new or enhanced services in a timely and cost-effective manner, or to successfully anticipate the product demands of our customers. Recently, the market has witnessed the emergence of new technologies such as VoIP, ADSL2+, FTTH and Ethernet. We expect technological innovation to continue rapidly across all product lines. We will need to anticipate and react to these changes and to develop or apply new and enhanced products and services quickly enough for the changing market. Otherwise, we risk losing market share, customers and in the event substitution technologies introduced by our competitors result in lower sales costs, profit margins. In addition, new technologies may become dominant in the future, rendering our current systems obsolete. For example, SIP based technologies delivering VoIP and other communications services over broadband may make PSTN technology obsolete. ADSL2+, VDSL2 and FTTH based solutions may make the current DSL technology limited to 8 Mbps obsolete. Ethernet technology which reduces the cost level for IP aggregation considerably may make ATM technology obsolete.

Technological advancements could also result in the need to make substantial investments in new or enhanced technologies, products or services. We may not be able to adopt such technology due to insufficient funding to make the necessary capital expenditures, or if such technology is subject to third-party patents. Conversely, if we do succeed in introducing new technologies in the telecommunications market, such technologies may not prove commercially viable in the long run, and consequently we may risk being unable to earn an adequate return on, or recover the costs of, our investments in developing and marketing products that rely on these technologies.

Failure to control customer churn may adversely affect our business.

Customer churn is a measure of customers who stop subscribing to our services. Churn arises mainly as a result of new housing development, relocation of subscribers and price decreases by our competitors. In addition, our customer churn rate may also increase as a result of competitive developments or if we are unable to deliver satisfactory services over our network. Any interruption of our services or other customer service problems could also contribute to an increase in customer churn. Any increase in customer churn may lead to a need to reduce our costs rapidly to preserve our margins and reduced revenue or, alternatively, to increase our marketing costs in an attempt to keep or bring back customers. There can be no assurance that the various measures we have taken to increase customer loyalty will reduce the rate of churn.

Furthermore, the mobile telecommunications market 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 customers with an attractive portfolio of products and services, we may not be able to retain our customers. Additionally, if competing mobile operators improve their ability to attract new customers, or offer their products and services at lower prices, it could become more difficult for us to retain our current customers, and our costs of acquiring new customers could increase.

We may face significant capital expenditures going forward driven mostly by investments in new technologies and infrastructure including our network and information technology systems. We cannot assure you that we will have sufficient liquidity to fund our capital programs or our ongoing operations in the future.

Our business is capital intensive and has always required significant amounts of cash. We have a capital expenditure program which will continue to require significant capital outlays in the foreseeable future, including the continued development of our GSM and UMTS networks, cable TV business, maintenance of our network backbones, our continuing fiber network roll out including FTTN and investments in new IT systems, including customer care and billing systems. The utility companies expect to roll out FTTH to 40%, or approximately one million, of Danish households. The Danish Competition Authority has estimated that this will require investments by the utility companies of DKK 9.5 billion (€1.3 billion). Although we now have more than 23,000 kilometers of fiber network, primarily in the backbone network, competition from utility companies may put pressure on us to invest more heavily in both FTTN and in FTTH.

Although we may have an advanced network, we may need to invest in new networks and technologies in the future, such as Next Generation Networks, which could require significant capital expenditures, and network usage may develop faster than we anticipate, requiring greater capital investments in shorter time frames than we anticipate. However, we may not have the resources available to make such investments. In addition, costs associated with the licenses needed to operate our existing networks and technologies including UMTS and those that we develop in the future, and costs and rental expenses related to their deployment could be considerable. See "— A favorable market for UMTS-based 3G services may not develop, limiting our ability to recoup the cost of our investments in UMTS services and the UMTS licenses and networks which could adversely affect our results of operations." 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 and we cannot assure you that we will generate sufficient cash flows in the future to meet our capital expenditure needs, sustain our operations or meet our other capital requirements. See " Operating and Financial Review and Prospects — Liquidity and Capital Resources."

Our international business activities expose our earnings to exchange rate risk and the risks of a fluctuating global economy.

Approximately 30% of our 2005 revenue was generated outside Denmark and the euro area. This revenue originates primarily from Switzerland, Lithuania, Sweden and Norway, where we conduct our business operations and prepare our financial statements in currencies other than the Danish kroner or the euro. Any loss in the value of these currencies against the Danish kroner will have a negative impact on the value of our investments in the relevant business activities and the amount of income we derive from them.

Our reporting currency is the Danish kroner. Following the Transactions and the notes offering hereunder, we will have U.S. dollar denominated debt obligations under the notes. Accordingly, we are vulnerable to foreign exchange rate fluctuations. Any decrease in the value of the Danish kroner compared with the U.S. dollar could have an impact on our ability to service debt and could have a material adverse effect on our operating results and financial position.

We are exposed to interest-rate risks.

Our borrowings under the Senior Credit Facilities are subject to floating interest rates. An increase in interest rates could increase our payment obligations and could have a material adverse effect on our operating results and financial position. We would also be exposed to floating interest rates associated with the Floating Rate Notes. We are required to hedge a portion of our floating rate debt pursuant to the Senior Facilities Agreement. Hedging may be expensive to maintain and may not protect us adequately against adverse movements in interest rates.

A favorable market for UMTS-based 3G services may not develop, limiting our ability to recoup the cost of our investments in UMTS services and the UMTS licenses and networks, which could adversely affect our results of operations.

Our UMTS-based 3G service has required us to make substantial investments in UMTS services and UMTS licenses and networks. We have UMTS licenses in Denmark, Latvia, Lithuania and Switzerland. Polkomtel has a UMTS license in Poland and One has a UMTS license in Austria. Our Danish UMTS license fee will cost approximately DKK 950 million (€127 million) in aggregate. We paid 25% of the license fee upfront in 2001 and have subsequently paid four instalments of 7.5% each. The remaining 45% is to be paid in six yearly instalments ending 2011. As required under the terms of our license, we achieved coverage of 30% of the population at the end of 2004, but must achieve a coverage of 80% by the end of 2008, which may require us to make substantial investments in the upcoming years. Our Danish UMTS license expires October 31, 2021. Our Swiss UMTS license fee cost 50 million Swiss francs and will expire at the end of 2016. The license fee was paid upfront. As required under the terms of our license, we achieved coverage of 50% of the population at the end of 2004.

Although certain markets for UMTS currently exist, if UMTS does not gain further acceptance or deliver anticipated advantages, or if we derive a smaller percentage of our revenue than expected from our UMTS-related 3G services, we may not be able to adequately recoup our investment in our UMTS licenses and networks. This may be the case even if we follow a strategy of making further significant investments in UMTS only when it is clear that UMTS use is becoming mainstream. UMTS technology needs further development in order to provide the expected advantages over existing GSM technology and rival competing mobile broadband technologies. Demand for UMTS-based 3G services may not develop to the extent that we anticipate. Accordingly, no assurance can be given that a larger market for UMTS services will develop or that we will be able to achieve our desired sales volumes for UMTS services. Moreover, competition from WLAN and CDMA/450 MHz may adversely affect the penetration of UMTS and associated data services. Substitution technologies including WiMAX and WiFi which also offer radio voice and data transmission solutions, may pose a threat to the growth of the UMTS market. Push-to-talk (walkie-talkie) and instant messaging may also pose a threat to the UMTS market in the future. We also face the risk that our UMTS customers will use lower margin packet transmission services ("Packet Side" traffic) rather than higher margin voice transmission services ("Circuit Side" traffic), thereby threatening the profitability of our UMTS business.

Furthermore, we rely on applications developers to develop services that will stimulate market demand for 3G services and our UMTS network. If third-party application service providers fail to develop such services, or experience delays in their development of such services, our ability to generate revenue from our UMTS network may be adversely affected.

Market demand for our UMTS operations is also dependent on the availability of reasonably priced handsets from suppliers, technologically proven network equipment and software with sufficient functionality and speed. If we cannot obtain such equipment and software or if we experience delays in their delivery or functional deployment, our ability to develop our UMTS network and our customers' ability to access it will be impaired. Availability of this equipment and software is the required driver of demand for these services.

Market acceptance of our online telephony services, including our self-service products and e-commerce services, is still uncertain.

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

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

The performance, reliability and availability of our networks and our mobile and fixed line telecommunication services are critical to our ability to attract and retain subscribers. Our networks and the services we provide may be subject to damage or disruptions resulting from terrorist acts and numerous other events, including fire, flood or other natural disasters, power outages and equipment or system failures ("major disruption events"). Our network has been affected by floods and storms in the past. If a major disruption event were to affect our infrastructure or a third party's systems, and were to result in a failure of our networks or systems or of the third party-owned local and long distance networks on which we rely for the provision of interconnection and roaming services to our subscribers, it could affect the quality of our services or cause temporary service interruptions, which could result in customer dissatisfaction, regulatory penalties and reduced revenue. The occurrence of network or system failure could also harm our reputation or impair our ability to attract new customers, which could have a material adverse effect on our business, financial condition and result of operations. There can be no assurance that our business continuity plans, network security policies, the vulnerability analysis we conduct jointly with regulators or our monitoring activities will mitigate the impact of or prevent a disruption event.

In addition, our business is dependent on certain sophisticated critical systems, including exchanges, switches, other key network points and our billing and customer service systems. The hardware supporting those systems is housed in a relatively small number of locations and if damage were to occur to any of such locations, or if those systems develop other problems, it could have a material adverse effect on our business.

A substantial part of our network is not insured. In the event any losses due to terrorist acts and numerous other events, including fire, flood or other natural disasters, power outages and equipment or system failures, are not covered by insurance, we may not have the capital to make necessary repairs or replacements.

A significantly higher regulatory burden on our business prompted by terrorism or similar threats would increase our costs. As part of the anti-terrorism action plan passed by the Danish government in November 2005, the government has proposed requiring telecommunications operators to use or install communication interception equipment and to establish databases for mandatory retention of traffic passing through their networks in order to assist law enforcement agencies in tracking terrorist activity. If such measures are adopted, we may need to make additional investments on technical equipment and we may incur operational costs as a result. Such regulation substantially increases our potential data retention obligations, requiring us to keep traffic data well beyond what we need for legitimate business purposes. These requirements are expected to cause substantial costs, with no possibility of cost recovery from the public authorities. See "—Risks Related to Regulatory Matters and Litigation."

We expect that our increasing dependency on digitalized information technology systems exposes us to risks of hacking, piracy and systems failure, which potentially could disrupt our business.

The telecommunications sector has become increasingly digitalized, automated and online, which means that we are exposed to increasing risks of hacking, piracy and general failure of IT systems. Unanticipated IT problems, system failures, computer viruses or hacker attacks could affect the quality of our services and cause service interruptions. Risks of network failure can never be completely eliminated and the occurrence of such failures may reduce revenue and harm our reputation.

In order to improve our profitability, we need to implement a sizeable reduction in our existing workforce, which may be costly and difficult to implement.

In order to maintain and improve our profitability as we face continuing pricing pressure due to competition, and to take advantage of the cost-saving potential of our new online self-service products, we need to make a sizeable reduction in our workforce over the next few years. Any reduction to our workforce may entail significant severance costs, which may affect our earnings. Many of our employees in Denmark have civil servant pension rights and some of them are entitled to severance benefits. We believe that the total costs related to workforce reductions in 2006 will be DKK 342 million (€45.8 million) after tax. The costs relating to workforce reductions may be higher than we anticipate and may have a material impact on our profitability.

In addition, there can be no assurance that we will be able to implement sizeable reductions in our workforce. Although Danish law does not impose significant restrictions on workforce reductions, and our labor unions do not have a right under Danish law to veto any reductions in our workforce, there can be no assurance that any workforce reduction will not lead to strikes, work stoppages or other industrial actions. We have entered into "Borgfredsaftaler," collective agreements, with each of the telecommunications departments of the Danish Metal Workers Union (Dansk Metal) ("DMWU"), the Association of Managers and Employees in Special Positions of Trust in TDC (Lederforeningen i TDC, LTD) ("AME") and the Danish Confederation of Professional Associations (AC-organsiationerne) ("DC") (collectively, the "Borgfredsaftale unions"). In these Borgfredsaftaler, we have agreed to follow certain procedural guidelines in connection with the implementation of reductions in our workforce, including providing redundant employees with training that would make them suitable for reassignment within TDC in certain circumstances. The Borgfredsaftaler expire at the end of 2007, however they may be terminated by us or the unions subject to three months notice in the event the assumptions behind the agreements lapse or change.

We also have entered into collective agreements with the Borgfredsaftale unions regarding the terms and conditions of voluntary resignations by employees as an incentive to encourage voluntary resignations. These agreements may be terminated by either party subject to two months notice. Neither the reductions in our workforce nor the scope of such reductions are part of these agreements.

Even though we have agreements with these unions relating to procedures for workforce reductions and the terms and conditions of voluntary resignations, there can be no assurance that any of our labor unions will not resist further workforce reductions. In addition, we may not be able to negotiate agreements with the Borgfredsaftale unions after 2007 similar to the Borgfredsaftaler. See "— Strikes or other industrial actions could disrupt our operations or make it more costly to operate our facilities" below.

During the last three years, we implemented two overall redundancy programs: the first covering the period 2003 to 2004 and the second covering 2005. In 2005, due to our international acquisition activity, our total number of employees and the number of our international employees increased. We expect our number of employees to increase in the event we continue to make acquisitions. In 2005, we did manage to reduce our number of domestic full-time employees from 14,437 to 13,876. A redundancy program has also been implemented in 2006, pursuant to which we expect to reduce staff by up to 570 employees. We cannot assure you that we will be able to implement redundancy programs in the future or that any of our redundancy programs will be effective.

Strikes or other industrial actions could disrupt our operations or make it more costly to operate our facilities.

We are exposed to the risk of strikes and other industrial actions. We estimate that more than 70% of our employees are union members. As noted above, we have entered into Borgfredsaftaler with each of the Borgfredsaftale unions, which provide for certain procedural guidelines to be followed in connection with the implementation of reductions in our workforce until the end of 2007. Pursuant to our Borgfredsaftaler with the telecommunications departments of the DMWU, the parties thereto have agreed to enter into dialogue within 24 hours in the face of an imminent conflict in order to prevent industrial action. As noted above, we have also entered into separate agreements with each of the Borgfredsaftale unions regarding the terms and conditions of voluntary resignations by employees as an incentive to encourage voluntary resignations. These agreements may be terminated by either party with two months notice. There can be no assurance that the Borgfredsaftaler with the Borgfredsaftale unions or our collective labor agreements will prevent strikes, work stoppages or other industrial actions in the future. Any industrial action we experience might disrupt our operations, including our repair times, possibly for a significant period of time, result in increased wages and benefits or otherwise have a material adverse effect on our business, financial condition and results of operations. See "—In order to improve our profitability, we need to implement a sizeable reduction in our existing workforce, which may be costly and difficult to implement" above.

We depend on equipment and service suppliers that may fail to deliver or discontinue their products or seek to charge us prices that are not competitive, which may adversely affect our business and profitability.

Due to our existing legacy network, we are dependent on certain suppliers for the maintenance and upgrade of certain hardware and software platforms, especially such hardware or software platforms that have become industry standard. For example, our cable TV business has made substantial investments in the equipment and software of particular suppliers, making it difficult for us in the short term to change supply and maintenance relationships in the event that our initial supplier refuses to offer us favorable prices or ceases to produce equipment or provide the support that our telecommunications and cable TV networks and systems require. In the past, some of our key suppliers have stopped providing us with hardware that we use, such as the AC4 SDH platform, and certain support services, such as feature development for ATM based DSL platforms (without which triple play products are impossible on such platform), DSL line card delivery on certain older DSL platforms and upgrades for PSTN platforms.

Any discontinuance of certain products or services or failure to upgrade such products and services by our suppliers, any financial instability of our suppliers or failure by such supplier to deliver certain products to us pursuant to our supplier contracts in the future could lead to the risk of:

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

Failure on the part of our suppliers, which may in turn delay or prevent us from providing our own products and services to our customers, may adversely impact our revenue. We may not be able to recover monies paid to such suppliers for their products and services or obtain contractual damages, when applicable, in such an event. In addition, any increase in pricing by our suppliers may cause a margin squeeze. The above factors could have an adverse impact on our business, financial condition and operating results.

Even though in most cases our equipment and software suppliers can be replaced, switching to alternative suppliers could cause us to experience difficulty or delays in providing support and maintenance, new products and upgrades and operational services, or result in significant cost increases, which could harm our financial condition and operating results.

We are party to a number of different contracts with third parties which contain change of control provisions. If one or more of the change of control clauses are exercised, this may adversely affect our business and profitability.

We have important co-operation agreements and contracts with suppliers and service providers and hold insurance policies which are subject to change of control provisions. Exercise of change of control provisions by third parties in certain material contracts may adversely affect our competitiveness and profitability.

Should any of our contractual relationships be terminated, we may be forced to enter into new contracts which may be on less favorable terms. Moreover, the termination of one or more of our co-operation agreements may lead to loss of business from certain supplementary service providers, which we may not be able to maintain through independent relationships.

We depend on a small number of distributors, retailers and sales agencies ("mobile distributors") to distribute or sell our mobile products and services to end users. Our mobile distributors may stop distributing our mobile products to end users and may have distribution agreements with our competitors.

We distribute our mobile products and services in cooperation with a small number of mobile distributors. In Denmark 35% of our sales are distributed through a small number of mobile distributors. In Switzerland, over 40% of our sales are distributed through a few mobile distributors. Under our current arrangements with our key mobile distributors, our mobile distributors may stop distributing or selling our products at any time. Should this occur, we may face difficulty in finding new mobile distributors that can provide the same level of sales. In addition, our mobile distributors have distribution agreements with our competitors. These distribution agreements with our competitors may negatively affect the level of our gross activations through our distribution partners, threatening our market share, and thus adversely affecting our financial condition and results of operations. Our mobile distributors may more actively promote the products and services of our competitors to our detriment. Our failure to maintain key distribution relationships, or the failure of our distribution partners to procure sufficient customers for us for any reason, could have a material adverse effect on our financial condition and result of operations.

We depend on third party telecommunications providers over which we have no direct control for the provision of interconnection and roaming services outside of Denmark.

Our ability to provide high quality mobile and fixed line telecommunications services outside of Denmark depends on our ability to interconnect with the telecommunications networks and services of other mobile and fixed line operators, particularly those of our larger competitors. Outside of Denmark, we also rely on third party operators for the provision of international roaming services for our mobile subscribers. For example, in Switzerland we depend on Swisscom's ULL to reach a significant number of end users. While we have interconnection and roaming agreements in place with other operators, we have no direct control over the quality of their networks and the interconnections and roaming services they provide. Any difficulties or delays in interconnecting with other networks and services, or the failure of any operator to provide reliable interconnection services to us on a consistent basis, could result in a loss of subscribers or a decrease in traffic, which would reduce our revenue and adversely affect our financial condition and results of operations.

Outside of Denmark, we depend on access to the incumbent's facilities to install our ULL facilities. If the incumbent fails to allow us access to these facilities, or is slower in allowing access than we anticipate, our ability to roll out additional direct access products and attract direct access customers may be adversely affected.

Our minority shareholdings in the mobile telephony industry, and the fact that we only own 63.4% of HTCC, expose our business to ill-informed or inadequate management decisions made on behalf of companies of which we do not have full control and may require strategic and financial support.

The performance of the international operators in which we have minority interests and of HTCC may depend on the financial or strategic support of other shareholders. We only own 15% of Austrian mobile operator One and 19.6% of Polish mobile operator Polkomtel (which is in the process of being sold). Even though we own a majority interest in HTCC of 63.4% of the share capital, we may not be able to exercise full control over its operations. Such international operators may rely on us and/or other shareholders for strategic and financial support. Such other shareholders may fail to supply or not be willing to supply the required operational, strategic and financial resources relating to, for example, the build-out of infrastructure, the cost of meeting regulatory requirements or effective marketing, which could adversely affect both the ability of these operations to compete and the return on our investment.

The loss of important intellectual property rights, including our key trademarks and domain names, could adversely affect our competitiveness.

Some of our intellectual property rights, including our key trademarks and domain names which are well known in the telecommunications markets in which we operate, are important to our business. A significant part of our revenue is derived from products and services marketed under the brand names TDC or sunrise. We rely upon a combination of trademark laws, copyright and data base protection as well as, where appropriate, contractual arrangements to establish and protect our intellectual property rights. We are required from time to time to bring claims against third parties in order to protect our property rights which may not succeed in protecting such rights.

In addition to the risk that a third party will infringe on our intellectual property rights, we face the risk that a third party may claim that we are infringing on such third party's intellectual property rights, including but not limited to, patent rights. As a result, we may not be able to use intellectual property that is material to the operation of our business. Alternatively, a third party may allege one of our suppliers is infringing on such third party's intellectual property rights and may bring suit to prevent such supplier from providing us with products or services important to our business.

We cannot be sure that any lawsuits or other actions brought by us to protect our intellectual property rights will be successful or that such suppliers will not be found to infringe the intellectual property rights of third parties. Although we are not aware of any material infringements of any intellectual property rights that are significant to our business, any lawsuits, regardless of their outcome, could result in substantial costs and diversion of resources and could have a material adverse effect on our business, financial condition and results of operations. The illegal use by third parties or the loss of our important intellectual property rights, such as our trademarks and domain names, could have a material adverse effect upon our business, financial condition and results of operation. If we are prevented from using certain products and services or if we are forced to pay significant damages or higher prices for important products or services due to a third party's successful intellectual property claim, there may be a material adverse effect on our business.

A loss of key personnel could have a material adverse effect on our business.

Our success is largely dependent on the skills, experience and efforts of our senior management, including our Chief Executive Officer, Henning Dyremose, who has held his current position since 1998 and was previously the Minister of Finance in Denmark, and our Chief Financial Officer, Hans Munk Nielsen, who has held his current position since 1991. The loss of services of one or more members of our senior management team could materially and adversely affect our business, results of operations and financial condition. In addition, as our business develops and expands, we believe that our future success will depend on our continued ability to attract and retain highly skilled and qualified personnel without increased labor costs. We cannot assure you that we will be able to continue to employ key personnel or that we will be able to attract and retain qualified personnel in the future, especially in light of Denmark's tight labor market with very low unemployment. Any failure by us to retain or attract such key personnel could materially and adversely affect our business, results of operations and financial condition. See "Management—Employment Agreements for Members of the Executive Committee."

A downturn in general economic conditions could adversely affect our business, financial condition and operating results.

Any downturn in the global economy, European economy or the economy of any of the countries in which we operate may adversely affect our business. The financial prospects in our markets are currently uncertain due to, among other things, the rise of oil prices throughout 2004 and 2005. A major terrorist attack in Europe might also cause a downturn in the markets in which we operate. In addition, some Danish businesses are being subjected to a boycott linked to protests related to the publication of cartoons in a Danish newspaper; if this boycott were to continue, it could potentially have a harmful effect on the Danish economy generally. If the Danish business outlook is cautious or negative, our customers may delay or cancel investments in telecommunications systems and services, which may adversely affect our revenue and the development of new products and services. Any decrease in economic activity may generally decrease network traffic and demand for data storage.

Our failure to meet growing customer demand for content services and adapt to technological developments in content delivery may not only negatively impact the growth of our content services business, but may also decrease the market share of our bundled products with a content component.

Our cable TV business has given us significant experience with and access to the content market and content delivery products. However, our future success in content services will depend on our ability to produce or acquire attractive programming such as popular TV shows, music and games and to adapt and lead technological developments in content delivery applications. There can be no assurance that we will be able to acquire popular content in the future. One of our major content suppliers for cable TV competes with us in certain TVoIP markets and has so far refused to allow us to provide its content on our TVoIP product at prices that are acceptable to us. This may have a materially adverse impact on the growth of our TVoIP business. Moreover, the telecommunications sector is undergoing advances in content services as technological developments increasingly enable customers to receive content whenever they wish (such as digital video recorders or time-shift software for a PC with TV-card), and wherever they wish (such as MPEG4/H.264-videopodcasts for iPods and other portable digital media players or 3G/DVB-H transmissions for handsets). Not only do we face the risk that we will fall behind our competitors in terms of content delivery technology, but also that the platforms, applications or technology we invest in will not become the market standard. Growth in content services is expected to be driven by an increase in the quantitative and qualitative capabilities of content providers. However, the specific extent and characteristics of such quantitative and qualitative progress are difficult to predict at present. Also, we may not be able to match the quantitative or qualitative capabilities of our competitors. In addition, failure to provide content services may also negatively impact sales of our products and services with a bundled content component, such as cable TV, broadband, triple play and 3G, or to which our competitors have added a bundled content component.

Our business may be adversely affected by the alleged health risks from the use of mobile telephones and by other environmental requirements.

We are subject to regulations and guidelines relating to radio frequency emissions and other forms of non-ionizing radiation. We are aware of allegations that there may be health risks, including some forms of cancer, associated with such emissions from mobile telephones and from other mobile telecommunications devices.

The European Commission has been investigating these concerns since 1995. Although the results of these studies have been inconclusive, we cannot provide assurances that further medical research and studies will not establish a link between the radio frequency emissions of mobile handsets and health concerns. The EU and Danish or Swiss authorities could increase regulation of mobile telephones and base stations as a result of such health concerns. In Switzerland in particular, public concern over alleged adverse health effects related to electromagnetic radiation and strict Swiss rules on radiation may result in increased costs related to the GSM and UMTS networks and thereby impeding both the continuation of our 2G and the growth of our 3G mobile telephony business.

The actual or perceived risk of mobile telecommunications devices, press reports about risks or any litigation relating to such risks could adversely affect us through a reduction in the size or growth rate of our customer base, a decline in our ARPU and AMOU, increased regulatory burdens on us or significant litigation costs, and could have an adverse effect on our financial condition and results of operations.

In addition, we are subject to a variety of laws and regulations relating to land use and the protection of the environment, including those governing the storage, management and disposal of hazardous materials and the cleanup of contaminated sites. We could incur substantial costs, including cleanup costs, fines, sanctions and third-party claims for property damage and personal injury, as a result of violations of, or liabilities under, such laws and regulations. We believe, however, that we are in substantial compliance with such laws and regulations.

Risks Related to Regulatory Matters and Litigation

The regulatory framework for the Danish telecommunications sector may result in tougher competition, further reductions of tariffs and decreased profit margins for our business. In addition, we have been designated by NITA as having significant market power ("SMP") in Denmark in a number of submarkets.

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

EU Regulatory Framework. In March 2002, the EU passed a number of directives designed to promote competition in the telecommunications market that were subsequently implemented into Danish law in 2003. In accordance with this legislation, NITA performs market analyses on 18 specifically defined submarkets with respect to landline telephony, mobile telephony, leased lines, unbundled access, broadband and TV and radio transmission. In each submarket, NITA may designate a dominant telecommunications operator as having SMP in such submarket. If imperfections in a submarket in which an operator has been designated as having SMP are identified, NITA may impose remedies against such operator in order to promote competition. In the wholesale market, such measures may include the acceptance of a reasonable request for interconnection, non-discrimination, reference offers, transparency, accounting separation, specific cost accounting obligations and price control methods. NITA has so far issued decisions on 14 out of 18 submarkets. Final decisions for all the submarkets, except the submarket for television and radio transmission, are expected during the first half of 2006. Until market analyses of the relevant submarkets have been completed and NITA has decided whether to adopt new regulatory measures or revoke former measures, the current regulation will be maintained in each relevant submarket.

SMP Designation. We have been designated as having SMP by NITA in almost all of the submarkets in Denmark, except for Market 15 (the wholesale market for mobile access) and Markets 5 and 6 (the retail markets for national and international traffic for business customers). As a result of our SMP designation, we are subject to additional regulatory burdens, which are summarized below. In addition, NITA has been considering whether to create an additional submarket for cable TV networks. If NITA creates a cable TV submarket, it is likely we would be designated as having SMP in the cable TV market and might be required to provide third parties with access to our cable network. There can be no assurance that NITA will not impose additional regulatory burdens on us as a result of our current SMP status or designate us as having SMP in additional markets.

Retail Markets. As a result of our SMP status, the larger part of our retail offerings of leased lines must comply with a rule of cost orientation. As a result, we are required to calibrate leased line prices annually to ensure that they match the corresponding cost plus a mark-up set by the regulatory authorities.

Wholesale Markets. In the wholesale markets in which we have SMP status, the majority of our prices are regulated as a result of our SMP designation. Until 2002, interconnection prices were regulated mainly on the basis of historical cost analyses and best-practice benchmarking against corresponding international prices. Since January 1, 2003, NITA has set the prices we charge for switched interconnection traffic, interconnection capacity, shared access and ULL (also known as raw copper) as well as related co-location. NITA calculates these prices once a year in accordance with the LRAIC model and evaluates and updates the LRAIC model once every three years. Only minor price adjustments were implemented in 2004 and 2005. In early 2006, the LRAIC model was adjusted and the prices for ULL, switched interconnection traffic and interconnection capacity were decreased considerably. The decrease may have a negative impact on our revenue and earnings. The prices for TDC's other interconnection products are based on historical costs according to a formula set by NITA. It is uncertain how this pricing method will affect TDC's future prices. Furthermore, the telecommunications law was amended with effect from January 1, 2006, resulting in changes in calculation principles for depreciation, amortization and interest payments. Such changes will likely result in price decreases for bitstream access and leased lines. The amended law also gives the NITA increased power to stipulate specific terms and conditions for TDC's interconnection agreements.

NITA's decision on the submarket for broadband access requires us to discontinue our geographical differentiation of bitstream access prices unless we also differentiate our retail prices for broadband. Discontinuation of geographical differentiation of prices for bitstream access will strengthen our competitors in remote areas, where production of bitstream access is very costly for us. Alternatively, we may decide to let the current differentiation of wholesale prices affect our end user prices. The decision also requires us to offer wholesale broadband solutions (bitstream access) without compulsory landline subscriptions, which will improve our competitors' conditions for offering broadband solutions combined with IP telephony. We have appealed the decision for this market and some of the other decisions to the Telecommunications Complaints Board.

The authorities have announced that they may intervene in the pricing of traditional landline subscriptions for customers who also have broadband subscriptions in order to address the so-called "excess cost recovery problem." The formulation of such intervention and its impact on TDC's earnings are uncertain.

In the market for termination of mobile calls, NITA has decided that TDC, TeliaSonera, Sonofon, Tele2 and Hi3G have SMP. However, price regulation has been introduced only for TDC, Sonofon and TeliaSonera, whose average price (including call set-up fee) must be reduced by approximately 35% over the next two years. This decision will adversely impact our earnings. If the domestic market for international roaming also becomes subject to price regulation, such regulation may have a negative impact on TDC Mobil's revenue and earnings.

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

Anti-Terror Measures. As part of the anti-terrorism action plan passed by the Danish government in November 2005, the government has proposed a bill requiring telecommunications operators to use or install communication interception equipment and to establish databases for mandatory retention of traffic passing through their networks in order to assist law enforcement agencies in tracking terrorist activity. If such measures are adopted, we may have to make additional investments in technical equipment and we may incur operational costs as a result.

EU Universal Service Obligation (USO) directive. Pursuant to the EU USO directive and Danish USO regulation, which are designed to ensure that all end users have access to certain basic telecommunications services regardless of their geographical location at an affordable price, NITA has designated us as the Universal Service Provider ("USP") in Denmark. In the past NITA fixed the prices that we could charge to our Danish customers who use PSTN services ("USO customers") for PSTN services, but these price caps were lifted at the end of 2005. We face the risk that NITA will decide to reintroduce a price cap on the products and services we offer to our USO customers. In addition, we face uncertainty concerning the renewal of our USP designation after 2007, which may affect our revenue and earnings.

EU Roaming Charge Regulation. The EU Commission is currently considering new regulations designed to cut international roaming charges. It is unclear what would be the outcome of such regulations if imposed. However, such regulation could have a negative impact on TDC Mobile International's revenue and earnings.

Certain regulatory contingencies in Switzerland may have a material adverse effect on our Swiss business.

Prompted by a preliminary decision by the Swiss competition authority regarding abuse of market power by Swisscom, the Swiss incumbent, in 2005, Swisscom reduced its prices for terminating mobile calls, putting heavy pressure on other Swiss mobile operators, including TDC Switzerland, to reduce their tariffs as well. The Swiss competition authority is continuing its review of the level of competition in the mobile call termination market and is currently investigating whether the Swiss mobile operators, including TDC Switzerland, have a dominant position and, if so, abuse such position. Consequently, TDC Switzerland faces the possibility that the Swiss competition authority will require Swisscom and/or TDC Switzerland to make further price reductions for terminating mobile calls. Such price reductions, if imposed on TDC Switzerland, may have a material adverse effect on the earning and profit margins of our Swiss operations. In addition, there can be no assurance that the Swiss competition authority will not impose a material fine upon TDC Switzerland if the Swiss competition authority determines that TDC Switzerland has a dominant position in the mobile call termination market and has abused such position.

Our Swiss business benefits from regulations requiring Swisscom to grant other telecommunications operators, including us, interconnection services under cost-based terms and conditions. Swisscom has challenged the interconnection tariffs as set by the Swiss Communication Commission ("ComCom") in court. In the second half of 2006, the Federal Supreme Court in Switzerland is expected to issue a final ruling on the matter. If Swisscom's appeal is sustained and their higher interconnection rates are confirmed by the Federal Supreme Court, TDC Switzerland may have to pay higher than expected prices to use Swisscom's landline network.

Our business plan and earnings forecasts, particularly in relation to expected broadband and triple play sales, anticipate that the Swiss legislature will enact legislation requiring Swiss telecommunications operators to open their local loop networks to other operators. Such regulations would allow TDC Switzerland to lease network capacity on Swisscom's ULL and gain access to Swisscom's customers. A revised telecommunications law providing for such opening of ULL networks was passed by the Swiss Parliament on March 24, 2006. A 100-day referendum period expires on July 13, 2006. If there is no referendum and the ordinances implementing the new law are finalized, the new law enters into force. Although unlikely, it is possible that organizations opposed to the law could force a public vote, which would further delay enactment by at least a year and could potentially result in enactment being prevented. Once the law is enacted, vested interests may attempt to prevent, impede or delay access to the ULL networks through other measures. If ULL terms and conditions are not set and enforced in a favorable way, we might have to adjust our business plan and earnings forecast.

The licenses for the key technologies underlying our service offerings have finite terms and the failure to renew one of these licenses upon termination, or our inability to obtain new licenses for new technologies, could adversely affect our business.

We are licensed by NITA to provide mobile telecommunications services in Denmark and by the Swiss regulator to provide mobile telecommunications services in Switzerland. For example, we have UMTS licenses to provide 3G services in Denmark and Switzerland, three GSM licenses in Denmark (including licenses for DCS 1800, DC56 and GSM, respectively) and one GSM licence in Switzerland. Our Danish and Swiss UMTS licenses are valid until October 31, 2021 and December 31, 2016, respectively. Our Danish GSM licenses are valid until June 12, 2007, January 1, 2011 and March 1, 2012, respectively and our Swiss GSM license is valid until May 31, 2008. There can be no assurance that NITA or the Swiss regulator will not withdraw our existing licenses if we can not meet license conditions, including obtaining the regulator's consent in the event of a change of control. After their respective expiration dates, we will have to reapply for a new Danish UMTS license and new Swiss GSM and UMTS licenses. There can be no assurance that any application for renewal of such licenses will be successful. The three Danish GSM licenses will be extended automatically for periods of 10 years unless NITA, at its discretion, issues a decision not to extend such licenses, which decision must be made one year before the scheduled expiry date. In the event that we are unable to renew a license or obtain a new license for any technology that is important for the provision of our service offerings, we could be forced to discontinue use of that technology and our financial condition and result of operations could be materially adversely affected.

We face various litigation and commercial dispute risks that could have a material adverse effect on our results of operations.

You should review "Business — Legal Proceedings" for a summary of significant litigation and investigations which you should carefully consider before making a decision to invest in the notes. Any such litigation or investigation could have a material adverse effect on our business, financial condition or results of operations or otherwise distract attention from management.

Pursuant to the change of control provisions in Polkomtel's bylaws and the shareholder agreement among Polkomtel's shareholders, as a result of our recent change of control, TDC is required to offer to sell its 19.6% ownership share to the other shareholders of Polkomtel. In February 2006 TDC offered its shares for a price of €214.04 per share. On March 10, 2006, the Polish shareholders in Polkomtel entered into an agreement with TDC whereby, subject to certain conditions including the outcome of the Vodafone litigation described below, they agreed to exercise their right to purchase their pro rata share of 14.8% of the share capital of Polkomtel for an aggregate price of €650.5 million. The remainder of TDC's shareholding in Polkomtel, 4.8%, has been offered to Vodafone, the only shareholder of Polkomtel who has not entered into the purchase agreement with TDC. Vodafone has claimed that the offer procedure is invalid and that the offer price determined by TDC does not reflect the market value of the Polkomtel shares. Vodafone also maintains that the price at which TDC's shares in Polkomtel should be offered for sale to Vodafone and the other shareholders should be determined in arbitration. Legal proceedings are pending in the Polish courts and the International Arbitral Center in Vienna. Upon Vodafone's motion, the District Court in Warsaw, Poland has issued an injunction which prohibits TDC from transferring any of its shares in Polkomtel. Vodafone has initiated arbitration against TDC. If these proceedings are determined adversely to TDC, TDC may be required to sell its shares in Polkomtel for less than the €214.04

price per share. Even if determined favorably to TDC, these proceedings will delay the sale of Polkomtel shares and the receipt of proceeds by TDC.

At the EGM held on February 28, 2006, the Purchaser proposed that TDC seek to delist its shares and ADSs from the Copenhagen Stock Exchange and from the NYSE, respectively, and subsequently seek to deregister all securities from the U.S. Exchange Act. The Purchaser also proposed the introduction of a new clause into the articles of association of TDC permitting the compulsory acquisition of the shares of minority shareholders. These proposals attained an affirmative vote of over 90% of the share capital of TDC represented at the EGM and such resolutions were declared passed by the EGM. Subsequently, the DCCA ruled that it would not register the new articles of association. Further, ATP, a Danish pension fund holding 5.5% of the shares in TDC, has filed a writ with the Copenhagen City Court (which has been passed on to the Eastern High Court) against both TDC and the Purchaser seeking an acknowledgment of the invalidity of both the squeeze-out provisions in the articles of association and the authorization to delist from the Copenhagen Stock Exchange and the NYSE granted at the EGM. On April 5, TDC and the Purchaser announced that they would challenge the DCCA's ruling in the Danish courts. TDC has proceeded with its intention to delist its ADSs from the NYSE, which delisting occurred on April 19, 2006. If ATP succeeds in its litigation, we will be unable to proceed with the compulsory acquisition. In the legal proceedings instigated by ATP against the Purchaser and TDC described above, ATP has reserved the right to challenge authorizations proposed for adoption at the annual general meeting of TDC on April 26, 2006, as illegal, in particular authorizations (i) to issue warrants to management and others and (ii) to repurchase shares. Furthermore, ATP claims that the reference date with regard to the redemption price of ATP's shares should only be decided as of when the redemption may actually be completed. Finally, ATP claims that the Purchaser should pay interest on the redemption price. TDC and the Purchaser have not yet responded to these claims by ATP.

Risks Related to Our Indebtedness and Our Structure

Our high leverage and debt service obligations could materially and adversely affect our business, financial condition or results of operations and preclude us from satisfying our obligations under the notes.

Following the Transactions, we are highly leveraged and will have significant debt service obligations. As of December 31, 2005, after giving pro forma effect to the Transactions, we would have had approximately DKK 76,395 million (€10,240 million) of indebtedness, of which DKK 48,538 million (€6,506 million) would be term indebtedness under the Senior Credit Facilities and DKK 15,145 million (€2,031 million) would be indebtedness under the notes. As a holder of our notes, our high leverage could have important consequences for you. Our substantial leverage poses the risk that:

- our vulnerability to a downturn in our business or economic and industry conditions will increase;
- our ability to obtain additional financing to fund future working capital, capital expenditures, business opportunities and other corporate requirements will be limited;
- we may have a much higher level of debt than certain of our competitors, which may put us at a competitive disadvantage and may make it difficult for us to pursue our business strategy and to grow our business in accordance with our strategy;
- a substantial portion of our cash flow from operations will have to be dedicated to the payment of principal of, and interest on, our indebtedness, which means that this cash flow will not be available to fund our operations, capital expenditures or other corporate purposes; and
- our flexibility in planning for, or reacting to, changes in our business, the competitive environment and the industry in which we operate will be limited.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including 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 Senior Credit Facilities and the Bridge Facility restrict us from incurring additional indebtedness, but do not prohibit us from doing so. The incurrence of additional indebtedness would increase the leverage-related risks described in this offering memorandum. We may not be able to obtain sufficient financing to purchase the remaining minority shareholding in TDC. See "—The Purchaser may not be able to obtain the funds required to purchase additional shares, and the price of any shares in a compulsory acquisition is uncertain."

We require a significant amount of cash to service our debt. Our ability to generate sufficient cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our debt and to fund working capital and capital expenditures will depend on our future operating performance and ability to generate sufficient cash. This depends, to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond our control, as well as the other factors discussed in these "Risk Factors" and elsewhere in this offering memorandum. We cannot assure you that our business will generate sufficient cash flows from operations or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the notes, or to fund our other liquidity needs. See "Operating and Financial Review and Prospects" for a discussion of our cash flows and liquidity. If our future cash flows from operations and other capital resources (including borrowings under the Senior Credit Facilities) 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 and capital expenditures;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the notes, on or before maturity.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of our debt, including the notes, the Senior Credit Facilities and the Bridge Facility, limit, and any future debt may limit, our ability to pursue any of these alternatives.

We are subject to significant restrictive debt covenants which limit our operating flexibility.

The Senior Credit Facilities, the Indenture and the Bridge Facility contain covenants significantly restricting our ability to, among other things:

- incur or guarantee additional indebtedness;
- pay dividends or make other distributions, or repurchase or redeem our stock;
- make investments or other restricted payments;
- create liens;
- enter into certain transactions with affiliates;
- enter into agreements that restrict our restricted subsidiaries' ability to pay dividends; and
- consolidate, merge or sell all or substantially all of our assets.

These covenants could limit our ability to finance our future operations and capital needs and our ability to pursue acquisitions, investments and other business activities that may be in our interest. We have a history of expansion through initial minority investments, and may be unable to continue this strategy.

The Senior Credit Facilities also require us to maintain specified financial ratios and satisfy specified financial tests. Our ability to meet these financial ratios and tests may be affected by events beyond our control and, as a result, we cannot assure you that we will be able to meet these ratios and tests. In the event of a default under the Senior Credit Facilities or the Bridge Facility or certain other defaults under any other agreement, the lenders could terminate their commitments (in the case of the Revolving Credit Facility) and declare all amounts owed to them due and payable. In addition, a default under the Indenture would result in cross-default under the Senior Credit Facilities and the Bridge Facility. Borrowings under other debt instruments that contain cross-acceleration or cross-default provisions could also be accelerated and become due and payable in such circumstances. We may be unable to pay these debts in such circumstances.

The Purchaser may not be able to obtain the funds required to purchase additional shares of TDC, and the price of any shares in a compulsory acquisition may be uncertain.

We do not presently have committed facilities for the purchase of additional shares of TDC other than the remaining availability under the Bridge Facility, which expires on May 30, 2006. Following the Debt Pushdown, the Senior Credit Facilities do not provide for any further term loans to be made available to the Purchaser (either through equity contribution to the Purchaser by the Issuer or otherwise) for the purchase of additional shares in TDC. The Revolving Credit Facility may not be drawn by the Issuer for this purpose. The remaining availability under the Bridge Facility for making purchases of additional shares in TDC expires on May 30, 2006. The shareholders of the Issuer are under no obligation to contribute further equity to the Issuer to fund purchases of additional shares of TDC. Therefore, financing for the purchase of additional share capital is not committed and new financing may not be available on attractive terms or at all, or may adversely affect the credit rating of the Issuer.

We suspended the compulsory acquisition of minority shares following the ruling by the DCCA that it would not register the articles of association granting the Purchaser the right to compulsorily acquire shares held by other shareholders of TDC. The Purchaser and TDC have decided to challenge that ruling. However, no assurance can be given that we will be successful in our challenge and the effects of a successful challenge are uncertain. We cannot rule out the possibility that over our objection we could be required to complete the compulsory acquisition at a higher price, as each shareholder has the right to an expert valuation of the shares acquired pursuant to the compulsory acquisition. We believe that any such expert valuation should determine the value of TDC Shares as of March 5, 2006, the date on which the Purchaser first initiated the compulsory acquisition. However, there can be no assurance that the price to be paid by the Purchaser in the compulsory acquisition would not be determined by a court or valuation expert to be greater than DKK 382 per share (adjusted for any dividends or distributions subsequent to the initiation of the compulsory acquisition). In addition, we cannot rule out the possibility that we could be required to complete the compulsory acquisition even if we have not succeeded in arranging financing for additional share purchases. We do not presently have committed financing for completing the compulsory acquisition other than the remaining availability under the Bridge Facility. It is unlikely that any litigation with respect to the compulsory acquisition will be resolved before such expiration of the Bridge Facility. Furthermore, there is no obligation on the part of the shareholders of the Issuer to contribute funds to the Issuer or the Purchaser to complete the compulsory acquisition.

The Senior Credit Facilities and the Bridge Facility, as well as the covenants in the notes, restrict the incurrence of further debt by the Issuer, which may make it more difficult to obtain additional financing. In the event that we wished to or are required to make further purchases of TDC Shares, we could be required to refinance our existing indebtedness or obtain consents from lenders in order to obtain the required funds, which we may not be able to do.

The Issuer is a holding company that has no revenue-generating operations of its own and depends on payments from its subsidiaries to make payments on the notes.

The Issuer is a holding company that was formed in connection with the Transactions. The Issuer conducts no business operations of its own and has not engaged in any activities other than the holding of ownership interests in the Purchaser and indirectly in TDC and the borrowing of funds under the Senior Credit Facilities and the Bridge Facility. Immediately following the issuance of the notes, the Issuer will hold no assets and have no sources of revenue other than the ownership interests in its subsidiaries and the right to any dividends thereon and will have to rely on payments under loans, dividends and other distributions from its subsidiaries, as well as drawings under the Revolving Credit Facility, to fund its cash requirements, including interest payments under the Bridge Facility and the notes and any operating expenses.

The Purchaser's assets consist of shares in TDC. The Purchaser conducts no business operations of its own and will have to rely on dividends and other distributions from its subsidiaries to pay dividends and distributions to the Issuer.

The Issuer only has a shareholder's claim in the assets of its subsidiaries. This shareholder's claim is subordinated in right of payment to the claims that creditors of our subsidiaries have against our subsidiaries. Holders of the notes will only be creditors of the Issuer and not of TDC or any of its subsidiaries. All the existing and future liabilities of the Issuer's subsidiaries, including any claims of trade creditors and preferred stockholders, will be effectively senior to the notes. See "Description of the Notes — Ranking."

The Issuer's subsidiaries will be subject to restrictions on making payments to the Issuer.

The terms of the Senior Credit Facilities, the Intercreditor Agreement and applicable law restrict the ability of our subsidiaries to make payments and other distributions to the Issuer. The Issuer is therefore subject to all risks to which our group is subject to the extent such risks may affect the ability of its subsidiaries to make distributions to the Issuer.

The ability of TDC to dividend or otherwise distribute funds, including by way of upstream loans, to assist in servicing the notes and other debt will be subject to certain restrictions, including the need to have retained earnings to distribute. As of December 31, 2005, TDC's retained earnings on a stand-alone basis for TDC A/S were DKK 43,967 million (€5,893 million), which amount has been reduced by the amount of the dividend of DKK 43,481 million (€5,828 million) paid in connection with the Debt Pushdown and the accompanying minority dividend. This amount will also be reduced by the amount of any losses incurred or other dividends paid after December 31, 2005. Furthermore, any dividends or other distributions will be required to be paid on a pro rata basis to minority shareholders. There can be no assurance that the dividend and distribution capacity of TDC will be adequate to fund distributions in amounts and at times sufficient to allow the Issuer to pay its obligations as they become due, including its obligations under the notes, the Bridge Facility and the Revolving Credit Facility (to the extent drawn by the Issuer).

If distributable reserves are insufficient to make distributions to the Issuer, we would need to borrow under the Revolving Credit Facility. The availability of the Revolving Credit Facility for this purpose expires in February of 2008.

The Issuer's subsidiaries may also be restricted from making payments to it under some circumstances under Danish law.

These restrictions include:

- restrictions under Danish and other applicable laws that prohibit the payment of dividends unless the payments are made out of profits available for distribution and the payment is justifiable in consideration of the financial position of the subsidiary (or, if the subsidiary is a parent company, the financial position of such subsidiary and its subsidiaries);
- restrictions under Danish law providing that dividends may only be approved (i) at the annual ordinary general meeting of the shareholders based on the adopted annual accounts for the preceding financial year or (ii) as an extraordinary dividend by the board of directors based on an auditor-reviewed interim balance sheet and pursuant to a special authorization in the articles of association adopted by the general meeting of shareholders; and
- restrictions under Danish and other applicable laws that make it unlawful for a company to provide financial assistance in connection with the acquisition of its shares or the shares of any of its holding companies.

If our subsidiaries are unable to distribute sufficient funds to the Issuer, the Issuer may not be able to make the required payments on the notes or the Bridge Facility when they become due. In addition, a default under the notes or the Bridge Facility would cause certain of our subsidiaries to be in default under the Senior Credit Facilities, which could materially and adversely affect our growth, our financial condition and results of operations and result in our not having sufficient assets to make payments on the notes. See "Description of Other Indebtedness."

Minority shareholders may interfere with our operations and future corporate decisions.

The Purchaser owns approximately 88.2% of TDC's share capital, which may be reduced to 87.9%. See "Summary Corporate and Financing Structure." Shareholders unrelated to the Purchaser and management hold the remainder of the outstanding TDC Shares. Minority shareholders may be able to delay or prevent the implementation of TDC's corporate actions, including any delisting of shares on the Copenhagen Stock Exchange, irrespective of the size of their shareholding. Further, shareholders holding 10% of the share capital enjoy certain privileges under the Danish Companies Act, such as, among others, blocking certain resolutions, requesting the board of directors to convene an extraordinary general meeting and electing a co-accountant. Any challenge by minority shareholders of the validity of a corporate action is subject to judicial resolution that may substantially delay or hinder the implementation of such action. Such delays of, or interferences with, corporate actions as well as related litigation may limit the access of the Issuer to TDC's cash flows and make it difficult or impossible for the Purchaser and TDC to take or implement corporate actions which may be desirable in view of the operating or financial requirements of the Issuer, the Purchaser and/or TDC, including actions which may have beneficial effects for the holders of the notes.

Risks Related to the Notes and the Offering

The enforceability of your rights under the notes may be restricted.

The Issuer is a company organized under the laws of Denmark and the Indenture is governed by New York law. There is no treaty between the United States and Denmark providing for the reciprocal recognition and enforcement of judgments. The Issuer has appointed an agent to receive service of process in any action against it in any federal court or court in the State of New York arising out of this offering. We have not given consent for this agent to accept service of process in connection with any other claim.

All of the members of our Board of Directors and our management reside outside the United States and the assets of most of our subsidiaries and the assets of most of our directors and managers are located outside the United States. Service of process upon individuals or companies that are not resident in the United States may be difficult to obtain within the United States. Furthermore, any judgment obtained in the United States against us or such persons may not be collectible within the United States. In addition, there is doubt as to the enforceability in the foreign jurisdictions where most of our directors and assets are located (including Denmark and Switzerland) of liabilities predicated solely upon United States federal or state securities law against us, our directors, controlling persons and management and other persons who are not residents of the United States, in original actions or in actions for enforcements of judgments of United States courts. Under applicable Danish law, a judgment of a state or federal court of the United States in respect of the notes or the Indenture will neither be recognized or enforced in the courts of Denmark without a review of the merits underlying the judgment. See "Service of Process and Enforcement of Civil Liabilities."

Your ability to recover under the security and the notes is limited by subordination provisions and restrictions on enforcement.

The notes will be secured on a second-ranking basis by a pledge by the Issuer of 100% of the shares in the Purchaser, shared ratably with the Bridge Facility. The shares of the Purchaser are pledged to secure obligations under the Senior Credit Facilities on a first-priority basis. These priorities are contractually provided for in the Intercreditor Agreement. In addition, some claims may rank by operation of law before any other claim that may be secured by the share pledge. These claims can include, among others, court costs and costs incurred for the preservation of the pledged assets.

You may not be able to recover on the share pledge because the lenders under the Senior Credit Facilities will have a prior claim on all proceeds realized from any enforcement of this pledge. If the proceeds realized from such sales of collateral exceed the amount owed under the Senior Credit Facilities and certain expenses, any excess amount of such proceeds will be paid to the Security Agent for its own benefit and for the benefit of owners of the notes and other creditors permitted by the Indenture to share in the collateral on an equal and ratable basis with the notes (including the Bridge Facility). If there are no excess proceeds from sales of collateral, or if the amount of such excess proceeds is less than the aggregate amount of the obligations under the notes and other obligations that share in the collateral on an equal and ratable basis with the notes, you will not recover some or all of the amounts owed to you under the notes. The ability of the holders of the notes to require the Security Agent to take enforcement action under the share pledge is subject to significant restrictions imposed by the Intercreditor Agreement. In particular, the Intercreditor Agreement provides for a 179-day standstill period on enforcement of the share pledge after an event of default under the notes, and thereafter in certain circumstances.

In the event that the Issuer or its subsidiaries incur additional debt, and the Indenture permits such debt to be secured, then that debt may also be permitted to be secured by the same collateral as that securing the notes, and may be ranked ahead of the security granted in favor of the notes, without the need for the consent of the holders of the notes or the Trustee. In that event, the security in favor of the notes will be subject to restrictions and disadvantages in favor of this additional debt similar to those outlined above in relation to the Senior Credit Facilities. In addition, in the event that additional notes are issued under the Indenture the security in favor of the notes will be shared among a larger principal amount of indebtedness.

In addition, the Intercreditor Agreement provides that in certain circumstances payments must be made first to lenders under the Senior Credit Facilities and only after the claims of such lenders have been satisfied will amounts be applied to satisfy the claims of the noteholders and the lenders under the Bridge Facility. See "Description of Other Indebtedness—Intercreditor Agreement."

The share pledge will not be granted directly to the holders of the notes.

The share pledge that will constitute security for obligations of the Issuer will, under the notes and the Indenture, not be granted directly to the holders of the notes but will be granted only in favor of the Security Agent, acting as joint creditor together with the holders of the notes, of all such obligations. As a consequence, holders of the notes will not have direct security and will not be entitled to take enforcement action in respect of the security for the notes, except through the Security Agent, which has agreed to apply any proceeds of enforcement on such security towards such obligations. It is uncertain under Danish law whether obligations owing to beneficial owners of the notes that are not identified as registered holders in the share pledge will be validly secured. The Security Agent will agree with the Trustee that the Security Agent will hold the security and any proceeds of the security in trust for the benefit of holders of the notes and the Trustee under the notes. However, the Security Agent has, as joint creditor together with the holders of the notes, a claim against the Issuer for the full principal amount of the notes. Holders of the notes bear some risk associated with possible insolvency or bankruptcy of the Security Agent. The Security Agent will agree that it will only proceed against the security with the approval of the Trustee acting on the instructions of the holders of the notes and for the purpose of recovery against the pledged shares. Nonetheless, there can be no assurance that, in the event of an insolvency or bankruptcy of the Security Agent, a trustee in bankruptcy, receiver or similar entity would not assert rights as a joint creditor for the full amount of the notes.

Applicable insolvency laws may affect the enforceability of the obligations of the Issuer

In the event that any one or more of the Issuer or any of the Issuer's subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations of the Issuer.

Denmark

The Issuer and a number of its subsidiaries, including the Purchaser and TDC, are companies incorporated under Danish law. Accordingly, insolvency proceedings with respect to the Issuer and its Danish subsidiaries would likely proceed under and be governed by Danish insolvency law. Bankruptcy is the principal form of proceeding in the Danish insolvency system. In bankruptcy, the debtor's assets are liquidated and the proceeds deriving from assets free from charges and encumbrances are distributed to the creditors based on a priority of claims. A bankruptcy is often preceded by a suspension of payment. A debtor who finds itself unable to satisfy its debts may notify the bankruptcy court of its suspension of payment of its debt. The power to suspend payment rests exclusively with the debtor. At the time of the notification of the bankruptcy court a suspension of payments is based on the debtor's assessment of its ability to meet its debts as they fall due. Subsequently, the bankruptcy court will decide if the suspension of payment may be maintained.

As a general rule, the insolvent company 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 an assessment of the debtor's liquidity status. 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. The Danish bankruptcy scheme is based on the fundamental principle of pari passu satisfaction of the debtor's creditors. The principle is, however, to some extent modified by the rules governing priority of debts in bankruptcy. Some claims — preferential claims and privileged claims — rank before ordinary claims and some — the deferred claims — rank below ordinary claims. The status of a claim is dependent upon express statutory authority (except for subordinated loans). Preferential claims primarily include costs and expenses involved in the administration of the bankruptcy estate and debts approved by a supervisor during a suspension period. Privileged claims are mainly salary claims, including salary income taxes (relating to salary claims being filed) (excluding salary claims from the top management). It should be noted that almost all tax claims are not per se preferential or privileged. Interest accrued on ordinary claims will rank as ordinary claims up to the date of the bankruptcy adjudication, after which date the accrued interest will rank as a deferred claim.

Danish bankruptcy law contains several provisions enabling the trustee to initiate proceedings to have certain transactions prior to the bankruptcy avoided. Most avoidance provisions contain time limits, which are generally three months from the date of the bankruptcy petition being filed, but are in some cases up to two years. Payments made by unusual means before they are due or in amounts that have had a distinctly impairing effect on the debtor's ability to pay its debts are typically subject to invalidation unless the claim of the benefited creditor was secured in full by a good and valid security or the payment was considered ordinary. In addition, all types of charges, mortgages and other types of security that were not granted to the creditor at the time the debt was incurred or that were not protected against legal process without undue delay will be invalidated. A creditor who wishes to contest a claim for invalidation may do so through the trustees, who must litigate the matter under the jurisdiction of the ordinary courts (not the bankruptcy court) if the matter can not be solved out of court. Any proceeds relating to a voidable claim are considered an asset of the bankruptcy estate and are to be distributed to the creditors in accordance with the rules governing priority of debts in bankruptcy. As a general rule, such legal proceedings must be initiated within 12 months after the pronouncement of the bankruptcy adjudication. In the event of bankruptcy, claims in foreign currencies will be converted into Danish kroner using Danmark's Nationalbank official exchange rate for the relevant currency against Danish kroner as of the date of declaration of bankruptcy by the Danish Insolvency Court.

The Issuer may not be able to obtain the funds required to repurchase the notes upon a change of control.

The Indenture contains provisions relating to certain events constituting a "change of control" of the Issuer. Upon the occurrence of a change of control, the Issuer will be required to offer to repurchase all outstanding notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. If a change of control were to occur, the Issuer may not have sufficient funds available, or may not be able to obtain the funds needed, to pay the purchase price for all of the notes tendered by holders deciding to accept the repurchase offer. The restrictions in the Senior Credit Facilities, the Bridge Facility and the Intercreditor Agreement and instruments governing the Issuer's and its subsidiaries' other existing and future indebtedness may also prohibit the Issuer from being provided with the funds necessary to purchase any notes prior to their stated maturity, including upon a change of control. Before the Issuer can be provided with any funds to purchase any notes, we may be required to:

- repay indebtedness under the Senior Credit Facilities, or, possibly, other existing and future indebtedness that ranks senior to the notes; or
- obtain a consent from lenders of senior indebtedness, including the lenders under the Senior Credit Facilities, to make funds available to permit the repurchase of the notes.

A change of control of the Issuer may result in an event of default under the Senior Credit Facilities and may cause the acceleration of other indebtedness which may be senior to the notes. In any case, third-party financing could be required in order to provide the funds necessary for the Issuer to make the change of control offer. We may not be able to obtain such additional financing. See "Description of the Notes — Change of Control."

The interests of our principal shareholders may be inconsistent with the interests of the holders of the notes and of each other.

The Consortium, a group of private equity investment funds affiliated with or advised or managed by the Investors, indirectly owns a majority stake of our equity. As such, the Consortium will have the power to control our affairs and policies. The interests of our principal shareholders and their respective affiliates could also conflict with your interests, particularly if we encounter financial difficulties or are unable to pay our debts when due. Our principal shareholders and their respective affiliates could also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risks to you as a holder of notes. In addition, our principal shareholders and their respective affiliates may own, acquire and hold interests in businesses that compete directly or indirectly with us or may own businesses with interests that conflict with ours. Our principal shareholders may have conflicting interests with one another which may impede their ability to collectively make important decisions regarding our business. See "Certain Relationships and Related Party Transactions."

You may face foreign exchange risks by investing in the notes.

The notes will be denominated in euro and US dollars. If you measure your investment returns by reference to a currency other than euro or US dollars, respectively, an investment in the notes will entail the risk of possible significant changes in the value of euro or US dollars, respectively, relative to the currency against which you measure the return on your investments, caused by economic, political and other factors over which we have no control. Depreciation of euro and US dollars against the currency by reference to which you measure the return on your investments could cause a decrease in the effective yield of the notes below their stated coupon rates and could result in a loss to you when the return on the notes is translated into the currency by reference to which you measure the return on your investments. In addition, there may be tax consequences for you as a result of any foreign exchange gains resulting from an investment in the notes.

Transfer of the notes will be restricted, which may adversely affect the value of the notes.

The notes have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws and we have not undertaken to effect any exchange offer for the notes in the future. You may not offer the notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws, or pursuant to an effective registration statement. The notes and the Indenture will contain provisions that will restrict the notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exceptions, under the U.S. Securities Act. Furthermore, we have not registered the notes under any other country's securities laws. It is your obligation to ensure that your offers and sales of the notes within the United States and other countries comply with applicable securities laws. See " Notice to Investors."

An active trading market may not develop for the notes, in which case your ability to transfer the notes will be more limited.

The notes are new securities for which there currently is no market. Although an application will be made to list the notes on the Euro MTF, the alternative market of the Luxembourg Stock Exchange, we cannot assure you that the notes will become or remain listed. We cannot assure you as to the liquidity of any market that may develop for the notes, the ability of holders of the notes to sell them or the price at which holders of the notes may be able to sell them. The liquidity of any market for the notes will depend on the number of holders of the notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our own financial condition, performance and prospects, as well as recommendations of securities analysts. The Joint Book-Running Lead Managers have informed us that they intend to make a market in the notes. However, they are not obligated to do so and may discontinue such market-making at any time without notice. As a result, we cannot assure you that an active trading market for the notes will develop or, if one does develop, that it will be maintained.

The liquidity of, and trading market for, the notes may also be hurt by general declines in the market for similar securities. Such a decline may adversely affect any liquidity and trading of the notes independent of our financial performance and prospects.

USE OF PROCEEDS

The proceeds from the issuance of the notes will be used to repay amounts outstanding under the Bridge Facility. The following table summarizes the sources and uses of funds in connection with the Transactions, including the Tender Offer, the Debt Tender and Redemption, the Financings and the Debt Pushdown and the payment of fees and expenses in relation thereto. Please see "Summary—Use of Proceeds" for further information.

	€m	DKKm		€m	DKKm
Sources			**Uses**		
Term loan facilities	6,506	48,538	Aggregate share purchase consideration	8,988	67,053
Revolving credit facility	—	—	Refinancing of existing debt	2,452	18,295
Notes offered hereby	2,031	15,145	Estimated fees and expenses	524	3,909
Equity commitments	2,197	16,391	Minority interest dividend payment	679	5,066
Use of cash on hand	1,891	14,107	Accrued interest	85	637
Other cash	103	779			
Total sources	12,728	94,960	**Total uses**	12,728	94,960

CAPITALIZATION

The following table sets forth the capitalization on a consolidated basis of the Issuer as of December 31, 2005 on a pro forma basis after giving effect to the Transactions, on the basis of an 88.2% ownership of the share capital of TDC. The information in this table should be read in conjunction with "Use of Proceeds," "The Acquisition and Related Financings," "Unaudited Pro Forma Combined Financial Statements," "Operating and Financial Review and Prospects" and the consolidated financial statements and notes thereto included elsewhere in this offering memorandum.

	Issuer Unaudited Pro Forma as of December 31, 2005(1)	
	€	DKK
	(in millions)	
Gross debt:		
Senior Credit Facilities:		
Term Facilities:(2)		
Term A Facility	1,576	11,758
Term B Facility	2,465	18,390
Term C Facility	2,465	18,390
Revolving Credit Facility(3)	—	—
Total Senior Credit Facilities	6,506	48,538
TDC A/S EMTNs:		
5.000% EMTN due July 2008	194	1,447
1.280% EMTN due July 2008	22	164
5.625% EMTN due February 2009	345	2,574
6.500% EMTN due April 2012	724	5,401
Other debt of TDC A/S or its subsidiaries(4)	419	3,126
Total debt of TDC and its subsidiaries	1,704	12,712
Total senior debt(5)	8,210	61,250
Notes offered hereby(6)	2,031	15,145
Total gross debt(7)	10,240	76,395
Unamortized debt issue costs, debt discount and premium	(431)	(3,216)
Total debt(8)	9,809	73,179
Shareholder funding:		
Attributable to Issuer	2,181	16,271
Attributable to minority interests	54	404
Total capitalization	12,044	89,854

(1) Amounts were translated at an exchange rate of €1.00 = DKK 7.4605, the 2005 year-end rate used in our consolidated financial statements. Capitalization is consolidated and therefore includes HTCC, an unrestricted subsidiary.
(2) Assumes repayment on April 24, 2006 of our 5.875% EMTN due April 2006 with drawings under the Senior Credit Facilities. A further €250 million is available until July 30, 2006 for the purpose of funding EMTN repurchases.
(3) We have a €700 million Revolving Credit Facility available under the Senior Credit Facilities.
(4) Includes €119 million (DKK 886 million) of mortgages and €300 million (DKK 2,240 million) of other loans not refinanced in the Transactions and the indebtedness of HTCC, which will be an unrestricted subsidiary.
(5) Represents debt that is structurally or contractually senior to the notes and the Bridge Facility.
(6) Represents euro-equivalent of euro-denominated and dollar-denominated notes.
(7) A further €269 million remains available under the Bridge Facility until May 30, 2006.
(8) Includes €31 million (DKK 235 million) of pro forma short-term debt.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

The following selected historical IFRS financial data for TDC as of and for the years ended December 31, 2004 and 2005 have been derived from our audited financial statements and notes thereto which have been prepared in accordance with IFRS and are included elsewhere in this offering memorandum. TDC has not prepared audited financial statements in accordance with IFRS for periods prior to 2004. We have also included selected historical Danish GAAP financial data for TDC as of and for the years ended December 31, 2001, 2002, 2003 and 2004. The unaudited Danish GAAP financial data as of and for the year ended December 31, 2001 has been derived from TDC's Annual Report on Form 20-F filed for 2004. The financial data as of and for the years ended December 31, 2002, 2003 and 2004 have been derived from TDC's previous audited financial statements prepared in accordance with Danish GAAP as filed with the SEC in TDC's Annual Report on Form 20-F for 2004.

TDC's historical consolidated financial statements are presented in Danish kroner and have been prepared in accordance with either IFRS or Danish GAAP, which differ in certain significant respects from US GAAP. The material differences between Danish GAAP and IFRS as they relate to TDC are discussed in note 1 to our consolidated financial statements. The material differences between US GAAP and IFRS as they relate to TDC are discussed in note 34 to our consolidated financial statements.

You should read this selected financial data in conjunction with "Operating and Financial Review and Prospects" and the consolidated IFRS financial statements, related notes and other financial information included elsewhere in this offering memorandum and the consolidated Danish GAAP financial statements and notes thereto included in TDC's Annual Report on Form 20-F for 2004.

	Year Ended December 31,		
	2004	2005	2005
	(in DKK millions, except ratios)		(in € millions, except ratios)
Financial Data of TDC (IFRS):			
Statement of Income Data (audited):			
Revenue	42,339	46,588	6,245
Income before depreciation, amortization, and special items	11,996	13,003	1,743
Depreciation, amortization, and impairment losses	(6,661)	(6,790)	(910)
Operating income, before special items	5,335	6,213	833
Special items(1)	385	(968)	(130)
Operating income, including special items	5,720	5,245	703
Income from associates	5,632	334	45
Net financial items(2)	(716)	(1,056)	(142)
Income before income taxes	10,636	4,523	606
Income taxes	(1,041)	(1,026)	(138)
Income from continuing operations	9,595	3,497	469
Income from discontinued operations, net of tax	315	3,953	530
Net income	9,910	7,450	999
Balance Sheet Data (audited, at period end):			
Total assets	90,264	93,524	12,536
Total shareholders' equity	38,850	43,795	5,870
Statement of Cash Flow Data (audited):			
Net cash from operating activities	11,084	8,691	1,165
Net cash (used for) / from investing activities	2,889	(1,226)	(164)
Net cash from / (used for) financing activities	(12,573)	(4,229)	(567)
Change in cash and cash equivalents	1,400	3,236	434
Other Financial Data (unaudited):			
Gross debt(3)	30,975	30,736	4,120
EBITDA before special items(4)	11,996	13,003	1,743
EBITDA margin(5)	28.3 %	27.9 %	27.9 %
Capital expenditures(6)	5,148	5,624	754
Capex-to-revenue ratio(7)	12.2 %	12.1 %	12.1 %
Adjusted capex-to-revenue ratio(7)	14.5 %	14.3 %	14.3 %
Change in working capital(8)	1,212	(527)	(71)

(1) Special items include significant amounts that cannot be attributed to normal operations such as large gains and losses related to divestment of subsidiaries, special write-downs for impairment and costs for restructuring and others. Items of a similar nature for the non-consolidated enterprises are recognized under income from associates and net income from discontinued operations. In 2005, special items covered only restructuring costs and amounted to DKK (968) million (€(130) million) before tax and DKK (817) million (€(110) million) after tax, reflecting primarily the redundancy programs in the domestic operations and costs for financial and legal advisers related to the Transactions. In 2004, special items amounted to DKK 385 million (€52 million) before tax and DKK 741 million (€99 million) after tax. Profit before tax on divestment of major enterprises amounted to DKK 943 million (€126 million) before tax, reflecting primarily the disposal of Dan Net. Restructuring costs before tax amounted to DKK (558) million (€(75) million) and related primarily to the redundancy programs in the domestic operations. Restructuring costs after tax amounted to DKK (192) million (€(26) million), of which DKK 199 million (€27 million) related to a change in the tax value of goodwill in Talkline.

(2) Net financial items consists of financial income, financial expense and fair value adjustments.

(3) Gross debt represents the amount of principal repayable irrespective of related transaction costs, if any (i.e., before adjustment for any unamortized issue costs, debt discounts or premiums arising on issuance). For purposes of the balance sheet presentation under IFRS, debt is shown net of any unamortized issue costs, debt discounts or premiums arising on issuance.

(4) EBITDA before special items is operating income before depreciation, amortization and before special items, as shown on our statement of income. This measure is presented as we believe that it and similar

measures are widely used in the global telecommunications industry as a means of evaluating a company's operating performance.

(5) EBITDA margin is EBITDA before special items divided by revenue.

(6) Capital expenditures include expenditures on intangible assets and property, plant and equipment, but excludes share acquisitions.

(7) The capex-to-revenue ratio is calculated by dividing capital expenditures, excluding share acquisitions, by revenue. The capex-to-revenue ratio is presented as a measure of the extent to which revenue is being spent on capital expenditures.

We have also provided an adjusted capex-to-revenue ratio, which excludes Talkline, etc. (which includes our Talkline and easyMobile activities). Talkline etc.'s revenue was DKK 7,763 million (€1,041 million) in 2005 (2004: DKK 7,675 million (€1,029 million)) and capital expenditure was DKK 73 million (€10 million) in 2005 (2004: DKK 112 million (€15 million)). Talkline is a reseller of telephony products and as a result has disproportionately low capital expenditure requirements compared to our business as a whole. You should note that certain other aspects of our non-reselling business may have low capital expenditure requirements.

(8) Change in working capital is change in inventory, receivables, trade payables and certain other items.

Financial Data of TDC (Danish GAAP)

	Year Ended December 31,			
	2001	2002	2003	2004
		(in DKK millions)		
	(unaudited)		(audited)	
Statement of Income Data:				
Net revenue	41,838	42,011	41,413	43,570
Work performed for own purposes and capitalized	1,439	1,465	1,291	1,225
Other operating income	426	344	525	6,683
Total revenue	43,703	43,820	43,229	51,478
Operating expenses before depreciation and amortization	(35,547)	(32,725)	(32,123)	(33,221)
Depreciation and amortization	(8,534)	(8,030)	(7,963)	(8,193)
Total operating expenses	(44,081)	(40,755)	(40,086)	(41,414)
Operating income (loss)	(378)	3,065	3,143	10,064
Net financials[1]	1,160	2,725	239	27
Income before income taxes	782	5,790	3,382	10,091
Income taxes	(1,397)	(1,559)	(1,629)	(1,351)
Income before minority interests	(615)	4,231	1,753	8,740
Minority interests' share of net result	534	227	(8)	2
Net income (loss)	(81)	4,458	1,745	8,742
	(unaudited)		(audited)	
Balance Sheet Data (at period end):				
Total assets	86,681	83,626	89,515	87,546
Total shareholders' equity	32,713	34,661	32,973	35,963
	(unaudited)		(audited)	
Statement of Cash Flow Data:				
Net cash from operating activities	5,554	10,416	10,051	10,274
Net cash (used for) / from investing activities	(19,405)	(2,627)	(12,008)	3,666
Net cash from / (used for) financing activities	10,863	(6,759)	4,943	(12,562)
Change in cash and cash equivalents	(2,988)	1,030	2,986	1,378
Other financial data (unaudited):				
EBITDA[2]	8,156	11,095	11,106	18,257
EBITDA Margin[3]	19.5 %	26.4 %	26.8 %	41.9 %
Capital expenditures[4]	9,344	6,341	5,505	5,254
Capex-to-revenue ratio[5]	22.3 %	15.1 %	13.3 %	12.1 %
Change in working capital[6]	—	1,590	1,461	1,257

(1) Net financials consists of financial income, financial expense, fair value adjustments and share of income before tax of associated enterprises.

(2) EBITDA is operating income (loss) before depreciation and amortization. This measure is presented as we believe that it and similar measures are widely used in the global telecommunications industry as a means of evaluating a company's operating performance. As presented herein, EBITDA is calculated using statement of income data derived from our financial statements prepared in accordance with Danish GAAP, and is therefore calculated on a different basis than EBITDA before special items.

(3) EBITDA margin is EBITDA divided by net revenue.

(4) Capital expenditures include expenditures on intangible assets and property, plant and equipment, but excludes share acquisitions.

(5) The capex-to-revenue ratio is calculated by dividing capital expenditures, excluding share acquisitions, by revenue. The capex-to-revenue ratio is presented as a measure of the extent to which revenue is being spent on capital expenditures.

(6) Change in working capital is change in inventory, receivables, trade payables and certain other items.

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma financial information is based on the audited IFRS financial information of TDC appearing elsewhere in this offering memorandum and the unaudited IFRS financial information of the Issuer as combined and adjusted to illustrate the estimated pro forma effects of the Transactions, including:

- the Tender Offer and the initial financing thereof,
- the Debt Pushdown, including the drawing of the Senior Credit Facilities by TDC, the repayment of term loans incurred by the Issuer from dividends paid by TDC to the Purchaser, in turn distributed to the Issuer, and the payment of a pro rata minority dividend to minority shareholders of TDC,
- the redemption and refinancing of EMTNs of TDC in the debt tender offer and the repayment of EMTNs due on April 24, 2006,
- the offering of the notes and the application of the proceeds thereof, and
- the payment of certain fees and expenses associated with the Transactions.

The unaudited pro forma balance sheet gives effect to the Transactions as if they had occurred on December 31, 2005 and the unaudited pro forma statement of income gives effect to the Transactions as if they had occurred on January 1, 2005. The unaudited pro forma financial information should be read in conjunction with the consolidated financial statements of TDC included elsewhere herein, "The Acquisition and Related Financings" and "Operating and Financial Review and Prospects." The unaudited pro forma financial information is for informational purposes only and is not intended to represent or to be indicative of the consolidated results of operations or financial position that the Issuer would have reported had the Transactions been completed as of the dates presented, and should not be taken as representative of the Issuer's future consolidated results of operations or financial position.

The unaudited pro forma adjustments are based upon available information and certain assumptions that the Issuer believes are reasonable. However, as of the date of this offering memorandum, the Issuer has not performed the valuation studies necessary to estimate the fair values of the assets the Purchaser has acquired and the liabilities the Purchaser has assumed and the related allocation of purchase price. Please refer to note (c) to the unaudited pro forma balance sheet for further discussion of the purchase price allocation.

The unaudited pro forma statement of income does not reflect any one-time charges that the Issuer will record on or following the closing of the Transactions. These one-time charges will primarily relate to historic debt issuance costs incurred in connection with the refinancing of that debt.

While the Purchaser had offered to acquire 100% of the outstanding TDC share capital, as of the date of this offering memorandum, the Purchaser owns approximately 88.2%, which amount may subsequently be reduced to 87.9%. This unaudited pro forma financial information has been prepared to reflect the acquisition of 88.2% of the outstanding TDC share capital. It is also possible that the Purchaser could subsequently acquire further shares of TDC's share capital.

	Historical Issuer	Historical TDC	Acquisition and Financing Adjustments	Refinancing Adjustments	Consolidated Issuer Pro Forma
	Unaudited Pro Forma Balance Sheet as of December 31, 2005				
			DKKm		
Assets					
Non-current assets					
Intangible assets		33,118	29,334 (c)		62,452
Property, plant and equipment		26,054			26,054
Pension assets		5,645			5,645
Other non-current assets	7,627 (a)	3,798	(7,627)		3,798
Total non-current assets	7,627	68,615	21,707		97,949
Current assets					
Receivables		8,617			8,617
Marketable securities		3,687	(3,687) (b)		0
Cash and cash equivalents		10,063	(10,063) (b)		0
Other current assets		2,542			2,542
Total current assets	0	24,909	(13,750)		11,159
Total assets	7,627	93,524	7,957		109,108
Equity and liabilities					
Equity attributable to Issuer	7,507 (a)	43,520	(34,756) (b)		16,271
Minority interests	0	275	129 (d)		404
Total equity	7,507	43,795	(34,627)		16,675
Non-current liabilities					
Bonds, loans and other debt		24,890	(12,834) (b)		12,056
Senior secured debt			45,743 (b)		45,743
Bridge facility debt			15,145	(15,145) (e)	0
Notes offered hereby				15,145 (e)	15,145
Deferred tax liabilities		3,494			3,494
Deferred income		1,141			1,141
Other non-current liabilities		1,606			1,606
Total non-current liabilities	0	31,131	48,054	0	79,185
Current liabilities					
Current portion of long-term loans and debt		5,425	(5,190) (b)		235
Trade and other payables		9,210	(637) (b)		8,573
Deferred income		2,661			2,661
Other current liabilities	120	1,302	357		1,779
Total current liabilities	120	18,598	(5,470)	0	13,248
Total liabilities	120	49,729	42,584	0	92,433
Total equity and liabilities	7,627	93,524	7,957	0	109,108

Footnotes to the pro forma balance sheet:

(a) Reflects cash contributions used to acquire shares of TDC in the open market prior to the completion of the Tender Offer of DKK 7,627 million (€1,022 million) and hedging losses incurred by the Issuer of DKK 120 million (€16 million).

(b) *Tender offer and initial financing*

See accompanying notes to the unaudited pro forma balance sheet.

The following table reflects the sources and uses of cash, cash equivalents and marketable securities for the Tender Offer and the financing thereof prior to this offering assuming 88.2% of the outstanding TDC share capital is acquired:

	€(i)	DKK(i)
	(in millions)	
Sources		
Term Facilities(ii)*	6,506	48,538
Revolving Credit Facility(iii)	0	0
Bridge Facility(iv)*	2,031	15,145
Equity commitments(v)*	2,197	16,391
Other cash(vi)	103	779
Total sources	10,837	80,853
Uses		
Aggregate share purchase consideration(vii)	8,988	67,053
Refinancing of existing debt(viii)*	2,416	18,024
Premium on refinancing of existing debt(ix)*	36	271
Estimated fees and expenses(x)*	524	3,909
Minority interest dividend payment(xi)	679	5,066
Accrued interest(xii)	85	637
Total uses	12,728	94,960
Net change	(1,891)	(14,107)
Net change comprised of adjustments to:		
Change in marketable securities	(494)	(3,687)
Change in cash and cash equivalents	(1,349)	(10,063)
Change in other current liabilities	(48)	(357)
	(1,891)	(14,107)

* Original transaction currency: €.

(i) The exchange rate used for purposes of this table is the official rate of exchange quoted at December 31, 2005 of: €1.00:DKK 7.4605.

(ii) Represents the amounts drawn under the Term A Facility, Term B Facility and Term C Facility of the Senior Credit Facilities to finance the Transactions. Details of the amounts drawn under each facility are as follows:

Description	€	DKK
	(in millions)	
Term A Facility	1,576	11,758
Term B Facility	2,465	18,390
Term C Facility	2,465	18,390
Total	6,506	48,538

(iii) The Senior Credit Facilities also include the Revolving Credit Facility of up to €700 million, which is undrawn on a pro forma basis.

(iv) Represents the amounts drawn under the Bridge Facility for use by the Purchaser to finance the Transactions.

(v) Consists of net cash equity contributions to the Issuer from the Equity Investors.

(vi) Represents cash received by TDC on the exercise of employee share options for TDC shares that were tendered in connection with the Tender Offer.

(vii) Represents the total amount of cash consideration for 88.2% of the then outstanding TDC share capital acquired, and does not take into account that 0.3% of the share capital may be returned to employee shareholders of TDC.

(viii) Represents the book values of EMTN bonds that are to be refinanced by new debt comprised of DKK 12,920 million (€1,732 million) repurchased in the Debt Tender and Redemption and DKK 5,104 million (€684 million) to be repaid on maturity in April 2006. EMTN bonds with a December 31, 2005 book value of DKK 9,546 million (€1,280 million) will remain outstanding after the refinancing.

(ix) Represents the premium of the tender price over the book value of the tendered EMTN bonds.

(x) Represents estimated fees and expenses, including Consortium fees, comprised of an estimated DKK 1,114 million (€149 million) related to the Tender Offer and an estimated DKK 2,795 million (€375 million) related to new financing. For the purposes of the pro forma presentation, Consortium fees have been allocated 25% to estimated acquisition costs and 75% to debt issue costs.

(xi) Represents the cash dividend payment made by TDC to minority shareholders as part of the Debt Pushdown on April 11, 2006, in connection with the Transactions, calculated at a dividend per share of DKK 219.50 (€29.40) on 23,077,529 minority shares assumed to be outstanding.

(xii) Represents primarily accrued interest as if the EMTN bonds were tendered on December 31, 2005. This amount does not include interest on these EMTN bonds subsequent to December 31, 2005.

(c) For the purposes of the pro forma presentation, the excess of our costs to acquire TDC over the historic book value of TDC net assets acquired has been assumed to be goodwill. As of the date of this offering memorandum, the Issuer has not performed the valuation studies necessary in order to accurately estimate the fair values of the assets acquired and liabilities assumed. Accordingly, the excess of the purchase price over the historical equity has been recorded as goodwill in the pro forma balance sheet. Ultimately, a portion of the purchase price may be allocated to plant, property, and equipment or other intangible assets with finite lives (and related minority interest), which will result in additional depreciation and amortization expense. In addition, a step up or change to the amount of the recorded net pension asset could arise from the purchase and result in the elimination of any deferred gains being amortized to the profit and loss account. The Issuer does not expect the final purchase price allocation to have a significant impact on its cash flows or EBITDA before special items. The following table reflects the adjustment to goodwill as a result of the purchase price:

	DKKm
Aggregate share purchase consideration	67,053
Estimated acquisition costs	1,114
Aggregate purchase price	68,167
Historical equity	38,385
Initial purchase allocation adjustment	29,782
Allocations due to Tender Offer:	
Cash in of employee share options (see (b) (vi) above), 88.2%	(687)
Premium on refinancing of existing debt (see (b) (ix) above), 88.2%	239
Adjustment to goodwill for purchase of the 88.2% interest	29,334

(d) The pro forma adjustments assume that the Issuer acquires 88.2% of the outstanding share capital of TDC. This adjustment relates to the portion of the pro forma profit and loss adjustment of the Issuer that are attributed to the 11.8% minority interest that we have assumed will remain outstanding after the offering less dividends paid to minority shareholders on April 11, 2006 in connection with the Debt Pushdown of DKK 5,066 million (€679 million).

(e) The following table reflects the use of proceeds from the offering of the notes.

	€ (in millions)	DKK (in millions)
Gross proceeds of the notes offered hereby	2,031	15,145
Repayment of the Bridge Facility	(2,031)	(15,145)
Net use of available cash	0	0

Note that the estimated fees and expenses related to the issuance of the notes are included in total estimated fees and expenses related to the Transactions described in footnote (b)(x).

The following table reflects the pro forma movements in outstanding debt resulting from the Transactions:

	As of December 31, 2005				
	Historical TDC	Change	Issuer Pro forma	Current Portion	Long-term Portion
			(DKK m)		
Description					
Bonds, loans and other debt	30,736	(18,024)	12,712	320	12,392
Senior Credit Facilities:					
Term Facilities (A,B,C)	0	48,538	48,538	457	48,081
Revolving Credit Facility	0	0	0	0	0
Bridge Facility	0	0	0	0	0
Notes offered hereby	0	15,145	15,145	0	15,145
Gross debt*	30,736	45,659	76,395	777	75,618
Unamortized debt issue costs, debt discount and premium	(421)	(2,795)	(3,216)	(542)	(2,674)
Total debt	30,315	42,864	73,179	235	72,944

* Gross debt represents the amount of principal repayable on maturity. For purposes of the balance sheet presentation under IFRS, debt is shown net of any unamortized debt issue costs, and any unamortized debt discount or premium arising on issuance.

	Unaudited Pro Forma Statement of Income For the Twelve Months Ended December 31, 2005			
	Historical Issuer	Historical TDC	Transaction Adjustments	Consolidated Issuer Pro Forma
	DKK m			
Statement of Income				
Revenue		46,588		46,588
Operating expenses before depreciation, amortization and special items	(8)	(33,842)	(37)[(a)]	(33,887)
Other income and expenses, net		257		257
Operating income before depreciation, amortization and special items	(8)	13,003	(37)	12,958
Depreciation, amortization, and impairment losses		(6,790)		(6,790)
Operating income, excluding special items	(8)	6,213	(37)	6,168
Special items		(968)		(968)
Operating income, including special items	(8)	5,245	(37)	5,200
Income from associates		334		334
Net financial items:				
Financial income and fair value adjustments		(83)		(83)
Interest expenses net	(33)	(973)	(3,859)[(b)]	(4,865)
	(33)	(1,056)	(3,859)	(4,948)
Income before income taxes	(41)	4,523	(3,896)	586
Income taxes		(1,026)	1,091[(c)]	65
Income from continuing operations	(41)	3,497	(2,805)	651
Income from discontinued operations, net of tax		3,953		3,953
Net income	(41)	7,450	(2,805)	4,604
Attributable to:				
— Shareholders of the Parent company	(41)	7,474	(3,413)	4,020
— Minority interests	0	(24)	608 [(d)]	584

Footnotes to the pro forma statement of income:

(a) Represents incremental charges for administration and management by the Consortium of approximately €5 million.

(b) Reflects pro forma interest expense resulting from the new capital structure using the assumed interest rates below:

	Twelve Months Ended December 31, 2005
	DKK m
Term Facilities[(i)]	2,781
Revolving Credit Facility[(ii)]	39
Floating Rate Notes[(iii)]	314
Senior Notes[(iv)]	1,038
Historical interest expense related to EMTN bonds, mortgage and other debt assumed not to be refinanced[(v)]	764
Total pro forma interest expense	4,936
Amortization of debt issuance costs, discount and premium[(vi)]	318
Total pro forma interest expense	5,254
Less: Historical interest expense on EMTN bonds, mortgage and other loans included in Historical expense for TDC[(vii)]	(1,699)
Less: Historical interest income on cash and cash equivalents and marketable securities[(vii)]	304
Net adjustment to interest expense	3,859

A 1% variance in interest rates related to the following variable rate borrowings would have the following effect on pro forma interest expense:

	Twelve Months Ended December 31, 2005
	(DKK m)
Term Facilities	243
Floating Rate Notes	33
Mortgages	9
Total	285

(i) Reflects pro forma interest expense on the Term A, Term B, and Term C loan facilities of the Senior Credit Facilities calculated as follows, on the basis of an allocation of 50% to a 3 month floating rate and 50% to a fixed rate of interest:

Description	Principal	Interest Rate	Margin	Interest Expense
	(DKK m)			(DKK m)
Term A	11,758	3.225%	2.125%	629
Term B	18,390	3.225%	2.375%	1,030
Term C	18,390	3.225%	2.875%	1,122
Total	48,538			2,781

The Term Loans bear interest of EURIBOR plus a margin. The Issuer has also committed to undertake interest rate swaps to fix the rate of 50% of the outstanding balances by swapping the floating 3 month EURIBOR for a fixed interest rate. For the purposes of the pro forma presentation, the 3 month EURIBOR rate at March 31, 2006 (of 2.817%) has been assumed to apply with floating 3 month EURIBOR swapped for a fixed rate (of 3.632%) for 50% of the outstanding principal balance.

(ii) Reflects commitment fees of 0.75% on the undrawn balance under the €700 million Revolving Credit Facility.

(iii) Reflects pro forma interest expense on an assumed €440 million (DKK 3,283 million) of the Floating Rate Notes offered hereby assuming an interest rate of EURIBOR plus 6.75%.

(iv) Reflects pro forma interest expense on an assumed €1,591 million (DKK 11,862 million) of the Senior Notes offered hereby assuming an all-in interest cost of 8.75% per annum.

(v) Reflects historical interest expense on the €1,648 million (DKK 12,295 million) of TDC outstanding debt assumed not to be refinanced as part of the Transactions. The assumed debt consists of the following:

Description	Book value at Dec. 31, 2005	Interest Rate	Historical Expense
	(DKK m)		(DKK m)
Bonds	9,546	6.59%	629
Mortgages	886	2.60%	23
Other loans	1,863	6.01%	112
Total	12,295		764

(vi) Reflects non-cash amortization of debt issuance costs, debt discount and premium. These items are amortized over the term of the related facility (6-9 years for the term loan facilities and 10 years for the notes) and are comprised of the following:

	(DKK m)
Debt issue costs on assumed debt	0
Discounts/premiums on assumed debt	0
Debt issue costs on the Senior Credit Facilities and the notes offered hereby	2,795
Total	2,795

(vii) Represents historical net interest expense and historical interest income of TDC for the twelve-month period.

(c) Reflects the tax effect of the pro forma adjustments, net of non-deductible items, calculated at a 28% statutory rate.

(d) Reflects minority interest in the earnings of TDC assuming the Purchaser retains no more than 88.2% of the share capital of TDC.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following operating and financial review and prospects covers periods prior to the Transactions. Accordingly, the discussion and analysis of historical periods do not reflect the significant impact the Transactions will have on us, including the increased leverage levels and liquidity requirements arising from the Transactions.

The discussion includes forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied herein. For a discussion of some of those risks and uncertainties, please see the sections entitled "Disclosure Regarding Forward-Looking Statements" and "Risk Factors."

You should read the following discussion together with the consolidated financial statements and related notes included elsewhere in this offering memorandum and other financial information. Our consolidated financial statements for the year ended December 31, 2005 are the first to be prepared in accordance with IFRS. This discussion and analysis covers only our 2004 and 2005 financial years, the only periods for which we have prepared audited financial statements in accordance with IFRS, and unless otherwise stated, all amounts in this discussion and analysis are presented in accordance with IFRS. IFRS differs in certain respects from Danish GAAP and US GAAP. For a description of the significant differences between IFRS and US GAAP as they relate to TDC, and a reconciliation of certain of our data to US GAAP, see note 34 to our consolidated financial statements included elsewhere in this offering memorandum.

Overview

We are the leading provider of communications solutions in Denmark, the second-largest telecommunications provider in Switzerland, and we have a significant presence in other selected markets in Northern and Central Europe.

Segment reporting

We report segment information in respect of our business activities and geographical markets. The segmentation is based on the segment's risk profile and our internal financial reporting system. See note 4 to our consolidated financial statements.

TDC is organized as five business lines:

- *TDC Solutions* provides mainly communications services primarily in Denmark and the Nordic countries. Its activities include landline telephony services, convergence products (combined landline and mobile telephony), data communications and internet services, including broadband solutions, security and hosting services, leased lines, sale of terminals and installation. TDC Solutions' main activities are performed by the parent company TDC Solutions A/S, and its subsidiaries TDC Song (pan-Nordic), HTCC (Hungary), NetDesign (Denmark) and TDC Dotcom (based in Sweden).
- *TDC Mobile International* provides mobile telecommunications services in Denmark and a number of other European countries. The domestic activities include the wholly-owned subsidiaries TDC Mobil A/S and Telmore. The international activities include the wholly-owned subsidiaries Talkline, a German MVNO, and Bité, a Baltic mobile operator in Latvia and Lithuania. TDC Mobile International also holds a 19.6% stake in Polkomtel, operating in Poland (which we are in the process of selling), a 15% stake in One, which operates in Austria, and an 88.9% stake in Telmore International Holding ("Telmore International"), responsible for cooperation with easyGroup, which launched the easyMobile concept in 2005. Talkline owns 80% of the easyMobile business in Germany, which was also launched in 2005.
- *TDC Switzerland* is the second-largest telecommunications provider in the Swiss market. Its activities include mobile, landline and internet communications services.
- *TDC Cable TV* is a Danish provider of cable TV, internet access and VoIP and can therefore provide triple play solutions. TDC Cable TV's activities also include those of its wholly-owned subsidiaries Dansk Kabel TV, Connect Partner and Telelet.
- *Other activities* include primarily TDC Services, which provides services mainly for TDC's domestic business lines.

We also report certain financial information for the following geographical markets: Domestic operations, Switzerland and Other international operations.

Discontinued operations

Discontinued operations consist of entities comprising separate major lines of business or geographical areas, whose activities and cash flows for operating and accounting purposes can be clearly distinguished from the rest of the entity, and where the entity has been disposed of or classified as held for sale, and it seems highly probable that the disposal is expected to be effected within twelve months in accordance with a single coordinated plan. Income (loss) after tax of discontinued operations is presented in a separate line in the Statements of Income with restated comparative figures. Assets and accompanying liabilities are presented in separate lines in the Balance Sheets without restate comparative figures. Cash flows from operating, investing and financing activities of discontinued operations are presented in separate lines in the Statements of Cash Flow with restated comparative figures.

During the period under review, discontinued operations are comprised of our former TDC Directories business line. Assets held for sale relate to Contactel, a business line in the Czech Republic that was sold with effect from February 2, 2006.

Recent developments

TDC has not published any financial information in respect of the first quarter of 2006, and its compilation and verification of financial data in respect of such quarter is not complete. However, based on currently available information, TDC estimates its revenue for the first quarter of 2006 to be higher than for the first quarter of 2005 before adjustment for acquisitions and divestments of enterprises and, to a lesser extent, after adjustments for acquisitions and divestments. TDC also estimates its EBITDA before special items for the first quarter of 2006 to be higher than for the first quarter of 2005 before adjustment for acquisitions and divestments of enterprises and, to a lesser extent, after adjustment for acquisitions and divestments. TDC estimates that, as expected, revenue and EBITDA before special items declined for the TDC Switzerland segment in the first quarter compared to the first quarter of 2005, despite the growth on a group basis. These estimates are based on financial information that is not final and is subject to change, and therefore no investment decision should be based on these estimates. TDC has announced that it will issue its earnings release for the first quarter of 2006 on May 4, 2006.

Key Factors Affecting Our Results of Operations

Overview

We generate a majority of our revenue from fixed line services (including fixed telephony, data communications, internet and leased lines), mobile telephony and cable television. We believe that the ability to provide bundled services (such as mobile/fixed convergence products) will become more important in the future and will provide us with a competitive advantage. We also expect that enterprises with the ability to deliver services across the Nordic markets may benefit from a competitive advantage.

TDC Solutions

Fixed telephony

Our fixed telephony revenues from period to period are principally affected by the number of subscribers paying a quarterly subscription fee, traffic volumes, prices and sales mix between the retail and wholesale markets. In Denmark, we offer basic fixed telephony services based on PSTN and ISDN. The fixed telephony services are offered on both wholesale and retail terms. The number of retail subscribers in Denmark has declined in recent years primarily due to fixed-to-mobile substitution. This is a general trend for operators in Europe where an increasing number of households, due to declining mobile prices, choose only to have a mobile subscription. The decline in retail subscribers is partially offset by an increase in wholesale subscribers, although at lower prices than for retail subscribers.

Traffic volumes have also declined steadily during the past years. This trend can also be explained by fixed-to-mobile substitution and increased competition. Furthermore, the emergence of competitively priced IP-VPN solutions has made it possible for business customers with several branches to establish their own networks, based on IP-VPN, allowing them to route traffic between branches within their own network instead of through the public telephone network. The result of this is a sharp decline in billed minutes for business customers, which is partly offset by an increase in internet and data communication revenue.

A number of our Danish competitors, such as Cybercity and Tele2, have introduced VoIP at highly competitive flat fee prices that include all traffic with the exception of calls to mobile. We have already launched IP telephony on the TDC Cable TV network in 2005, and in the beginning of 2006 we launched our own VoIP solutions based on DSL in order to compete for the customers who migrate towards a VoIP solution. While we believe that the emergence of VoIP has not yet had a significant impact on subscriber and traffic volumes, we expect that the migration to VoIP will result in a substantial decline in our PSTN customer base, with a significant impact on our revenue.

Until 2005, our retail prices for landline telephony were regulated; these retail prices are now unregulated, although price differences based on geographic location are not permitted. The larger part of our retail offerings of leased lines must comply with a rule of cost orientation imposed by NITA. For example, we are required to calibrate leased-line prices once a year in order to ensure that they exactly match the corresponding cost plus a mark-up set by NITA.

In the wholesale market, the majority of our prices are regulated. Until 2002, interconnection prices were regulated mainly on the basis of historical cost analyses and best-practice benchmarking against corresponding international prices. Since January 1, 2003, prices of switched interconnection traffic, interconnection capacity, shared access and ULL (also known as raw copper) as well as related co-location have been based on the results of the LRAIC model. The LRAIC model was updated on January 1, 2006, which resulted in lower interconnect prices.

Leased lines

The revenue and profitability of our traditional leased line business area have declined in recent years, primarily due to migration towards IP-based solutions and declining prices due to regulation. However, new products such as Cityman, which is a high capacity wide area network solution based on fiber-optic cable particularly suited for municipalities and large businesses that need very high capacity between locations, provide access to business customers and partly offset this declining trend.

Data communication and internet services

Our data communications and internet revenue is principally impacted by the number of subscribers we have, the mix of subscribers between broadband and narrowband, traffic, prices and mix of bandwidths.

Subscriber growth depends on a number of factors, including performance, penetration of internet services, tariff plans and the availability of and customer demand for new services and technologies (such as VoIP and TVoIP), general economic conditions and our ability to attract new subscribers and retain existing ones.

Over the last two years, the market for broadband services has increased significantly and has more than offset the decline in the demand for dial-up services. We believe that this trend will continue. Furthermore, broadband customers tend to have higher ARPU than dial-up subscribers, which has led to significant revenue growth. However, competition for broadband subscriptions has intensified leading to pressure on prices. In spite of this pressure, we have managed to maintain ARPU levels by migrating customers to higher-speed bandwidths. We believe that we must continue to migrate broadband customers towards higher bandwidth connections in order to mitigate ongoing price pressure. The success of this strategy will depend on the continued development of internet-based applications that require bandwidth.

In 2005, we launched our TVoIP offering under the brand TDC TV. We believe that our TVoIP offering will benefit us in the future, not only as an additional source of revenue and profits, but also as a means to achieve a closer relationship with customers, in order to increase customer loyalty and so make us less susceptible to churn and price competition.

Terminal equipment etc.

Revenue from the sale of terminal equipment is highly dependent on the business cycle, as well as technological developments, and thus fluctuates more than revenue from the traditional telephony business. In recent years, there has been a growing trend among business customers to integrate their data and telephony into one IP network. This task is highly complex and requires access to highly trained personnel. The acquisitions of NetDesign and Dotcom Solutions were motivated by our desire to secure this technology and trained personnel.

TDC Mobile International

General

Growth in our mobile revenue is dependent on subscriber numbers and ARPU. Subscriber numbers are affected by churn among existing subscribers and acquisition of new customers (gross-adds). ARPU depends on traffic volume and pricing for different services.

Subscriber growth depends on a number of factors, including pricing, quality of customer service, our ability to provide new value-added services, the overall growth of the market, the level of competition for obtaining new subscribers and retaining existing subscribers and general economic conditions.

We believe that a majority of the markets in which our mobile companies operate are approaching saturation. Our ability to increase our subscriber base therefore depends increasingly on our success in providing competitive services and attractive products, our ability to acquire subscribers from our competitors and our success in reducing churn.

ARPU is driven primarily by traffic volume (voice as well as data), mobile termination rates and end user tariffs.

Traffic volume growth depends on the number of subscribers we have and the growth of the average minutes of use by each of our subscribers. This in turn depends on subscriber quality and the level of the continued substitution of mobile services for fixed line services and our success in stimulating additional usage. Data services utilization depends on customer demand for mobile broadband services already introduced as well as for future services.

Tariffs are mainly driven by the competitive environment. We believe that future ARPU growth will be primarily driven by growth in voice usage, data services and value-added services, and will be offset by declining tariffs and interconnection rates.

We believe that future ARPU growth primarily will be positively affected by growth in usage of data services and, possibly, growth in voice usage due to declining minute prices. The effect of declining prices resulting from increased competition will depend on the price elasticity in the markets in which our mobile businesses operate. The expected decrease in voice tariffs, including interconnection rates and roaming rates, will influence ARPU negatively.

Introduction of services based on alternative technologies, such as WiMAX, services that integrate VoIP with mobile telephony and mobile IP telephony may in the future decrease usage of traditional mobile telephony.

The level of acquisition subsidies used to acquire subscribers from our competitors and cost held to retain existing customers may have a significant effect on our results of operation. In Denmark, regulation limits the length of contract for the retail mobile market to 6 months. This limits the amount of subsidy for handsets that may be recouped through a contract. We believe that this limitation makes it more difficult for new competitors to attract and retain our existing mobile customers with handset subsidies.

Domestic operations

The year 2003 and, to some extent, 2004, was a period characterized by intense price competition mainly fuelled by the internet-based self-service operator Telmore and the second major no-frills MVNO, CBB Mobil. However, industry consolidation has reduced the pace of price reductions in 2005. In spite of price competition, mobile revenue grew substantially in both 2004 and 2005, as increasing traffic volumes more than compensated for the price decreases. In 2004 as well as 2005, outgoing minutes increased by approximately 20% and SMS volumes increased at an even higher rate. The increasing volumes in minutes is attributable to an increase in post-paid subscribers as a percentage of total subscribers and an increase in MOU per subscriber.

Talkline etc.

Talkline has experienced a significant growth in subscribers in 2004 and 2005. However, a decline in MOU has led to more modest growth rates in traffic volumes. The declining MOU can be explained by a higher share of pre-paid customers and more post-paid customers with low usage.

Bité

The number of subscribers in Bité has more than tripled from 2003 to 2005 and minute volumes have doubled in the same period. The slower growth in minutes can be explained by a higher share of pre-paid users, which was partially offset by higher MOU by post-paid customers. SMS usage has increased by a factor of 9 from 198 million messages in 2003 to 1,800 million messages in 2005. During 2004 and 2005, price competition has increased, leading to a substantial price reduction. In particular, residential post-paid has suffered from severe price reductions, with average revenue per minute dropping from €0.18 in the first quarter of 2004 to €0.06 in the fourth quarter of 2005. As subscriber growth is expected to flatten over time as mobile penetration rates increase, Bité's future revenue and profitability will be dependent upon a moderation in further price decreases.

TDC Switzerland

General

TDC Switzerland operates mobile and fixed line (including internet and data communications) businesses, which are principally affected by the same factors as the domestic operations of TDC Solutions and TDC Mobil.

Mobile

TDC Switzerland's number of customers and traffic volume increased steadily during 2004 and 2005. The Swiss mobile market in the past has been characterized by stable market shares and high prices. However, during the second half of 2005, price competition has started to intensify in part due to the entry of new MVNOs and branded distributors such as Migros, Coop, Cablecom and Tele2. Our future results of operations will depend on any further price decreases and our ability to compensate for price decreases by increased usage (as TDC Mobil has been able to do in Denmark).

Prices in the Swiss mobile market have also been impacted by regulatory developments in 2005. Prompted by a preliminary decision by the Swiss competition authority regarding its alleged abuse of market power, Swisscom in 2005 reduced its prices for terminating mobile calls by 40% to CHF 0.20 per minute, which reduction put heavy pressure on other Swiss mobile operators to reduce their tariffs as well. As a consequence, we reduced our prices for terminating mobile calls on the sunrise network by 19% to CHF 0.30 per minute.

Swisscom has subsequently challenged TDC Switzerland's level of reduction of its prices for terminating mobile calls on the basis that such reduction was not reciprocal with Swisscom's reduction. Swisscom has requested that ComCom require us to reset our prices at a lower level, retroactive to January 1, 2006. If we were required by ComCom to make such a price reduction, it would have an adverse affect on the results of operations of TDC Switzerland.

Fixed line

We believe that the major difference between TDC Switzerland's fixed line business and TDC Solutions' domestic business is that TDC Switzerland does not own its own access network and is therefore dependent on Swisscom to provide services to its customers. Swisscom has been very reluctant to provide access to its network to other operators and has not been compelled to do so by regulation. As compared to the telecommunications markets of the EU member states, deregulation has lagged in Switzerland. In particular, ULL has not been required in the Swiss market. This has meant that the only effective option for sunrise to offer DSL has been to resell Swisscom product offerings, at small margins. In past years, like in most other Western European markets, a migration towards broadband from dial-up services has taken place. Due to an unfavorable cost structure, it has not been possible to compensate from a profitability standpoint for the loss of dial-up customers by the growth in DSL. We believe that in order to improve the situation it is necessary to obtain access on more favorable terms. Therefore, the enactment of regulation requiring ULL or similar measures will be a key factor to future results.

The revised telecommunications law regarding access to ULL was passed in Swiss Parliament on March 24, 2006. A 100-day referendum period expires on July 13, 2006. If there is no referendum and the ordinances implementing the new law are finalized, the new law enters into force. Although unlikely, it is possible that organizations opposed to the law could force a public vote, which would further delay enactments by at least a year and could potentially result in enactment being prevented.

Our Swiss business benefits from regulations requiring Swisscom to grant other telecommunication operators, including us, interconnection services under cost-based terms and conditions. Swisscom has challenged the interconnection tariffs as set by ComCom in court. In the second half of 2006, the Federal Supreme Court in Switzerland is expected to issue a final ruling on the matter.

TDC Cable TV

Our domestic cable TV business generates revenue from the delivery of TV signals and TV channels to residential customers, including single family dwellings, and antenna co-operatives and housing associations, broadband services (cable modem) and IP telephony.

The TV business is primarily affected by the number of homes passed by our cable network, the level of penetration within the geographic area of our network and competition from alternative cable TV providers (especially within the antenna co-operatives and housing association segment), providers using satellite signals and TVoIP provided via DSL or fiber networks provided by companies such as power utilities.

The broadband business is impacted by the level of broadband penetration, its success in maintaining ARPU based on demand for increased bandwidth, competition from DSL and fiber-based broadband and the number of homes passed by our cable network.

We expect that our future cable TV revenue will be influenced positively by our ability to offer triple play solutions (TV, broadband and fixed voice). Furthermore, we expect that the introduction of new services and content such as digital TV and VoD will positively affect revenue. Costs relating to procurement of TV programs are impacted in part by the success of negotiating price reductions from the content suppliers. It is important for our future profitability that we are able to obtain programs at competitive prices.

Special items

Our results of operations are affected by special items that we record from time to time. Special items are significant amounts that cannot be attributed to normal operations such as large gains and losses related to divestment of subsidiaries, special write-downs for impairment and costs for restructuring and others. Items of a similar nature for the non-consolidated enterprises are recognized under income from associates and net income from discontinued operations.

In 2005, special items related to restructuring costs, reflecting primarily the redundancy programs in the domestic operations and costs for financial and legal advisers related to the Transactions. In 2004, special items related primarily to profits on the disposal of Dan Net and restructuring costs related primarily to the redundancy programs in the domestic operations. We expect to recognize further special items in 2006 as a result of announced redundancy programs.

Restructuring and cost management programs

Our revenue and profitability are impacted by, among other things, the significant price competition we face in our markets and government-imposed pricing restrictions. As a result, our continued ability to reduce costs will be a key factor in maintaining or improving our profitability and cash flows.

We continue to focus on reducing operational expenditures. Employee-related expenses are a significant component of our operating expenses, and the focus of our recent cost reduction programs has been on reducing employee headcount. During the last three years we have reduced our headcount by over 2,200 employees through early retirement and voluntary redundancy programs, and we expect to further reduce headcount in 2006 by approximately 720 employees. While these programs contribute to a reduction in operating expenses, we may record special items associated with these programs.

Acquisitions and divestitures

We have made a number of significant acquisitions and divestitures in recent years. The most important of these include the acquisition of Song Networks (now TDC Song) and the disposal of the TDC Directories business line. We are also currently in the process of disposing of our minority interest in Polkomtel.

Our acquisitions and divestitures 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 divestiture of businesses may also be recorded as special items.

Depending on the nature of the business being sold, the margins of a business line or group may be affected. For instance, the acquisition of TDC Song, which overall had lower margins than the existing TDC Solutions business line, meant that margins for TDC Solutions declined slightly in the period under review, despite improvement in the underlying business on a like-for-like basis.

For further details as to some of our material acquisitions and divestitures, please see "—Acquisitions and divestitures."

Substantial leverage and other Transactions-related effects

Following the Transactions, we have substantial additional indebtedness. As of and for the year ended December 31, 2005, on a pro forma basis we would have had DKK 76,395 million (€10,240 million) of indebtedness and cash interest expense of DKK 4,936 million (€662 million). We expect to require more cash than in previous years to service our debt obligations, and our debt obligations may also require us to use cash from operations or from asset disposals to pay down debt, leading to lower cash balances. Our costs for future borrowings will likely increase to reflect our new capital structure. In addition, the Issuer may record higher levels of depreciation and amortization than TDC has historically recorded, due to the application of purchase accounting to the financial statements. Any positive difference between purchase price and the fair value of the assets and liabilities will be assigned to goodwill, which will be tested for impairment. We would also expect to incur lower levels of profit and therefore lower levels of income tax as a result of the Transactions.

Taxation

Our results of operations and cash flows are impacted by our tax rates. The ability of TDC to upstream funds to the Issuer to service the notes is also impacted by the tax position of TDC and its subsidiaries.

Danish tax legislation changed effective December 15, 2004. Following these changes, all the Danish group companies (including majority owned companies) participate in joint taxation, but we will not have joint taxation with foreign group companies. As a result we may lose access to tax losses that we were able to utilize in the past. We have made provisions for the expected effects of this change in our consolidated financial statements.

Critical Accounting policies

For more detail on the estimates and accounting policies relating to our results of operations and our balance sheet, see the notes to our consolidated financial statements.

Comparison of the year ended December 31, 2005 to the year ended December 31, 2004

The following discussion of TDC's results of operations should be read in conjunction with our consolidated financial statements included elsewhere in this offering memorandum.

TDC Group

Revenue

TDC's revenue was DKK 46,588 million (€6,243 million) in 2005, increasing by DKK 4,249 million (€569.5 million) or 10.0% compared with 2004. This growth stemmed mainly from the inclusion of acquired companies, including changes in ownership shares, but also reflected growth in our mobile businesses in Denmark and Germany and our domestic broadband and cable TV businesses. This positive increase was partly offset by lower revenue from traditional landline telephony in the domestic operations caused by the migration toward mobile telephony and private IP-based networks. Adjusted for acquired and divested enterprises, as described herein, TDC's revenue rose by DKK 1,847 million (€247.5 million) or 4.6% in 2005 compared with 2004.

TDC Group	2004	2005	Growth in %	Adjusted growth (%)[2]
	DKKm			
Revenue				
TDC Solutions	18,590	21,631	16.4	(0.2)
TDC Mobile International	15,105	16,039	6.2	13.4
Domestic operations	6,503	7,151	10.0	10.0
Talkline etc.	7,675	7,763	1.1	15.7
Bité	927	1,125	21.4	21.4
TDC Switzerland	9,692	9,582	(1.1)	(3.4)
TDC Cable TV	1,766	2,107	19.3	19.3
Other activities[1]	(2,814)	(2,771)	1.5	1.5
TDC Group	42,339	46,588	10.0	4.6

1 Includes TDC Services and eliminations.

2 Adjusted for acquisition and divestment of subsidiaries.

Transmission costs and cost of goods sold

Transmission costs and cost of goods sold in TDC were DKK 17,104 million (€2,292 million) in 2005, increasing by 9.4% or DKK 1,474 million (€197.5 million) compared with 2004, due primarily to the acquisition of enterprises by TDC Solutions and higher transmission costs in TDC Mobile International as a result of increased voice and SMS traffic. This was partly offset by lower costs in TDC Switzerland related to lower sales of handsets and lower mobile termination prices. Adjusted for acquired and divested enterprises, the increase was DKK 433 million (€58 million) or 3.1%.

Other external expenses

Other external expenses, including marketing and customer-acquisition costs as well as rent, leases and service agreements, were DKK 9,110 million (€1,221 million) in 2005, increasing by DKK 993 million (€133 million) or 12.2% compared with 2004. The increase occurred largely at TDC Mobile International due to higher customer-acquisition costs in Talkline and Bité. The increase also occurred at TDC Switzerland following the acquisition of sunrise business communications and the operation of an increased number of mobile sites at year-end 2005. Adjusted for acquired and divested enterprises, the increase was DKK 748 million (€100.2 million) or 9.5%.

Wages, salaries and pension costs

Wages, salaries and pension costs were DKK 7,628 million (€1,022 million), increasing by DKK 795 million (€106.5 million) or 11.6% compared with 2004. The increase primarily reflected an increase in the number of average full-time employee equivalents by 929 or 4.9% due mainly to the acquisition of companies in TDC Solutions and TDC Switzerland. The increase also related to lower pension income from defined benefit plans for employees with civil servant status in domestic operations. The increase was partly offset by lower wages, salaries and pension costs due to fewer employees in the domestic operations. In 2005, 574 employees retired in connection with redundancy programs. Adjusted for acquired and divested companies, wages, salaries and pension costs increased by DKK 191 million (€25.6 million) or 2.9%.

TDC Group	2004	2005	Growth in %	Adjusted growth (%)[2]
	DKKm			
EBITDA before special items				
TDC Solutions	5,872	6,648	13.2	4.1
TDC Mobile International	2,677	2,809	4.9	6.1
Domestic operations	2,035	2,205	8.4	8.4
Talkline etc.	451	416	(7.8)	(1.1)
Bité	191	188	(1.6)	(1.6)
TDC Switzerland	2,457	2,584	5.2	5.3
TDC Cable TV	351	470	33.9	33.9
Other activities[1]	639	492	(23.0)	(23.0)
TDC Group	11,996	13,003	8.4	4.0

1 Includes TDC Services, TDC A/S and eliminations.

2 Adjusted for acquisition and divestment of subsidiaries.

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

TDC's EBITDA before special items increased by DKK 1,007 million (€134.9 million) or 8.4% to DKK 13,003 million (€1,742.7 million) compared with 2004, reflecting primarily TDC Solutions' EBITDA before special items, which increased by DKK 776 million (€104 million) or 13.2% compared with 2004, resulting mainly from acquired and divested companies. TDC Mobile International's EBITDA before special items increased by DKK 132 million (€17.7 million) or 4.9% compared with 2004, primarily reflecting growth in the domestic operations. EBITDA before special items in TDC Cable TV increased by DKK 119 million (€15.9 million) or 33.9% compared with 2004 as a result of increased revenue driven by a larger customer base in both the cable TV business and internet operations. The increase was partly offset by lower EBITDA before special items from our Other Activities, which decreased by DKK 147 million (€19.7 million) or 23.0% compared with 2004 related primarily to lower pension income from defined benefit plans for employees with civil servant status in the domestic operations. Adjusted for acquired and divested enterprises, TDC's EBITDA before special items increased by DKK 475 million (€63.7 million) or 4.0%.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses increased by DKK 129 million (€17.3 million) or 1.9% compared with 2004 to DKK 6,790 million (€910 million) in 2005. This increase primarily related to acquired companies, partly offset by write-downs of software and network equipment in 2004.

Operating income excluding special items

Operating income excluding special items increased by DKK 878 million (€117.7 million) or 16.5% compared with 2004 to DKK 6,213 million (€832.7 million). This increase primarily reflected improved EBITDA before special items, partly offset by increased depreciation, amortization and write-downs.

Special items

In 2005, special items included only items such as restructuring costs and were DKK (968) million (€(130) million) before tax and DKK (817) million (€(110) million) after tax, primarily reflecting the redundancy programs in the domestic operations and costs for financial and legal advisers related to the Transactions. This amount includes one year's special additional remuneration of DKK 6 million (€0.8 million) for the Board of Directors due to the extra workload that included 16 additional board meetings prior to the Acquisition. Twice the annual remuneration is included for the Chairman and the Vice Chairman of the Board, who coordinated the process on behalf of the Board of Directors, participated in all negotiations and maintained all ongoing contact with the Investors.

In 2004, special items were DKK 385 million (€52 million) before tax and DKK 741 million (€99 million) after tax. Profit before tax on divestment of major enterprises was DKK 943 million (€126 million), primarily reflecting the disposal of Dan Net. Restructuring costs before tax were DKK (558) million (€(75) million) and related primarily to the redundancy programs in the domestic operations. Restructuring costs after tax were DKK (192) million (€26 million), of which DKK 199 million (€27 million) related to a change in the tax value of goodwill in Talkline.

Income from associates

Income from associates after income taxes was DKK 334 million (€45 million) in 2005 compared with DKK 5,632 million (€755 million) in 2004, representing a decrease of DKK 5,298 million (€710 million), reflecting primarily profit from the disposal of Belgacom in 2004.

Net financials

Net financials, including fair value adjustments, consist of financial income, financial expenses and fair value adjustments. Net financials, including fair value adjustments, were DKK (1,056) million (€(141) million) in 2005, compared with DKK (716) million (€(96) million) in 2004.

In 2005, fair value adjustments were DKK (184) million (€(25) million) and related mainly to negative fair value adjustments of TDC's holding of bonds and derivative financial instruments.

In 2004, fair value adjustments resulted in income of DKK 178 million (€24 million) primarily reflecting a fair value adjustment of a cash receivable recognized in other fair value adjustments.

Financial income was DKK 2,454 million (€329 million) in 2005, representing a decrease of DKK 93 million (€13 million) compared with DKK 2,547 million (€341 million) in 2004.

Financial expenses was DKK (3,326) million (€(446) million) in 2005, representing a decrease of DKK 115 million (€15 million) compared with DKK (3,441) million (€(461) million) in 2004.

Financial expenses, net, excluding fair value adjustments, was DKK (872) million (€(117) million) in 2005, representing a decrease of DKK 22 million (€3 million) compared with 2004. This development mainly reflected positive foreign currency adjustments, offset by higher net interest expenses, primarily due to interest relating to tax refunds in 2004.

Income taxes

Income taxes were DKK 1,026 million (€138 million) in 2005, representing a decrease of DKK 15 million (€2 million) or 1.4%. Income taxes related to net income, excluding special items and fair value adjustments, were DKK 1,224 million (€164 million) in 2005, representing a decrease of DKK 136 million (€18 million) or 10% compared with 2004. The effective tax rate, excluding special items and fair value adjustments, was 21.6% in 2005 compared with 27.2% in 2004. The decrease in the effective tax rate from 2004 to 2005 is mainly due to the non-recurring impact from the lowering of the Danish corporate income tax from 30% to 28% due to a reduction in deferred tax liabilities for TDC.

Income taxes relating to special items resulted in tax income of DKK 151 million (€20 million) in 2005 compared with tax income of DKK 356 million (€48 million) in 2004, a decrease of 58%.

Income taxes relating to fair value adjustments resulted in tax income of DKK 47 million (€6 million) in 2005 compared with a tax expense of DKK 37 million (€5 million) in 2004.

Net income from discontinued operations

Net income from discontinued operations increased from DKK 315 million (€42 million) in 2004 to DKK 3,953 million (€530 million) in 2005, primarily reflecting profit on the disposal of TDC Directories on November 30, 2005.

Net income

Net income, including special items and fair value adjustments, decreased by DKK 2,460 million (€330 million) or 24.8% compared with 2004 to DKK 7,450 million (€999 million). Net income, excluding special items and fair value adjustments, increased by DKK 756 million (€101 million) or 19.2% compared with 2004 to DKK 4,699 million (€630 million). The increase related primarily to the improved EBIT and lower income tax following an amendment of the Danish tax law.

Balance Sheets

The consolidated balance sheets were DKK 93,524 million (€12,537 million) at year-end 2005, representing an increase of DKK 3,260 million (€437 million) compared with 2004. The increase in total assets during 2005 was due mainly to an increase in cash and cash equivalents following the disposal of TDC Directories.

Equity was DKK 43,795 million (€5,869 million) at year-end 2005. This represented an increase of DKK 4,945 million (€663 million) compared with year-end 2004, which increase was primarily generated by net income of DKK 7,450 million (€999 million) in 2005. This was partly offset by dividend payments of DKK 2,440 million (€327 million) in relation to 2004.

Total liabilities were DKK 49,729 million (€6,665 million), representing a decrease of DKK 1,685 million (€226 million) or 3.3% compared with year-end 2004, reflecting primarily lower income tax provisions.

Net interest-bearing debt was DKK 16,475 million (€2,208 million) at year-end 2005, representing a decrease of DKK 3,671 million (€492 million) compared with 2004, due mainly to positive cash flows from operations and the disposal of TDC Directories, partly offset by capital expenditures, an increased ownership share in HTCC and the acquisition of Dotcom Solutions and sunrise business communications.

TDC Solutions

TDC Solutions offers a wide range of communications services in Denmark and the Nordic countries as well as the Hungarian market through HTCC. Its activities include landline telephony services, convergence products (combined landline and mobile telephony), data communications and internet services, including broadband solutions, security and hosting services, leased lines, sale of terminals and installation.

At year-end 2005, TDC Solutions had 4.5 million customers, with 4.1 million in the domestic market and 392,000 in international subsidiaries and 12,231 full-time employee equivalents. Revenue was DKK 21,631 million (€2,899 million) in 2005 and EBITDA before special items was DKK 6,648 million (€891 million). At year-end 2005, TDC Solutions A/S had 8,912 employees and significant operations through a number of companies. TDC Song (which includes companies in Denmark, Norway, Sweden and Finland), our fully-owned pan-Nordic network operator mainly for business customers, had 797 full-time employee equivalents at year-end 2005. HTCC, our 63.4% owned Hungarian landline and data communications provider, had 685 full-time employee equivalents at year-end 2005. TDC Dotcom, an important provider of telecommunications infrastructure for Swedish business customers, had 760 full-time employee equivalents at year-end 2005. Of our fully-owned subsidiaries, NetDesign, a leading provider of IP/LAN infrastructure for business customers, had 171 full-time employee equivalents and Contactel, our provider of internet and landline telephony in the Czech Republic, which was divested with effect from February 2, 2006, had 264 full-time employee equivalents at year-end 2005.

Business areas

TDC Solutions' main business areas are described below:

Landline telephony

Landline telephony represents the major share of revenue in TDC Solutions and was DKK 10,453 million (€1,401.0 million) in 2005, corresponding to 48% of TDC Solutions' revenue compared with 52% in 2004. Landline telephony includes retail landline telephony, including landline traffic and subscriptions, and wholesale landline telephony, consisting primarily of domestic and international wholesale traffic as well as domestic service provider revenue. TDC Song and HTCC generated DKK 1,597 million (€214 million) of total revenue.

The number of landline customers in TDC Solutions A/S has declined because of the migration toward mobile telephony and IP-based technologies. To counter this development and to meet the market's increased focus on flat rate products, TDC Solutions A/S launched "TDC Samtale" in 2004, giving unlimited landline minutes in off-peak hours at a flat monthly rate. This product was well received by our customers and as a continuation of its success, TDC Solutions A/S launched "TDC Samtale Døgn" in 2005, extending the hours of unlimited national landline minutes at a flat monthly rate day and night. TDC Solutions A/S has launched internet-based telephony (VoIP) for residential customers in January 2006.

Data communications and internet services

In 2005, revenue from data communications and internet services was DKK 5,000 million (€670 million), corresponding to 23% of TDC Solutions' total revenue compared with 21% in 2004. The business area includes mainly broadband solutions, private IP-based networks, dial-up solutions and data communications services. TDC Song and HTCC generated DKK 1,171 million (€157 million) of total revenue from data communications and internet services. The customer migration from dial-up internet toward broadband solutions continued in 2005, and broadband penetration per Danish household increased. To counter the increasing competition in the broadband market, TDC Solutions introduced a number of campaigns and price changes in 2005, including higher speeds at unchanged prices. TDC Solutions also doubled the DSL speed for Danish residential customers with the launch of 8 Mbps. In 2005, TDC Solutions also launched the internet-based TDC TV (TVoIP), and launched VoIP for residential customers in January 2006. Through TDC Song, TDC Solutions also launched broadband solutions on the Swedish market at speeds of up to 28 Mbps in the fall of 2005.

Terminal equipment, etc.

With revenue of DKK 3,172 million (€425 million) in 2005, terminal equipment etc. was the third-largest contributor to TDC Solutions' revenue, contributing 15% of revenue compared with 14% of revenue in 2004. This business area includes sales and installation of hardware ranging from handsets to large switchboards and service agreements. NetDesign and Dotcom Solutions generated DKK 670 million (€89 million) of the total revenue from terminal equipment etc.

Leased lines

Revenue from leased lines was DKK 1,538 million (€206 million) in 2005 and was 7% of TDC Solutions' total revenue compared with 6% in 2004. This business area includes both domestic and international leased-line services. TDC Song and HTCC generated DKK 422 million (€56 million) of the total revenue from leased lines.

Despite increased revenue from leased lines driven by acquisitions, this business is declining due to increased competition from IP-based networks resulting in customer migration toward IP-based solutions.

Other services

TDC Solutions' remaining share of revenue, including mainly operator services such as directory inquiries and mobile telephony, including Duét, a convergence product combining landline and mobile telephony, was DKK 1,468 million (€197 million) or 7% of total revenue in 2005.

Financial highlights

TDC Solutions' revenue and EBITDA before special items increased by 16.4% and 13.2%, respectively, primarily reflecting the acquisition of new operations. Adjusted for acquired and divested companies, revenue decreased by 0.2% mainly due to lower revenue from landline telephony and partly offset by higher revenue from data communications and internet services. Adjusted for acquired and divested companies, EBITDA before special items increased by 4.1% reflecting growth mainly in data communications and internet services and stringent cost control in domestic operations. The EBITDA margin was 30.7% in 2005 compared with 31.6% in 2004. The lower margin in 2005 is largely due to acquired companies with lower EBITDA before special items margins, including TDC Song. The capex-to-revenue ratio decreased from 13.2% in 2004 to 12.1% in 2005 primarily reflecting acquired companies with relatively fewer investments compared with TDC Solutions A/S.

TDC Solutions	Excluding special items 2004	2005	Growth in %
	DKKm		
Revenue	**18,590**	**21,631**	**16.4**
Total operating expenses before depreciation etc.	(12,887)	(15,130)	(17.4)
Other income and expenses	169	147	(13.0)
Income before depreciation, amortization and special items (EBITDA before special items)	**5,872**	**6,648**	**13.2**
Depreciation, amortization and impairment losses	(3,549)	(3,754)	(5.8)
Operating income, excl. special items	**2,323**	**2,894**	**24.6**
Capital expenditures[1]	**2,447**	**2,624**	**(7.2)**
Key financial ratios			
EBITDA margin[2]	31.6	30.7	—
Capex excl. share acquisitions-to-revenue ratio[1]	13.2	12.1	—
Subscriber base year-end (000)			
Landline customers	2,910	2,984	2.5
Mobile customers	369	369	0.0
Internet customers	1,157	1,130	(2.3)
Other customers	0	1	—
Subscriber base, total	**4,436**	**4,484**	**1.1**
Number of employees[3]	**11,432**	**12,231**	**7.0**

1 Capital expenditures excluding share acquisitions.

2 Income before depreciation, amortization and special items divided by revenue.

3 The number denotes year-end full-time employee equivalents including permanent employees, trainees and temporary employees.

Revenue

In 2005, TDC Solutions' revenue was DKK 21,631 million (€2,899 million), representing an increase of DKK 3,041 million (€408 million) or 16.4% compared with 2004, reflecting primarily the acquisition investments in TDC Song and HTCC. Adjusted for acquired and divested companies, revenue was DKK 17,524 million (€2,349 million), representing a decrease of DKK 30 million (€4 million) or 0.2%.

Revenue from landline telephony, retail increased by DKK 606 million (€81 million) or 8.1% to DKK 8,059 million (€1,080 million) in 2005. Revenue from subscriptions increased by DKK 144 million (€19 million) or 3.9% compared with 2004 to DKK 3,803 million (€510 million) in 2005, resulting mainly from TDC Song and HTCC and partly offset by a decrease in the number of domestic landline customers by approximately 127,000 or 5.3% to 2.3 million at year-end 2005. However, the decline includes an increase in TDC Samtale and TDC Samtale Døgn flat rate plans resulting in 148,000 more customers, or an increase, of 85.7%, to a total of 321,000 in 2005.

Revenue from landline traffic was DKK 4,256 million (€570 million), representing an increase of DKK 462 million (€62 million) or 12.2% compared with 2004, resulting mainly from the acquisitions of TDC Song and HTCC and partly offset by reduced revenue from traditional landline traffic in the domestic operations due to a decrease in traffic minutes by 0.8 billion or 9.2%. The more pronounced decrease in landline traffic compared with the decrease in the number of landline customers demonstrates a decline in MOU, which reflects that mostly customers with high MOU are migrating to alternative solutions.

Adjusted for acquired and divested companies, revenue from landline telephony, retail was DKK 6,795 million (€911 million), representing a decrease of DKK 332 million (€45 million) or 4.7%.

Revenue from landline telephony, wholesale increased by DKK 204 million (€27.3 million) or 9.3% compared with 2004 to DKK 2,394 million (€321 million), resulting mainly from acquisition investments in HTCC and TDC Song and partly offset by a fall in total domestic wholesale traffic. Adjusted for acquired and divested companies, revenue from landline telephony, wholesale was DKK 2,061 million (€276 million), representing a decrease of DKK 129 million (€17 million) or 5.9% compared with 2004.

Revenue from data communications and internet services increased by DKK 1,160 million (€156 million) or 30.2% compared with 2004 to DKK 5,000 million (€670 million) in 2005, resulting mainly from acquisition investments in TDC Song and HTCC and partly offset by the disposal of Dan Net in August 2004. The increase was also driven by growth in DSL sales, partly offset by a fall in revenue from dial-up customers. TDC Solutions' broadband customer base rose from 549,000 in 2004 to 689,000 at year-end 2005. Adjusted for acquired and divested companies, revenue from data communications and internet services was DKK 3,829 million (€513 million), representing an increase of DKK 346 million (€46 million) or 9.9% compared with 2004.

Revenue from terminal equipment etc. was DKK 3,172 million (€425 million), representing an increase of DKK 594 million (€80 million) or 23% compared with 2004, primarily relating to the recognition of NetDesign and Dotcom Solutions and partly offset by increased sales of employee PCs in TDC Solutions A/S in 2004. Adjusted for acquired and divested companies, revenue from terminal equipment etc. was DKK 2,429 million (€326 million), representing a decrease of DKK 50 million (€7 million) or 2% compared with 2004.

Revenue from leased lines increased by DKK 421 million (€56 million), representing an increase of 37.7% compared with 2004 to DKK 1,538 million (€206 million) in 2005. The increase is primarily related to the recognition of HTCC and TDC Song and is partly offset by lower revenue from domestic leased lines and servicing of companies with private data lines. Adjusted for acquired and divested companies, revenue from leased lines was DKK 1,058 million (€142 million), representing a decrease of DKK 29 million (€4 million) or 2.7% compared with 2004.

Transmission costs and cost of goods sold

Transmission costs and cost of goods sold were DKK 6,980 million (€936 million) in 2005, representing an increase of DKK 1,594 million (€214 million) or 29.6% compared with 2004. The increase resulted mainly from the recognition of TDC Song, HTCC, NetDesign and Dotcom Solutions and was partly offset by lower domestic landline traffic, balancing declining revenue from landline telephony. Adjusted for acquired and divested companies, transmission cost and cost of goods sold were DKK 4,735 million (€635 million), representing a decrease of DKK 121 million (€16 million) or 2.5% compared with 2004.

Other external expenses

Other external expenses increased by DKK 58 million (€8 million) or 1.5% compared with 2004 to DKK 3,824 million (€513 million) in 2005. The increase resulted primarily from the recognition of TDC Song, HTCC, NetDesign and Dotcom Solutions, and was partly offset by stringent cost control in TDC Solutions A/S. Adjusted for acquired and divested companies, other external expenses were DKK 3,396 million (€455 million), representing a decrease of DKK 234 million (€31 million) or 6.4% compared with 2004.

Wages, salaries and pension costs

Wages, salaries and pension costs increased by DKK 591 million (€79 million) or 15.8% compared with 2004 to DKK 4,326 million (€580 million). The increase primarily reflected an increase of 1,041 or 9.4% in the number of average full-time employee equivalents resulting mainly from the inclusion of TDC Song, NetDesign and HTCC and was partly offset by the divestment of Dan Net. Wages, salaries and pension costs in TDC Solutions A/S increased as a result of higher wages and salaries and increased consumption of resources for network maintenance, partly offset by a decline in the number of average full-time employee equivalents of 460 to 9,310 due to redundancy programs. Adjusted for acquired and divested enterprises, wages, salaries and pension costs increased by DKK 39 million (€5 million) or 1.1% compared with 2004 to DKK 3,533 million (€474 million).

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

EBITDA before special items was DKK 6,648 million (€891 million) in 2005, representing an increase of DKK 776 million (€104 million) or 13.2% compared with 2004. The result reflects mainly acquired and divested companies and adjusted for these, EBITDA before special items was DKK 5,979 million (€801 million), representing an increase of DKK 237 million (€32 million) or 4.1% compared with 2004. This was due mainly to increased growth in data communications and internet services, as well as stringent cost controls in the domestic operations.

Depreciation, amortization and impairment losses

TDC Solutions' depreciation, amortization and impairment losses increased by DKK 205 million (€28 million) or 5.8% compared with 2004 to DKK 3,754 million (€503 million) in 2005, primarily reflecting acquired and divested companies and partly offset by higher write-downs of software in TDC Solutions A/S in 2004. Adjusted for acquired and divested enterprises, depreciation, amortization and impairment losses decreased by DKK 272 million (€37 million) or 7.9% compared with 2004.

Operating income (EBIT)

In 2005, EBIT increased by DKK 571 million (€77 million) or 24.6% compared with 2004 to DKK 2,894 million (€389 million) and reflected improved EBITDA before special items, partly offset by higher depreciation.

TDC Mobile International

TDC Mobile International is the leading provider of mobile telecommunications services in Denmark, provides mobile telephony services in the UK, Germany, Lithuania and Latvia, and holds minority interests in mobile operations in Austria and Poland (which is subject to sale). Its activities include mobile voice telephony, sale of handsets, mobile data services and sale of traffic to MVNOs in Denmark, Lithuania, Latvia and Austria.

Over the past few years, the domestic mobile sector has experienced fierce price competition, and in 2005 the prices stabilized as a result of consolidation of the mobile operators. However, as in 2004, earnings from operations were adversely impacted as many customers chose to switch to cheaper mobile solutions with web-based self-services.

At year-end 2005, TDC Mobile International had 2,434 full-time employee equivalents and 7.4 million customers, with 2.2 million in domestic operations, 3.4 million in Talkline etc. and 1.7 million in Bité. Revenue and EBITDA before special items was DKK 16,039 million (€2,150 million) and DKK 2,809 million (€377 million), respectively in 2005.

Business areas

TDC Mobile International has three main business areas: domestic operations, Talkline etc. and Bité. TDC Mobile International also has minority ownership shares in the mobile companies, One (Austria), and Polkomtel (Poland).

Domestic operations

The domestic operations primarily include TDC Mobil and Telmore. TDC Mobil's business areas primarily include retail activities, including mobile telephony, sale of handsets and wholesale activities. In 2005, revenue from these areas was as follows: 47% from retail, of which 67% was derived from mobile telephony, 18% from handsets and 14% from subscriptions; 52% from wholesale; and 1% from other activities. Telmore offers mobile telephony services as web-based self-services through TDC Mobil's network and is the present market leader for the online segment. The domestic mobile market is characterized by high penetration. Further growth has been achieved by developing new services and products. In 2005, the trend toward increased use of consumption independent flat rate pricing for SMS messages and voice traffic contributed to a declining overall share of the wholesale and retail markets. TDC Mobil therefore launched the consumption-independent product MaxSMS and the supplementary services "Fri SMS" and "Fri Tale" for MobilEkstra subscribers, which have stimulated consumption. In 2005, the growth in MOU increased as a result of customers migrating from landline to mobile telephony. SMS and MMS traffic also rose significantly due to increased customer consumption.

In the fourth quarter of 2005, TDC Mobil launched data services (mobile broadband) via the UMTS network (3G). Following the introduction of UMTS, data transmission prices halved and resulted in data traffic growth of 102.9%. All TDC Mobil customers with 3G mobile phones or mobile broadband cards for portable PCs have automatic access to the mobile broadband. The UMTS launch is expected to result in growth in data traffic and increased revenue from TDC Mobil's content services in the years ahead. At year-end 2005, TDC Mobil's UMTS network covered the four largest cities in Denmark and selected business areas. Telmore also launched UMTS services for its customers in the fourth quarter of 2005.

Talkline etc.

Talkline etc. comprises the MVNO Talkline, its 80% stake in the easyMobile business in Germany and the 88.9% of Telmore International that is owned by TDC Mobile International.

Talkline. TDC Mobile International owns 100% of Talkline, a German MVNO, which itself owns 80% of easyMobile Germany, an MVNO operating under its own brand through T-Mobile's network. Talkline provides mobile telephony. Talkline also provided content services and call-by-call pre-select telephony until April 1, 2005 (Talkline's disposal of content services and call-by-call pre-select telephony is described as the disposal of "Talkline ID"), when these activities were divested. Revenue from these two divested business areas was

DKK 326 million (€44 million) from January 1 to March 31 in 2005. Talkline now operates as an MVNO and sells handsets, pre-paid SIM cards and mobile subscriptions in cooperation with mobile operators in Germany. Talkline operates through internet-based customer services and has a strong distribution network with retail outlets in selected areas. At year-end 2005, Talkline had increased the number of customers receiving only electronic bills to more than 1 million, thereby realizing various cost savings. Talkline has had a strong customer base growth resulting in increased market shares in 2005. The expanded customer base is due mainly to Talkline's success with its primary distribution channels in 2005, including direct telemarketing channels and various specialist dealers.

Telmore International. Telmore International is the parent company of the easyMobile operations in the UK which works closely with easyMobile in Germany. TDC Mobile International owns 88.9% of Telmore International. In March 2005, Telmore International launched easyMobile UK, the first MVNO under the easy brand. In the fourth quarter of 2005, easyMobile was launched in Germany and The Netherlands; the easyMobile operation in The Netherlands was discontinued in March 2006. Telmore International has the option of using the easy brand in a further nine European countries. The easyMobile companies provide mobile telephony following the same concept as Telmore in Denmark using internet-based self-service.

Bité — Bité Lithuania and Bité Latvia

Bité is a mobile operator that is 100% owned by TDC Mobile International operating in the Latvian and Lithuanian markets. Bité's revenue in Lithuania is generated primarily by mobile telephony. The company also offers a wide range of content and data services for business customers. Throughout 2005, the Lithuanian market experienced pronounced growth, and penetration has been estimated at 151.5% at year-end 2005 compared with 98.8% at year-end 2004. In mid-September 2005, Bité launched commercial activities primarily pre-paid mobile telephony, in Latvia, and already had 55,000 customers by year-end 2005.

Associates

Polkomtel (Poland)

TDC Mobile International holds a 19.6% stake in Polkomtel, a Polish mobile operator that exceeded nine million customers at year-end 2005 and thereby maintained its one-third share of the Polish mobile market. Polkomtel has also successfully strengthened its leading position in the post-paid market. Our stake in Polkomtel is currently subject to sale. See "—Recent developments."

One (Austria)

TDC Mobile International owns 15.0% of One, the third largest mobile operator in Austria. Mobile phone penetration is 105.6% in Austria and the Austrians are among the highest spenders in terms of mobile telecommunications in Europe. In 2005, One's customer base increased by 15.0% to 1.8 million customers partly due to the successful launch of its pre-paid concept Yesss!

Polkomtel and One are recognized in TDC's consolidated financial statements under the equity method.

Financial highlights

In 2005, TDC Mobile International's revenue increased, driven by increased traffic in the domestic operations, Talkline etc. and Bité, due to a growth in customers of 8.7%, 32.6% and 85.7%, respectively. The relatively low revenue growth of 1.1% in Talkline is related to the disposal of Talkline ID in April 2005, which contributed revenue of DKK 1,249 million (€167 million) in 2004 compared with DKK 326 million (€44 million) in 2005. In 2005, TDC Mobile International's EBITDA before special items increased by DKK 132 million (€18 million) or 4.9% compared with 2004 due primarily to increased traffic in TDC Mobil. The EBITDA margin was 17.5%, in line with 2004.

	Excluding special items		
	2004	2005	Growth in %
	DKKm		
Revenue	**15,105**	**16,039**	**6.2**
Domestic operations	6,503	7,151	10.0
Talkline etc.	7,675	7,763	1.1
Bité	927	1,125	21.4
Total operating expenses before depreciation etc.	(12,481)	(13,266)	(6.3)
Other income and expenses	53	36	(32.1)
Income before depreciation, amortization and special items (EBITDA before special items)	**2,677**	**2,809**	**4.9**
Domestic operations	2,035	2,205	8.4
Talkline etc.	451	416	(7.8)
Bité	191	188	(1.6)
Depreciation, amortization and impairment losses	(1,250)	(1,123)	10.2
Operating income (EBIT), excl. special items	**1,427**	**1,686**	**18.1**
Capital expenditures[1]	**1,023**	**1,256**	**(22.8)**
Key financial ratios			
EBITDA margin[2]	17.7	17.5	—
Capex excl. share acquisitions-to-revenue ratio[1]	6.8	7.8	—
Subscriber base (year-end) (thousands)			
Domestic operations	2,050	2,229	8.7
Talkline etc.	2,590	3,434	32.6
Bité	929	1,725	85.7
Subscriber base, total	**5,569**	**7,388**	**32.7**
Number of employees[3]	**2,464**	**2,434**	**(1.2)**

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

Revenue

In 2005, TDC Mobile International's revenue was DKK 16,039 million (€2,150 million), representing an increase of DKK 934 million (€125 million) or 6.2% compared with 2004, resulting from increased traffic volumes in the domestic, German and Baltic markets (Lithuania and Latvia) and partly offset by lower prices due to fierce competition. Revenue from domestic operations increased by DKK 648 million (€87 million) or 10% compared with 2004 to DKK 7,151 million (€958 million) in 2005. This category includes mobile traffic as well as subscriptions and handset sales. Growth was driven by increased revenue from both TDC Mobil and Telmore. Growth in retail revenue from domestic operations was driven mainly by a 14.5% increase in voice traffic and a 43% increase in SMS traffic, resulting from higher average consumption and an increased post-paid customer base. The growth in consumption resulted in increased ARPU. Revenue from wholesale in TDC Mobil increased by 13.1% in 2005, mainly due to increasing traffic from other mobile operators.

The growth in revenue from domestic operations was adversely impacted by declining average retail prices, reflecting customer migration toward cheaper mobile solutions with self-services via the internet. Revenue from Talkline etc. increased by DKK 88 million (€12 million) or 1.1% compared with 2004 to DKK 7,763 million (€1,040 million) in 2005, resulting from a 32.6% increase in the number of mobile customers to 3.4 million, partly offset by declining ARPU. Revenue was adversely impacted by the disposal of Talkline ID in April 2005. Adjusted for the disposal of Talkline ID, growth was DKK 1,011 million (€136 million) or 15.7%. Revenue in Bité was DKK 1,125 million (€151 million), representing an increase of 21.4% or DKK 198 million (€27 million) in 2005, primarily driven by a 44.3% increase in voice traffic due to the strong 85.7% growth in the customer base. The increased customer base primarily reflected the launch of SMS consumption-independent flat rate pricing for the pre-paid segment. However, this increase should be seen in the context of declining retail prices and fewer average MOU per customer.

Transmission costs and cost of goods sold

Transmission costs and cost of goods sold increased by 2.7% or DKK 215 million (€29 million) compared with 2004 to DKK 8,094 million (€1,085 million) in 2005. Transmission costs and cost of goods sold in domestic operations increased by 17.0% or DKK 404 million (€54 million) compared with 2004 to DKK 2,778 million (€372 million) primarily reflecting increased voice and SMS traffic. Talkline etc.'s transmission costs and cost of goods sold decreased by 5.8% or DKK 301 million (€40 million) compared with 2004 to DKK 4,853 million (€650 million) and related to the disposal of Talkline ID in April 2005. The decline was partly offset by increased transmission costs and cost of goods sold driven by increased traffic and a larger customer base. Transmission costs and cost of goods sold in Bité were DKK 462 million (€62 million), representing an increase of 32% or DKK 112 million (€15 million) and driven by increased traffic.

Other external expenses

Other external expenses were DKK 4,183 million (€561 million) in 2005, up DKK 560 million (€75 million) or 15.5% compared with 2004. Other external expenses in domestic operations were DKK 1,621 million (€217 million) in 2005, up 1.2% or DKK 20 million (€3 million) compared with 2004, primarily resulting from increased customer-acquisition costs and partly offset by lower uncollectibles. In Talkline etc., other external expenses increased by DKK 436 million (€58 million) or 25.5% compared with 2004 to DKK 2,144 million (€287 million) in 2005 mainly due to increased customer-acquisition costs driven by strong growth in the customer base and start-up costs relating to the easyMobile operations. Bité's other external expenses were DKK 418 million (€56 million) in 2005, representing an increase of DKK 104 million (€14 million) or 33.2% compared with 2004 as a result of increased customer-acquisition costs driven by strong growth in the customer base and the start-up of Bité Latvia.

Wages, salaries and pension costs

Wages, salaries and pension costs were DKK 989 million (€133 million), representing an increase of DKK 10 million (€1 million) or 1% compared with 2004, DKK 541 million (€73 million) of which was generated by domestic operations representing an increase of DKK 15 million (€2 million) or 2.9% compared with 2004. Wages, salaries and pension costs in Talkline etc. decreased to DKK 361 million (€48.4 million) compared with DKK 379 million (€51 million) in 2004 mainly due to the disposal of Talkline ID and offset by the start up of easyMobile operations. Wages, salaries and pension costs in Bité were DKK 87 million (€12 million) compared with DKK 74 million (€10 million) in 2004.

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

TDC Mobile International's EBITDA before special items increased by DKK 132 million (€18 million) or 4.9% compared with 2004 to DKK 2,809 million (€377 million) resulting from increased EBITDA before special items from domestic operations which increased by DKK 170 million (€22.8 million) or 8.4% compared with 2004. This growth mainly reflects increased traffic in TDC Mobil. In Talkline etc., EBITDA before special items decreased by DKK 35 million (€5 million) or 7.8% compared with 2004 primarily resulting from increased customer-acquisition costs and start-up costs for easyMobile, as well as the disposal of Talkline ID. Bité's EBITDA before special items decreased by DKK 3 million (€0.4 million) or 1.6% compared with 2004 resulting from start-up costs in Latvia, partly offset by higher earnings from traffic combined with a larger customer base in Lithuania.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses in TDC Mobile International decreased by DKK 127 million (€17 million) or 10.2% compared with 2004 to DKK 1,123 million (€151 million), primarily driven by fewer write-downs in domestic operations in 2005.

Operating income (EBIT)

EBIT increased by DKK 259 million (€35 million) or 18.1% compared with 2004 to DKK 1,686 million (€226 million) due to growth in EBITDA before special items and decreased depreciation, amortization and write-downs.

TDC Switzerland

TDC Switzerland's activities include mobile telephony and sales of landline and internet services. In 2005, TDC Switzerland acquired Ascom's communications solutions unit (now called sunrise business communications), which has considerably helped strengthen the provision of infrastructure solutions for TDC Switzerland's business customers. At year-end 2005, TDC Switzerland had 2.2 million customers, with 1.3 million mobile customers, 527,000 landline customers and 386,000 internet customers. Revenue and EBITDA before special items were DKK 9,582 million (€1,284 million) and DKK 2,584 million (€346 million), respectively, in 2005. At year-end 2005, TDC Switzerland had 2,454 full-time employee equivalents, with 254 directly related to the inclusion of sunrise business communications.

Business areas

TDC Switzerland's business areas are described below:

Mobile telephony

Mobile telephony represents the highest share of revenue in TDC Switzerland and was DKK 5,710 million (€765 million) in 2005 compared with DKK 5,795 million (€777 million) in 2004. Mobile telephony represented 59.6% of total revenue compared with 59.8% in 2004. The mobile telephony business includes subscription fees, revenue from mobile traffic and sale of handsets. The Swiss mobile telephony market grew in 2005, and TDC Switzerland retained its position as the second-largest provider of mobile telephony in Switzerland. In 2005, TDC Switzerland also introduced yallo, a product that enables mobile telephony following the Telmore Concept. Initially launched as an online-only product, TDC Switzerland now sells yallo through our direct and indirect distribution channels.

Landline telephony

Revenue from landline telephony was DKK 3,080 million (€413 million) in 2005, representing a decrease of 1.8% compared with 2004. Landline telephony represented 32.1% of total revenue compared with 32.4% in 2004. Landline telephony includes retail, including pre-fix and pre-select products, as well as wholesale activities. Network integration solutions were included in landline telephony in 2005 as a result of the acquisition of sunrise business communications. The market for landline voice traffic in Switzerland declined in 2005, primarily due to migration from landline to mobile telephony.

Internet services

In 2005, internet services contributed DKK 792 million (€106 million) of revenue, representing an increase of 4.3% compared with 2004. Internet services represented 8.3% of revenue in TDC Switzerland, compared with 7.8% in 2004. Internet services includes both dial-up traffic and DSL. The broadband market grew significantly in 2005. TDC Switzerland introduced ADSL Flex, which was the first consumption-based DSL product in Switzerland. The Swiss dial-up market continued to decline in 2005.

Financial highlights

In 2005, despite fierce competition, TDC Switzerland continued its positive financial development from 2004. Revenue decreased slightly in 2005, but the EBITDA margin increased by 1.6 percentage points to 27.0% due to growth in EBITDA before special items of 5.2%. The higher margin reflects mainly higher profit on mobile telephony and less revenue from sales of handsets with a low contribution margin. The capex-to-revenue ratio grew from 12.3% in 2004 to 14.1% in 2005 especially due to higher capitalization of asset retirement obligations and increased network investments.

TDC Switzerland	**Excluding special items**		
	2004	**2005**	**Growth in %**
	DKKm		
Revenue	**9,692**	**9,582**	**(1.1)**
Total operating expenses before depreciation etc.	(7,235)	(6,999)	3.3
Other income and expenses	0	1	—
Income before depreciation, amortization and special items (EBITDA before special items)	**2,457**	**2,584**	**5.2**
Depreciation, amortization and impairment losses	(1,417)	(1,540)	(8.7)
Operating income (EBIT), excl. special items	**1,040**	**1,044**	**0.4**
Capital expenditures[1]	**1,196**	**1,352**	**(13.0)**
Key financial ratios			
EBITDA margin[2]	25.4	27.0	—
Capex excl. share acquisitions-to-revenue ratio[1]	12.3	14.1	—
Subscriber base (year-end) (thousands)			
Landline customers	573	527	(8.0)
Mobile customers	1,190	1,267	6.5
Post-paid	590	638	8.1
Pre-paid	599	629	5.0
Internet customers	469	386	(17.7)
Dial-up	321	204	(36.4)
DSL	148	182	23.0
Subscriber base, total	**2,232**	**2,180**	**(2.3)**
Number of employees [3]	**2,307**	**2,454**	**6.4**

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

Revenue

Revenue from mobile telephony was DKK 5,710 million (€765 million) in 2005, representing a decrease of DKK 85 million (€11 million) or 1.5% compared with 2004, resulting from decreases in sales of handsets and lower call termination prices from August 1, 2005, following a general market trend initiated by Swisscom. Revenue was further impacted by a decline in average revenue per customer, partly offset by an increase in TDC Switzerland's customer base of 77,000 customers or 6.5% to 1.3 million. Revenue from landline telephony decreased by DKK 58 million (€8 million) or 1.8% compared with 2004 to DKK 3,080 million (€413 million) in 2005, mainly resulting from a smaller customer base, which decreased by 46,000 or 8.0% compared with 2004 to 527,000 due to fierce competition in the Swiss market. Lower prices also had an adverse impact on revenue, as TDC Switzerland reduced its prices for calls from the landline to the mobile network by passing on to customers the cost savings from lower termination prices. The decrease in revenue from landline telephony was mainly due to a general decline in the Swiss landline market in 2005. Revenue was favorably impacted by the acquisition of sunrise business communications and, adjusted for this, revenue decreased by 9% or DKK 281 million (€38 million) compared with 2004.

In 2005, revenue from internet services increased by DKK 33 million (€4 million) or 4.3% compared with 2004 to DKK 792 million (€106 million). This growth mainly related to 182,000 DSL customers in 2005, representing an increase of 34,000 or 23.0% compared with 2004. The growth was partly offset by a 117,000 or 36.4% decrease in the number of dial-up customers.

Transmission costs and cost of goods sold

Transmission costs and cost of goods sold were DKK 3,507 million (€470 million) in 2005, representing a decrease of DKK 388 million (€52 million) or 10% compared with 2004, driven primarily by lower sales of handsets and a fall in landline telephony and transit traffic. The costs were also impacted by lower prices for termination of mobile calls at Swisscom as of June 1, 2005. The decrease was partly offset by the acquisition of sunrise business communications and, adjusted for this, transmission costs and cost of goods sold decreased by 12.7% or DKK 496 million (€67 million) compared with 2004.

Other external expenses

Other external expenses were DKK 2,211 million (€296 million) in 2005, representing an increase of 4.5% from DKK 2,115 million (€284 million) in 2004, resulting primarily from the acquisition of sunrise business communications and further costs related to an increased number of mobile sites at year-end 2005 compared with 2004. Other external expenses also increased due to increased costs for retaining customers when a considerable number of subscriptions expired in 2005 and higher costs after moving to a new office building. Adjusted for the acquisition of sunrise business communications, other external expenses increased by 2.8% or DKK 60 million (€8 million) compared with 2004.

Wages, salaries and pension costs

Wages, salaries and pension costs were DKK 1,281 million (€172 million), representing an increase of DKK 56 million (€8 million) or 4.6% compared with 2004, reflecting the acquisition of sunrise business communications. The increase was partly offset by a decline in the average number of fulltime employee equivalents in the remaining operations resulting from the continued focus on improved efficiency, for example in call centers. Adjusted for the acquisition, wages, salaries and pension costs decreased by 2.2% or DKK 27 million (€4 million), and the number of full-time employee equivalents decreased by 112 or 4.7%.

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

EBITDA before special items increased by DKK 127 million (€17 million) or 5.2% compared with 2004 to DKK 2,584 million (€346 million) in 2005, reflecting primarily higher earnings from mobile telephony resulting from a larger customer base.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses increased by DKK 123 million (€17 million) or 8.7% compared with 2004 to DKK 1,540 million (€206 million) in 2005, reflecting increased investments in continued mobile network expansion, including UMTS, the IT infrastructure and leasehold improvements in new offices, sunrise Towers.

Operating income (EBIT)

EBIT increased by DKK 4 million (€0.5 million) or 0.4% compared with 2004 to DKK 1,044 million (€140 million) as a result of the improved EBITDA before special items, but was offset by higher depreciations and write-downs.

TDC Cable TV

TDC Cable TV installs and operates cable TV networks, most with internet access, which provide TV signals for approximately 40% of Danish households. TDC Cable TV continued its high growth in customer numbers, revenue and earnings of recent years. At year-end 2005, the number of cable TV customers was 1 million, an increase of 4.8%, and the number of customers with internet access increased by 34.9% to 251,000. In 2005, revenue was DKK 2,107 million (€282 million), and EBITDA before special items was DKK 470 million (€63 million), representing growth of 19.3% and 33.9%, respectively.

Business areas

TDC Cable TV's core business area is analog TV, offered in three standard packages (basic, medium and full-range) both to individual customers and antenna and housing associations. In 2006, TDC Cable TV plans to focus more on customer migration from analog to digital TV. 4.0% of our analog TV customers have already used Selector to supplement their packages with digital channels from TDC Cable TV. Selector is the current means of delivery of digital services from TDC Cable TV's network. To receive digital services, customers must have a digital receiver, called a Selector box, and a Selector subscription. The share of internet activities is expected to continue to grow in TDC Cable TV's future business. In 2005, TDC Cable TV and its subsidiary Dansk Kabel TV launched a new IP telephony product, VoIP, which allows telephony over the cable TV network. With the introduction of IP telephony in 2005, TDC Cable TV can now offer its customers triple play solutions containing TV, internet and telephony. In July 2005, TDC Cable TV acquired the company Telelet, which, as part of the subsidiary Connect Partner, provides triple play solutions to counter the competition in the housing association market.

Financial highlights

TDC Cable TV's revenue was DKK 2,107 million (€282 million), representing an increase of DKK 341 million (€46 million) or 19.3% compared with 2004, resulting primarily from a larger customer base. TDC Cable TV's EBITDA before special items increased by DKK 119 million (€16 million) or 33.9% compared with 2004 to DKK 470 million (€63 million) mainly due to increased revenue. The EBITDA margin was 22.3% in 2005 compared with 19.9% in 2004. The increase was due mainly to the large intake of customers, which does not affect transmission costs and cost of goods sold at the same pace as revenue. The capex-to-revenue ratio was 11.0% compared with 12.6% in 2004, primarily reflecting higher revenue in 2005.

TDC Cable TV	**Excluding special items**		
	2004	**2005**	**Growth in %**
	DKKm		
Revenue	**1,766**	**2,107**	**19.3**
Total operating expenses before depreciation etc.	(1,421)	(1,640)	(15.4)
Other income and expenses	6	3	(50.0)
Income before depreciation, amortization and special items (EBITDA before special items)	**351**	**470**	**33.9**
Depreciation, amortization and impairment losses	(221)	(245)	(10.9)
Operating income (EBIT)	**130**	**225**	**73.1**
Capital expenditures[1]	**223**	**231**	**(3.6)**
Key financial ratios			
EBITDA margin[2]	19.9	22.3	—
Capex excl. share acquisitions-to-revenue ratio[1]	12.6	11.0	—
Subscriber base (year-end) (thousands)			
Cable TV customers	982	1,029	4.8
Internet customers	186	251	34.9
Landline customers	—	6	—
IP telephony customers	—	4	—
Subscriber base, total	**1,168**	**1,290**	**10.4**
Number of employees[3]	**862**	**1,030**	**19.5**

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

Revenue

TDC Cable TV's revenue increased by DKK 341 million (€46 million) or 19.3% compared with 2004 to DKK 2,107 million (€282 million) in 2005. Revenue primarily includes cable TV subscription and connection fees as well as revenue from cable modems. The increase resulted largely from an increase in the cable TV and cable-modem customer bases in 2005, as well as higher average revenue per customer. The rise in the number of cable-modem customers reflects a continuously increasing market for broadband services.

Transmission costs and cost of goods sold

Transmission costs and cost of goods sold were DKK 912 million (€122 million) in 2005, representing an increase of DKK 74 million (€10 million) or 8.8% compared with 2004, resulting from increased program expenses due to the larger customer base.

Other external expenses

Other external expenses were DKK 380 million (€51 million) in 2005, representing an increase of DKK 78 million (€11 million) or 25.8% compared with 2004, driven mainly by increased business.

Wages, salaries and pension costs

Wages, salaries and pension costs increased by DKK 67 million (€9 million) or 23.8% compared with 2004 to DKK 348 million (€47 million), due largely to an increase in the average number of full-time employee equivalents by 158 or 19.5% to 971 at year-end 2005. The increase primarily related to customer service and Connect Partner, which was recognized from spring 2004.

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

TDC Cable TV's EBITDA before special items was DKK 470 million (€63 million) in 2005, representing an increase of DKK 119 million (€16 million) or 33.9% compared with 2004, mainly as a result of increased revenue.

Depreciation, amortization and impairment losses

TDC Cable TV's depreciation, amortization and impairment losses were DKK 245 million (€33 million) in 2005, representing an increase of DKK 24 million (€3 million) or 10.9% compared with 2004, mainly resulting from write-downs of network equipment in 2005.

Operating income (EBIT)

EBIT increased by DKK 95 million (€13 million) to DKK 225 million (€30 million) in 2005, mainly due to the higher EBITDA before special items.

Other Activities

Other activities cover TDC Services, TDC A/S and elimination of transactions between the TDC Group's business lines. TDC Services supplies a number of business services for the TDC Group's domestic business lines, which gain economies of scale and cost-effective solutions in billing, procurement, logistics, facility management, IT, accounting, risk management and security. TDC A/S is the parent company of our business lines and undertakes Group functions including treasury, legal affairs, human resources, marketing and communications.

Liquidity and Capital Resources

Historical Cash Flows

TDC's historical liquidity needs have arisen primarily from the need to finance capital expenditures for the maintenance and expansion of its operations, both in terms of new technologies and maintaining the quality of its service, and for working capital. TDC's principal source of funds has been cash flow from operating activities.

TDC Group	2004	2005
	DKKm	
Cash flow		
Operating activities	11,084	8,691
Investing activities	2,889	(1,226)
Financing activities	(12,573)	(4,229)
Total cash flow	**1,400**	**3,236**

Cash flow from operating activities was DKK 8,691 million (€1,165 million) in 2005, representing a decrease of DKK 2,393 million (€321 million) compared with 2004. This decrease related primarily to increased tax payments and an adverse development of working capital in 2005 of DKK (527) million (€(75) million) compared with a favorable development in 2004. This was partly offset by improved EBITDA.

Cash flow from investing activities was DKK (1,226) million (€(163) million) in 2005 compared with DKK 2,889 million (€387 million) in 2004, due primarily to investments in non-current assets, an increased ownership share in HTCC and acquisitions of Dotcom Solutions, sunrise business communications and Telelet, partly offset by the disposal of TDC Directories. Investing activities in 2004 related mainly to dividends received in connection with the divestment of Belgacom, partly offset by the acquisitions of TDC Song, NetDesign and the remaining 80% stake in Telmore.

Cash flow from financing activities was DKK (4,229) million (€(567) million) in 2005 compared with DKK (12,573) million (€(1,685) million) in 2004. The development related mainly to repayment of long-term debt and the repurchase of shares from SBC in 2004, which were held as treasury shares and cancelled in June 2005.

TDC's cash and cash equivalents increased from DKK 6,827 million (€917 million) as of January 1, 2005 to DKK 10,063 million as of December 31, 2005.

Working Capital

The following table, which is derived from our statement of cash flows, sets forth movements in working capital for the periods indicated:

TDC Group	2004	2005
	DKKm	
Change in working capital		
Change in inventories	142	(89)
Change in receivables	1,297	(214)
Change in trade payables	(198)	(80)
Change in other items, net	(29)	(144)
Total	**1,212**	**(527)**

The change in working capital was DKK (527) million (€(71) million) in 2005 compared with DKK 1,212 million (€162 million) in 2004.

The adverse development in 2005 was impacted by a negative change in receivables of DKK (214) million (€(29) million). This negative change was mainly caused by higher business sales by TDC Mobil A/S as well as higher roaming receivables deriving from settlement of roaming charges.

The positive development in 2004 was caused by various factors impacting receivables positively, including lower activity as well as improved receivables management in TDC Solutions A/S, lower debtor days in Talkline, and a positive impact in TDC Mobil A/S from improved collection of roaming settlements. Also, TDC Switzerland had lower receivables in 2004 as a result of, among other things, early payments from Swisscom. Further, 2004 was positively impacted by payment of outstanding dividends related to Belgacom.

We continuously focus on measures to improve our working capital management.

Future Liquidity

Capital Resources

Our principal source of liquidity in the future will continue to be our operating cash flows. Our ability to generate cash from our operations depends on our future operating performance which is in turn dependent, to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond our control, as well as other factors, discussed in the section entitled "Risk Factors."

In addition to cash flow from operating activities, under our Senior Credit Facilities, we have a committed Revolving Credit Facility of up to €700 million to service our working capital needs. The availability of this facility is dependent upon certain conditions. See "Description of Other Indebtedness — Senior Credit Facilities."

The Issuer is a holding company with no source of revenue. It is therefore dependent on capital raising abilities, dividend payments from subsidiaries and other distributions to generate funds. There can be no assurance that the dividend and distribution capacity of TDC will be adequate for such needs. The terms of the Senior Credit Facilities, our other outstanding debt and the Indenture contain a number of significant covenants that restrict our ability and the ability of our subsidiaries to, among other things, pay dividends or make other distributions, make capital expenditures and incur additional debt and grant guarantees. See "Risk Factors — Risks Related to Our Indebtedness and Our Structure," "Description of Other Indebtedness" and "Description of the Notes."

The ability of TDC to pay dividends or otherwise distribute funds, including by way of upstream loans, will be subject to certain restrictions, including the existence of distributable reserves required under Danish corporate law in order to make such distributions. Furthermore, any dividends or other distributions will be required to be paid on a pro rata basis to minority shareholders. There can be no assurance that the Purchaser's share of these distributions, if any, will be in amounts and at times sufficient to allow the Purchaser and the Issuer to pay these obligations as they become due. If distributable reserves are insufficient to make distributions to the Issuer, the Issuer would need to borrow under the Revolving Credit Facility, which is available until January 30, 2008 in order to obtain the funds needed to service the notes and the Bridge Facility (if further drawn).

The Issuer believes that our operating cash flows, together with borrowings under the Senior Credit Facilities, will be sufficient to fund our working capital requirements, anticipated capital expenditures and debt service requirements as they become due for the foreseeable future, although we cannot assure you that this will be the case. In particular, future drawings under the Revolving Credit Facility will only be available if, among other things, we meet the financial covenants included in the Senior Credit Facilities.

As well as the working capital, capital expenditure and other requirements of our business and the debt service requirements associated with our financing, the Purchaser may also require more funds in future to fund the purchase of additional shares of TDC. These funds may not be available on favorable terms or at all, meaning that the Purchaser would be unable to purchase such shares. See "Risk Factors—Risks Related to Our Indebtedness and Our Structure—The Purchaser may not be able to obtain the funds required to purchase further shares, and the price of any shares in a compulsory acquisition may be uncertain."

If our future cash flows from operations and other capital resources (including borrowings under the Revolving Credit Facility under the Senior Credit Facilities) 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, capital expenditures and research and development;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the notes, on or before maturity.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of our existing debt, including the notes, the Bridge Facility and the Senior Credit Facilities, limit, and any future debt may limit, our ability to pursue any of these alternatives.

Following the Transactions, we are highly leveraged and have significant debt service obligations. As of December 31, 2005, after giving pro forma effect to the Transactions, we would have had approximately DKK 76,395 million (€10,240 million) of indebtedness, of which DKK 48,538 million (€6,506 million) would have been outstanding indebtedness under the Senior Credit Facilities and DKK 15,145 million (€2,031 million) would have been indebtedness under the notes. We also would have €700 million available under the Revolving Credit Facility and €269 million available under the Bridge Facility until May 30, 2006. We anticipate that our high leverage will continue for the foreseeable future. Our high level of debt may have important negative consequences for you. For more information, please see the section entitled "Risk Factors — Our high leverage and debt service obligations could materially and adversely affect our business, financial condition or results of operations and preclude us from satisfying our obligations under the notes."

Our debt financing constrains our ability to utilize cash, including cash generated from asset disposals, and may require us to use this cash to pay down debt rather than invest in our business.

One of the key components of our strategy is to reduce our debt levels going forward. We will evaluate the future potential of each of our assets with a view to either dispose of them at a profit, or to build upon our current market position. We expect to apply a portion of the proceeds from future asset sales to prepay debt under our Senior Credit Facilities and potentially our other indebtedness. There can be no assurance, however, that we will be successful in our efforts to dispose of assets in the future or to reduce our debt levels.

Financing Arrangements

Our Senior Credit Facilities consist of Term Facilities and a Revolving Credit Facility of up to €700 million.

The Senior Credit Facilities contains financial covenants relating to:

- maintenance of a minimum ratio of Consolidated Cashflow to Net Debt Service;
- maintenance of a minimum ratio of Consolidated EBITDA to Consolidated Net Finance Charges for specified annual periods ending quarterly;
- maintenance of a maximum ratio of Consolidated Total Net Debt on specified dates to Consolidated EBITDA, for specified annual periods ending quarterly; and
- limitation on our annual aggregate Capital Expenditure

(in each case, as such terms are defined in the Senior Facilities Agreement).

The calculation of EBITDA under our Senior Credit Facilities is different from the calculation of EBITDA before special items presented in this offering memorandum. For more information, see “Description of Other Indebtedness — Senior Credit Facilities.”

Our Senior Credit Facilities also contain customary affirmative and negative covenants, including restrictions on additional indebtedness, dividend payments, intercompany and other loans and investments, capital expenditures, asset sales, liens and pledges, transactions with affiliates and amendments to charter documents and material agreements. Our Senior Credit Facilities also contain certain customary events of default. Please see the section entitled “Description of Other Indebtedness — Senior Credit Facilities.”

In addition, the Bridge Facility contains covenants that are substantially similar to the covenants contained in the Senior Credit Facilities. We anticipate that the covenants in the Bridge Facility will be amended after the issuance of the notes to become substantially similar to those included in the notes. The availability of further amounts under the Bridge Facility expires on May 30, 2006.

Acquisitions and divestitures

Since January 1, 2004, we have made numerous acquisitions and divestitures.

In 2004, our significant acquisitions and divestitures included the acquisition in January of the remaining 80% of Telmore for DKK 0.3 billion (€0.04 billion), the sale in March of our 16.5% stake in Belgacom as part of the Belgacom IPO for a share of the proceeds totalling DKK 11.8 billion (€1.6 billion), the divestment in August 2004 of Dan Net, an international clearing house for fixed and mobile traffic, for DKK 1.2 billion (€0.2 billion), the acquisition of Song Networks (now TDC Song), a pan-Nordic network operator, for DKK 4.6 billion (€0.6 billion), of which TDC owned 99.4% by the end of 2004, and the acquisition in December of NetDesign, a company specializing in IP communications solutions for the business market, for DKK 0.3 billion (€0.04 billion).

In 2005, our significant acquisitions and divestitures included the increase of our stake in HTCC, for DKK 456 million (€61 million), of which TDC held 63.4% by the end of 2005, the acquisition in June of Dotcom Solutions, a Swedish provider of LAN infrastructure for business customers for DKK 242 million (€32.4 million) on a cash-free and debt-free basis, the acquisition in July of Ascom Business Communication Switzerland (now sunrise business communications), a Swiss LAN infrastructure provider, for DKK 161 million (€22 million), and the divestment in November of TDC Directories, a traditional and electronic and web-based directory businesses in Denmark, Sweden and Finland, for DKK 4.9 billion (€0.7 billion).

Capital expenditures

Excluding share acquisitions by TDC, TDC’s capital expenditures were DKK 5,624 million (€754 million) in 2005, corresponding to 12.1% of revenue. In 2006, we expect capital expenditures, excluding share acquisitions, to be broadly in line with 2005. We expect to make higher capital expenditures in 2006 for UMTS, fiber solutions and internet access, but also expect to record lower capital expenditures for GSM as well as general savings. Following the Acquisition, our existing plans for capital expenditures may be reviewed or modified.

In 2005, capital expenditures, including share acquisitions, decreased by DKK 3,715 million (€498 million) to DKK 6,277 million (€841 million) compared with DKK 9,992 million (€1,339 million) in 2004. This decrease related mainly to the acquisition of TDC Song and NetDesign in 2004, which totaled DKK 4,564 million (€612 million), and was partly offset by the impact of the acquisitions of HTCC, Dotcom Solutions and sunrise business communications in 2005 totaling DKK 625 million (€84 million).

Capital expenditures, excluding share acquisitions, rose DKK 476 million (€64 million) or 9.2% to DKK 5,624 million (€754 million) in 2005 compared with 2004. The increase stemmed mainly from increased capital expenditure by TDC Mobile International, which increased DKK 233 million (€31 million) due primarily to the expansion of the UMTS network and capital expenditures in relation to Bité. Capital expenditures in TDC Solutions rose DKK 177 million (€24 million) due mainly to capital expenditures in the acquired companies. The capex-to-revenue ratio was 12.1% in 2005 compared with 12.2% in 2004.

The following table depicts, by business line, our capital expenditures for the periods indicated:

TDC Group	2004	2005	Growth in %
	DKKm		
Capital expenditures			
TDC Solutions	2,447	2,624	(7.2)
TDC Mobile International	1,023	1,256	(22.8)
Domestic operations	747	831	(11.2)
Talkline etc.	112	73	34.8
Bité	164	352	(114.6)
TDC Switzerland	1,196	1,352	(13.0)
TDC Cable TV	223	231	(3.6)
Other activities[1]	259	161	37.8
TDC excluding share acquisitions	5,148	5,624	(9.2)
Share acquisitions in other companies	4,844	653	86.5
TDC including share acquisitions	9,992	6,277	37.2

1 Includes TDC A/S, TDC Services and eliminations.

TDC Solutions' capital expenditures increased by DKK 177 million (€24 million) to DKK 2,624 million (€352 million) in 2005 resulting mainly from capital expenditures by the acquired companies TDC Song and HTCC. Capital expenditures in domestic operations decreased due to, among other factors, lower unit costs for DSL equipment. Adjusted for acquired enterprises, capital expenditures decreased by DKK 175 million (€24 million), or 7.5%, compared with 2004.

TDC Mobile International's capital expenditures increased by DKK 233 million (€31 million) or 22.8% compared with 2004 to DKK 1,256 million (€168 million) in 2005. Capital expenditures relating to domestic operations were DKK 831 million (€111 million), representing an increase of DKK 84 million (€11 million) or 11.2% compared with 2004. The increase mainly resulted from the expansion of the UMTS network. The remaining growth mainly resulted from the expansion of the GSM network of Bité Lithuania, the license fee in Latvia and the roll out of GSM and UMTS networks of Bité Latvia.

TDC Switzerland's capital expenditures were DKK 1,352 million (€181 million) in 2005, representing an increase of DKK 156 million (€21 million) or 13.0% compared with 2004, due primarily to the upgrading of the GSM network with EDGE network technology and higher capitalization of asset retirement obligations (non-cash items).

TDC Cable TV's capital expenditures increased by DKK 8 million (€1 million) compared with 2004 to DKK 231 million (€31 million) and mainly reflected higher investments in network expansion, TVoIP and VoD in 2005, partly offset by lower expenses for return path upgrades after a large part of the roll out of the cable network was completed.

Summary of Commitments

The following table summarizes the contractual obligations, commercial commitments and principal payments we and our subsidiaries would have been obligated to make as of December 31, 2005 under our debt instruments, capital and operating leases and other agreements, and certain pro forma information giving effect to the Transactions. The information presented in the table below reflects the Issuer's estimates of the contractual maturities of our obligations. These maturities may differ significantly from the actual maturity of these obligations.

Contractual Obligations and Commitments	Payments Due by Period				
	Total	Less than 1 year	1-2 years	2-5 years	After 5 years
	Contractual obligations, DKKm				
TDC					
Current maturities of long-term debt[1]	5,425	5,425	—	—	—
Long-term debt[1]	24,890	—	258	12,856	11,776
Operating leases	4,606	812	666	1,382	1,746
Purchase obligations regarding fixed assets	81	40	14	27	0
Commitments related to outsourcing contracts	746	249	115	265	117
Other purchase commitments	360	217	32	46	65
Currency swaps, FX swaps and forward contracts	(488)	(478)	(21)	14	(3)
Interest rate swaps	31	(17)	0	48	0
Total contractual cash obligations	35,651	6,248	1,064	14,638	13,701

1. Reflects historical long-term debt of TDC as at December 31, 2005. Pro forma for the Transactions, the Issuer would have had the following long-term debt:

	Payments Due by Period				
	Total	Less than 1 year	1-2 years	2-5 years	After 5 years
	Contractual obligations, DKKm				
Issuer					
Current maturities of long-term debt	235	235	—	—	—
Long-term debt	72,944	—	4,054	10,167	58,723
	73,179	235	4,054	10,167	58,723

In addition, we may terminate various hedging arrangements in connection with the Transactions or as part of a revised hedging policy following the Transactions. However, no determination has yet been made as to any such revised policy.

The following table discloses aggregate information about our commercial commitments. Commercial commitments are items that we could be required to pay in the future. They are not included in the consolidated balance sheet.

	Amount of Commitment Expiration per Period				
	Total	Less than 1 year	1-2 years	2-5 years	Over 5 years
	Other commercial commitments, DKK million				
Undrawn lines of credit	7,366	2,523	0	0	4,843

	Total amount
	Guarantees, DKK million
Guarantee obligation in connection with capital sale and leaseback arrangements (see note 31 to our consolidated financial statements for further information)	3,291
Guarantees in favor of suppliers and partners	90
Total guarantees	3,381

Off-Balance Sheet Arrangements

We presently have no off-balance sheet arrangements. See note 31 of our consolidated financial statements, which describes certain contingent liabilities.

Pension Obligations

At December 31, 2005, approximately 3,850 of our employees were entitled to a pension from the three pension funds related to TDC under conditions similar to those provided by the Danish Civil Servants' Pension Plan. In addition, 7,750 members of the pension funds receive or are entitled to receive pension benefits. Since 1990, no new members have joined the pension fund plans, and the pension funds are prevented from admitting new members in the future due to their bylaws. In accordance with existing legislation, bylaws and pension regulations, TDC is required to make contributions to meet the premium reserve requirements. Our pension funds invest in a variety of marketable securities, including equities. The rate of return on these investments has implications for our financial results and pension plan funding requirements. TDC is obliged to cover any shortfall in these pension funds' ability to comply with the premium reserve requirements under the Danish Act on Company Pension Funds.

We also operate defined benefit plans that cover employees of certain of our non-Danish companies.

As of December 31, 2005, for accounting purposes only, our balance sheet shows a net positive pension asset related to our Danish defined benefit plans (see note 29 to our consolidated financial statements). Reference is made to the above description of the obligations of TDC to make contributions to meet the premium reserve requirements of the pension funds.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to certain market and credit risks related to our financial portfolios, investments in foreign companies, and purchases and sales of goods and services denominated in foreign currencies. We identify, monitor and control each of these risks through policies and procedures approved by our management. The market values of financial assets and liabilities and interest-rate, exchange-rate, credit and share-price exposures are computed on a daily basis. The Board of Directors defines the highest acceptable levels of exposure. An updated financial strategy with defined levels of acceptable exposure is to be outlined and approved by the new board when the final capital structure is in place. Our methodology for interpreting exposure to risk and management of these risks is set forth below.

For a discussion of our historical exposures as of December 31, 2005, please see note 28 to our consolidated financial statements.

Liquidity risk

We are exposed to short-term liquidity risk only to a small degree as we place cash resources exclusively in highly marketable securities. Please see also "— Liquidity and Capital Resources — Future Liquidity."

Interest rates

Interest-rate risk management involves surveillance of our interest-bearing assets, liabilities and financial instruments. The interest-rate risk is calculated according to the value-at-risk model and is managed using interest-rate swaps.

Under the Senior Credit Facilities, from 90 days after the date of the initial funding we are obligated to provide hedging protection for 50% of all principal amounts at any time outstanding under the Term Facilities to be protected from interest-rate risks at a fixed rate for a period of at least three years from the initial funding date.

Exchange rate

Presently, the net exchange-rate exposure in domestic companies from trade payables and receivables is hedged on the date on which it is known. The exchange-rate exposure from our business activities relates materially to the net income in foreign subsidiaries, as their income and expenses are denominated mainly in local currencies. Currency swaps and forward-exchange contracts are used to minimize exposure from financial activities in foreign currencies. However, we do not consider positions in euro to constitute a major risk because of the fixed exchange-rate policy of the Danish government in terms of the euro. As a general rule, we do not hedge investments in foreign enterprises but have in the past decided to hedge our investment in TDC Switzerland. Currency gains/losses resulting from this activity are reflected in currency translation adjustments under equity. Going forward, we intend to put in place hedging in relation to our U.S. dollar denominated notes.

Value at risk

Market risk is the risk of fluctuations in the market value of a financial instrument as a result of changes in market factors. Statistical models based on fluctuations in historical prices can estimate potential losses that could arise from changes in market conditions. The estimates are calculated using a probability-based approach for measuring our exposure to market risks. We perform daily value-at-risk analyses ("VaR") of all our significant financial instruments based on volatilities of and correlations between exchange rates and interest rates respectively. The VaR calculations are based on the portfolios held and express how adverse changes in market prices affect the market value of our financial instruments. The daily estimates represent the maximum potential financial loss to us, at a 95% confidence level, from adverse changes in either interest rates or foreign exchange rates over a one-year period. The intention of our financial strategy is to establish approved maximum amounts for interest-rate and currency exposures that are acceptable compared with our expected future earnings, equity and market capitalization.

Credit risks

We are exposed to credit risks in a variety of areas: as a supplier of services to Danish and international customers and business partners, as a counterparty to financial contracts, and as a holder of securities. Credit risks associated with our financial contracts are managed by a set of policies and procedures stating approved maximum credit limits based on credit ratings of counterparties, for example.

INDUSTRY

The information presented in this section reflects information, including expectations as to future developments, derived from industry sources and from our own internal surveys. The following discussion should be read in conjunction with the sections entitled "Presentation of Information," "Disclosure Regarding Forward-Looking Statements" and "Risk Factors."

Key Markets

We are the leading provider of telecommunications solutions in Denmark, the second-largest telecommunications provider in Switzerland, and we have a significant presence in selected Northern and Central European markets. Our key markets are the fixed line, mobile and cable TV markets in Denmark and the fixed line and mobile markets in Switzerland. In addition, we are active in the mobile markets in Germany, Poland, Austria, Latvia and Lithuania, and in the fixed line markets in Hungary, Sweden, Norway and Finland. See "Business" for more details on our operations in each of these areas.

The following table sets forth key indicators for each of our business lines and markets:

	Products	Geographic area	Market position	Market share[a]	Main Competitors
TDC Solutions	Landline Broadband/Data services	Denmark	No 1 No 1	81% 72%[b]	Tele2/Telia/Telenor Telenor/Tele2
TDC Mobil	Mobile operator	Denmark	No 1	41%	TeliaSonera/Telenor/Tele2/'3'
TDC Cable TV	TV distribution Broadband	Denmark	No 1	66% 13%	TeliaStofa/Antenna Associations
Sunrise	Mobile operator Landline Broadband Dial-up	Switzerland	No 2 No 2 No 3 No 2	19% 15% 11% 28%	Swisscom/Orange Swisscom/Tele2 Swisscom/Cablecom Swisscom
Bité	Mobile operator	Lithuania/Latvia	No 2	25%[c]	Omnitel/Tele2/SP
Polkomtel	Mobile operator	Poland	No 2	31%	Era/Orange
Talkline	MVNO	Germany	No 3	16%[d]	Debitel/Mobilcom
One	Mobile operator	Austria	No 3	21%	A1/T-Mobile/Drei
HTCC	Landline Internet	Hungary	No 3	5%	Matav Invitel

(a) TDC Solutions, TDC Mobil, TDC Cable TV and sunrise figures are as of December 31, 2005, whereas the remaining figures are as of June 30, 2005.
(b) Refers to market share of retail DSL.
(c) TDC internal estimate and refers only to Lithuania.
(d) Refers to share of service provider market.

Danish Fixed Line Market

The Danish fixed line market is a mature market characterized by high penetration rates for telephony and broadband usage, well-developed competition, an advanced regulatory environment and a high degree of consumer choice. We are the market leader across all major segments of the Danish fixed line market, and according to NITA, we had 81% market share of all fixed lines, 64% of fixed line traffic, 72% retail market share of DSL based on the number of subscribers and 58% of all broadband customers in Denmark as of December 31, 2005.

Traditional Telephony

The Danish fixed line telephony market as at the end of 2005 had 3.4 million subscriber lines, split between 2.5 million traditional analog telephone lines and 0.9 million ISDN lines. The total number of subscriber lines in the Danish market declined from 3.9 million to 3.4 million between 2001 and 2005, driven mainly by fixed-to-mobile substitution and, to a lesser extent, migration from traditional telephony to VoIP services. In the corporate sector, the number of traditional subscriber lines has also declined due to increased use of IP-VPN solutions. We expect this trend to continue over the coming years, particularly through the migration to IP-based solutions in both the consumer and corporate segments. However, we expect that the overall impact on TDC from this trend will be mitigated by our strong market position in the Danish DSL, cable broadband and corporate data markets.

From a regulatory perspective, the Danish fixed line telephony market is advanced, with CPS introduced in the late 1990s, ULL introduced in 1998 and full number portability in 2001. Regulated interconnection prices in the Danish market have consistently been low by international comparison and have created an opportunity for many alternative providers to compete with us. The price declines generated from the intense competition in the late 1990s through to 2002 have tapered off in recent years and tariff pricing for the main fixed line players in the market has remained broadly stable or has increased since 2002. However, the effective per-minute costs to end users have continued to fall due to the increased use of discounting and flat rate pricing models in the market.

Our principal competitors in the Danish fixed line telephony market are Tele2, Telia and Sonofon with 13%, 8% and 4% market share, respectively, as measured by fixed line voice traffic. Tele2, Telia and Sonofon are also the largest resellers of subscriber lines in Denmark with 34%, 25% and 11% market share, respectively (not including ourselves), of all fixed subscriber lines offered by competitors to TDC. The remaining part of the Danish fixed line telephony market is fragmented with a large number of operators competing mainly on the basis of wholesale line rental, CPS, call-by-call and VoIP services, and includes operators such as ACN, Cybercity, DLG, IDT, MCI and Universal Telecom.

Broadband

In comparison with other European countries, Denmark has a high availability of broadband infrastructure and a widespread use of broadband connections by both residential and business customers. In October 2005, NITA published a study on the broadband sector indicating that broadband access via DSL is available to 98% of all Danish households and businesses, whereas broadband access via upgraded cable TV networks is available to 60% of all Danish households. As of December 31, 2005, there were 1.35 million broadband subscribers in Denmark, representing approximately 54% of all Danish households. At the same time, the total number of internet subscribers in Denmark, including dial-up users, stood at 1.8 million, representing approximately 72% of all Danish households. The Danish broadband market has displayed considerable growth in recent years, with the total number of subscriptions increasing from 0.4 million at the end of 2002 to 1.35 million at December 31, 2005, representing a CAGR of 44%. DSL is the most common access technology with 0.8 million subscribers, followed by cable modem technology with 0.4 million subscribers. The remaining part of the market, approximately 132,000 subscribers, access broadband through FTTH, LAN or wireless solutions.

We are the largest DSL provider with 72% market share of all DSL connections in Denmark as at December 31, 2005. Our principal competitors in the DSL market include Cybercity, a subsidiary of Telenor, and Tele2. As at December 31, 2005, Cybercity and Tele2 had market shares of 15% and 9%, respectively. We are also the largest provider of broadband connections over cable TV networks in the Danish market with a 54% market share. The other main providers of cable broadband services in Denmark include Telia Stofa, with 32% market share and A+ Arrownet, with 7% market share.

From a regulatory perspective, the Danish broadband market is advanced compared to other European countries, with competitors of TDC being able to offer DSL services on the basis of several different business models, including ULL on either a full or shared basis, bitstream access and resale. Furthermore, Naked Bitstream Access was introduced in the beginning of 2006, allowing our competitors to offer DSL lines without an ordinary telephone line subscription, however at a cost equal to the full unbundling fee. Of all DSL subscriptions in the Danish market provided by our competitors, as of December 31, 2005, 58% were offered on the basis of ULL, 35% through bitstream access and 7% on the basis of a resale arrangement.

We believe that competition in the broadband market will increase in the future. We believe that various Danish utility companies have plans to invest more than DKK 9.5 billion (€1.3 billion) to pass up to 950,000 homes with FTTH technology by 2012. We believe that we are well-equipped to meet this potential competition through our ongoing investments in regional fiber rings and upgrades to our DSL platform in local exchanges, allowing us to offer broadband capacity comparable to the capabilities of FTTH networks. Furthermore, we believe we enjoy a cost and time-to-market advantage relative to these new networks. FTTH technology requires building new local access networks and is therefore a more expensive solution than DSL or cable broadband technology, which makes use of existing local access networks.

Danish Mobile Market

There are four licensed MNOs in Denmark serving 5.5 million subscribers as at the end of 2005, representing a penetration rate of 101%, of the Danish population. Given the current level of penetration, we expect the growth in the number of customers to slow down in the future as the focus of competition shifts from customer acquisition to customer retention. However, we expect mobile users to continue to grow, driven by modest population growth and a future increase in the penetration rate as a result of the development of data-only devices and multiple SIMs.

TDC, Sonofon and Telia are long-established operators with both GSM and 3G licenses, whereas '3' is a 3G network operator that launched operations in October 2003. As at December 31, 2005, approximately 12% of all Danish mobile subscribers were served by MVNOs other than the MNOs, the two largest being Debitel, a MVNO with 5% retail market share, and Tele2, an enhanced MVNO with 4% retail market share. The Danish mobile market has traditionally been one of the most competitive markets in Europe and is characterized by low prices, resulting historically from the strong presence of discount MVNOs. The structure of the Danish mobile market changed in 2004, however, as a result of consolidation. We acquired Telmore, an MVNO with 10% retail market share, Sonofon acquired CBB Mobil, an MVNO with 4% retail market share and TeliaSonera acquired Orange Denmark, an MNO with 12% retail market share. The change in the competitive landscape from five MNOs to four, as well as the consolidation of two of the largest independent MVNOs into the MNOs, have improved market dynamics and resulted in reduced levels of churn, lower subscriber acquisition costs and less price pressure than historically.

In October 2001, NITA issued four national UMTS licenses to TDC, '3', Telia and Orange Denmark. As part of the agreement, the license holders were required to pay 25% of the license fee upfront, with the remaining 75% payable in equal installments over 10 years. The licenses are valid for 20 years, and under the terms of the licenses, each holder was required to meet population coverage requirements of 30% of the population by the end of 2004 and is required to meet 80% by 2008. Following Telia's acquisition of Orange Denmark, Telia returned the 3G license that was previously owned by Orange Denmark to NITA. Following a subsequent auction process, Sonofon was awarded the fourth license on December 19, 2005. The license is valid for 20 years and Sonofon is required to meet population coverage of 30% by 2009 and 80% by 2013. As at the end of 2005, we and '3' were the only operators to have launched commercial 3G services in the Danish market.

Danish Cable TV Market

Cable TV is the most common form of television distribution in Denmark with 62% of all TV households. DTH satellite distribution reaches 18% of all TV households, whereas the remaining 20% of the market is served through the analog terrestrial network. Through our subsidiaries TDC Cable TV and Dansk Kabel TV, we are the largest television distributor in Denmark with 1.0 million households connected to our cable network, corresponding to 66% of all Danish cable TV households and 40% of all Danish TV households in general. Our principal competitors include Telia Stofa, the Danish cable TV subsidiary of TeliaSonera with 8% of all TV households, and the two pan-Scandinavian DTH operators, Canal Digital and Viasat, subsidiaries of Telenor and MTG, respectively, who together serve 18% of all Danish TV households. In addition to being a major DTH supplier, Canal Digital also supplies a number of individual antenna associations. Given the limited overlap between cable TV networks in Denmark, competition between different cable TV operators is limited at the end-customer level. Instead, cable TV operators compete with each other when new systems are being built or when contracts with antenna co-operatives or housing associations come up for renewal.

The Danish TV distribution market is expected to develop over the next few years with TV services being also offered on other platforms such as DTT, DSL and FTTH. On March 31, 2006, I/S DIGI-TV, a joint venture between the broadcasters DR and TV2, launched a DTT network in Denmark as a replacement for the analog terrestrial network, which is expected to be closed down in October 2009. Based on the experience from other countries with established DTT operators such as Sweden, we believe there will be limited churn from the cable TV networks to the DTT network, and that the future user base of I/S DIGI-TV will be made up mainly of current users of the analog network or subscribers of the existing DTH operators. As with other Western European television markets, the Danish market is characterized by the ongoing migration from analog to digital TV and the introduction of next-generation digital TV services such as HDTV, PVR and VoD services.

Danish cable TV operators including TDC and Telia Stofa also provide broadband services over their cable networks, and in this segment of the broadband market we are the market leader in Denmark with 54% market share. See "Danish fixed line market — Broadband."

Swiss Mobile Market

There were 6.8 million mobile subscribers in Switzerland at the end of 2005, which is equivalent to a penetration rate of 91%. This penetration level is considered to be moderate compared to some other European markets and is expected to increase further.

In the Swiss mobile market, Swisscom Mobile, we and Orange Switzerland (100% France Telecom owned) are the top three operators. We have grown our market share in mobile from 13% in 2000 to 19% in 2005, to become the number two player. Swisscom is the leader with a 63% market share, and Orange Switzerland is the third largest provider with 18% market share. Our strategy in the Swiss mobile segment has been to position ourselves as the low cost alternative to Swisscom, as evidenced by 49% of our customer base being in the mobile pre-paid segment.

3G licenses were originally issued to the incumbent Swisscom, TDC Switzerland, Orange Switzerland and Telefonica (Telefonica has since withdrawn from the market). The national regulator, the Federal Office of Communication ("OFCOM") carried out a survey in early 2005 and concluded that all three operators had met the obligation to provide 50% population coverage by the end of 2004 for UMTS services.

Given the high and stable ARPUs seen historically, with mobile tariffs above the EU average, voice ARPUs are likely to decline driven by outgoing and incoming tariff reductions. This will likely be partially offset by an increase in usage. In addition, an increase in data usage is expected. Mobile termination rates were reduced by 40% by Swisscom and by 19% by sunrise in anticipation of potential regulatory intervention.

Following the entry of several MVNOs and resellers, the level of competition in the market has increased, and we expect pricing pressure to continue. However, the threat from MVNOs and resellers is partly mitigated, given that regulation does not require mobile operators to open their networks. The next regulatory event allowing for changes in license requirements is in 2008.

Swiss Fixed Line Market

The Swiss fixed line market is dominated by state majority-owned Swisscom. At year-end 2005, there were 3.8 million fixed lines in operation. Total fixed line revenue peaked in 2004 at CHF 4.8 billion following a small revenue increase generated by the gains in the broadband market.

Incumbent operator Swisscom is the leading provider of local access. Following an ongoing network upgrade, Cablecom (the major cable operator), is able to provide two-way access to most of its customers. TDC Switzerland is the major alternative network operator with a more than 7,000 kilometer fiber-optic network.

The cable market is highly fragmented with some 250 regional operators. Cablecom's market share of the cable subscriber market in 2005 was around 61%.

The Swiss telecommunications market is not subject to the EU telecommunications regulatory framework. However, the deregulation process has generally followed EU framework albeit with a time lag. The Swiss regulatory bodies are the OFCOM and ComCom.

Competition in the Swiss fixed line market began in 1998 following the introduction of Carrier Selection and CPS.

Traditional Telephony

The fixed line voice market in Switzerland was only opened to competition at the beginning of 1998. With a regulatory regime lagging several years behind the regulation in many EU countries, Swisscom continues to maintain a high, but declining, share of the fixed line telephony.

Traditional fixed line voice revenue is declining following increased competition to Swisscom from players such as TDC Switzerland, Tele2, Cablecom and others, as well as migration to mobile. Following the introduction of CPS in 1998, the market share of fixed line voice resellers such as Tele2 has increased at the expense mainly of Swisscom. The increase in competition has lead to a decline in fixed line tariffs which are still high relative to most Western European benchmarks. With the increasing competition and the expected ULL, we expect the tariffs to decline further. Operators owning local loop access networks are primarily Swisscom and Cablecom.

TDC Switzerland, Tele2, Cablecom and Swisscom have all launched VoIP services. To date Cablecom is the largest provider of VoIP services in Switzerland.

With mobile penetration at 91% we believe that fixed-to-mobile migration has to some extent already taken place and the number of fixed lines have declined from 3,931,000 lines in 2004 to 3,822,000 at the end of 2005. We expect that the decline in the number of traditional fixed voice lines will continue as customers' take-up of VoIP services increases.

We believe the majority of the expected regulatory changes will have a positive impact on TDC Switzerland's business as it will become increasingly difficult for Swisscom to defend its market share. With our own backbone network, we are well positioned to compete, and to benefit from the new regulatory situation.

Broadband

The Swiss broadband market has been developing rapidly over the last couple of years with the number of connections increasing from 1,261,000 in 2004 to 1,563,000 in 2005, leading to an increase in the household penetration. DSL overtook cable modems as the leading technology, in terms of number of connections, in 2003 and now has 1,010,000 connections compared to 553,000 connections by cable modem.

The Swiss market has lagged materially behind the EU in terms of liberalization of the telecommunications market. Consequently, ULL implementation has been delayed. Swisscom has often used the courts to block efforts to spur competition and has fought moves by the Swiss competition authority and ComCom to unbundle the local loop and provide leased lines at cost-oriented prices. A revised telecommunications law providing for such opening of ULL networks was passed by the Swiss Parliament on March 24, 2006. A 100 day referendum period expires on July 13, 2006. If there is no referendum and the ordinances implementing the law are finalized, the new law enters into force. It is now anticipated that this will be in the first quarter of 2007. Although unlikely, it is possible that organizations opposed to the law could force a public vote, which would further delay enactment by at least a year and could potentially result in enactment being prevented. Regulatory changes that may take place in the next few years are likely to favor alternative operators such as TDC Switzerland.

The Swiss cable TV market is expected to grow with competitive triple play offerings, in particular by Cablecom, which holds a 21% broadband market share. Cablecom launched telephony services over its cable network in February 2003 in order to cross-sell a third service to its established significant base of cable-modem and cable TV customers. Swisscom remains the dominant DSL player, using the Bluwin brand.

Operators like us, without their own local access, suffer from the current regulatory environment. As ULL has not yet been implemented, Swisscom is the sole DSL connection provider. The business models for DSL resellers are currently suffering from thin margins. TDC Switzerland is the leading alternative DSL provider with a rapidly growing customer base that stood at 182,416 at December 31, 2005.

We believe our broadband business will benefit from expected regulatory changes such as the introduction of ULL.

Our Company

We are the leading provider of communications solutions in Denmark, the second-largest telecommunications provider in Switzerland, and we have a significant presence in selected Northern and Central European telecommunications markets. Over the past decade, we have transformed our business from a traditional provider of landline and mobile telephony services in the Danish market into a Danish-based European provider of communications solutions. At the end of 2005, we had more than 15 million customers in Europe, including more than 9 million mobile customers. In 2005, we had revenue of DKK 46,588 million (€6,245 million) and EBITDA before special items of DKK 13,003 million (€1,743 million).

Our five main business lines and their contribution to our revenue and EBITDA before special items for the year ended December 31, 2005 are:

- **TDC Solutions** (46% of revenue, 51% of EBITDA before special items) provides communications services primarily in Denmark and the other Nordic countries. Its activities include landline telephony services, convergence products (combined landline and mobile telephony), broadband solutions, data communications services and internet services, leased lines, sale of terminals and installation and advanced security and hosting services. In addition to offering telephony and data communications services through its Danish network, TDC Solutions operates a pan-Nordic network mainly for business customers through its wholly-owned subsidiary TDC Song, provides telecommunications infrastructure products to Swedish business customers through its wholly-owned subsidiary TDC Dotcom and provides IP/LAN infrastructure for business customers through its wholly-owned subsidiary NetDesign. TDC Solutions also provides landline and data communications services in Hungary through its 63.4% owned subsidiary HTCC.
- **TDC Mobile International** (34% of revenue, 22% of EBITDA before special items) provides mobile telecommunications services in Denmark and a number of other European countries. In addition to being the leading provider of mobile telecommunications services in Denmark, TDC Mobile International provides mobile telephony services in Germany through its wholly-owned subsidiary Talkline, and in Lithuania and Latvia through its wholly-owned subsidiary Bité. TDC Mobile International also holds a 19.6% stake in the Polish mobile operator Polkomtel (which is in the process of being sold) and a 15.0% stake in the Austrian mobile operator One.
- **TDC Switzerland** (21% of revenue, 20% of EBITDA before special items) is the second-largest telecommunications provider in Switzerland, operating under the "sunrise" brand. Its activities include mobile and landline telephony and internet services. TDC Switzerland has its own national fixed line backbone, GSM and ISP networks, and is further developing and expanding its mobile network based on EDGE and UMTS technology. The Swiss Parliament recently adopted ULL legislation that, if enacted, will require the incumbent operator to grant access to its local loop to alternative providers, which we believe will benefit our fixed line business.
- **TDC Cable TV** (5% of revenue, 4% of EBITDA before special items) is a Danish provider of cable TV, internet services and VoIP. TDC Cable TV supplies cable TV to more than 1.0 million households by way of a 862 MHz fully digitized hybrid fiber coaxial cable network. TDC Cable TV offers its customers triple play service (voice, broadband and television in one package).
- **Other activities** include TDC Services, which mainly provides business services for the TDC Group's domestic business lines. The Other activities segment also includes intercompany eliminations.

Please note that the revenue and EBITDA before special items figures do not add up to 100%, due to intragroup eliminations.

Our Business Strengths

We believe that the following are our key business strengths:

- ***Leading positions in Denmark and Switzerland.*** We are the incumbent and leading telecommunications provider in Denmark and the second-largest telecommunications provider in Switzerland. In our Danish fixed line business, we have a market share of 81% in landline telephony and a retail market share of 72% in DSL, as measured by subscribers. In mobile, we are the number one service provider in Denmark with a 41% market share. In cable TV, we are the number one operator in Denmark with a 66% market share, providing TV services to approximately 40% of all Danish households, and we have a 52% market share in the Danish pay TV market. In Denmark, where we have a leading position as the former incumbent operator, we believe that the market is highly liberalized and further regulatory changes will likely be less extensive than in other jurisdictions. In Switzerland, we believe that we are well positioned as the leading alternative provider to capitalize on market liberalization, including the recent legislative changes on ULL. We also have a leading position in Lithuania and a significant presence in Germany, Norway, Sweden, Finland, Latvia and Hungary, as well as minority stakes in businesses in Poland (which we are in the process of selling) and Austria.

- ***Highly diverse telecommunications business.*** We are a diverse company in terms of product offerings, customer base and geography. In our key geographic markets, we are present in almost every major area of the telecommunications sector; for example, we offer landline telephony, broadband, mobile telephony and cable TV in Denmark. Our diversity in product offerings reduces our exposure to technological substitution and technology and platform migration. For example, although the Danish fixed line market has been affected by fixed-to-mobile substitution, our mobile MOU have increased as a result of this substitution trend. Similarly, our strong market presence in broadband and cable TV allows us to mitigate the decline in fixed voice usage by offering our broadband customers VoIP as an alternative to PSTN services. Our wide range of product offerings also affords us opportunities for synergies across platforms, allowing us to bundle and cross-sell products and services and to tailor business solutions to our customers' particular needs. We benefit from a diverse customer base that consists of retail and wholesale customers and residential and business customers from a wide range of industries. We also benefit from geographic diversity through our operations in Switzerland, the Baltic region and other Northern and Central European markets, which reduces our exposure to economic downturns in any one country.

- ***Extensive network infrastructure.*** We have the most extensive telecommunications network infrastructure in Denmark, where our network has been fully upgraded to digital. We operate our own networks in Switzerland, the Nordic countries, Lithuania, Latvia and Hungary. Our access network reaches almost 100% of Denmark's population and our DSL network can deliver speeds of at least 512 Kbps to 98% of Danish households and businesses and at least 4 Mbps to 90% of Danish households and businesses. We expect to be able to deliver 8 Mbps DSL service to 85% of the Danish population by the end of 2006. We view our access to such a high number of end users and locations as a key advantage in marketing and selling our products. Our integrated network structure provides us with the ability to cross-sell mobile, fixed line, cable TV and internet services and to capitalize on strong brand awareness in Denmark and strong product offerings across our business lines, which may result in reduced subscriber acquisition costs, increased ARPU and reduced churn.

  Our extensive network allows us to provide wholesale services to our fixed line retail competitors, as they often use our network. Our position as a network access provider in the Danish wholesale market provides a stable source of revenue as in most cases we have retained the wholesale component of any business that we have lost to competitors at the retail level. We also own and operate a backbone network in the Nordic region, which is one of Europe's fastest broadband networks for data, internet and voice traffic. We believe our past investments in network infrastructure will lower our present operating costs and will lower our capital expenditures in the future.

- ***Strong financial performance and high cash flow generation.*** Despite a relatively high level of competition in Denmark in both the fixed and mobile business areas in recent years, we delivered organic growth in EBITDA before special items of 4.0% in 2005. We have also steadily reduced our costs, in particular labor costs in Denmark, and have disposed of assets, where reasonable and profitable. As a result of our increased revenue, successful operating cost management and disciplined capital expenditure, we have significantly increased our operating cash flow and cash flow before debt service. We generated cash flow from operating activities of DKK 8,691 million (€1,165 million) for the twelve months ended December 31, 2005. We intend to continue to create value through active portfolio management.

- ***Experienced management team and strong equity sponsorship.*** Our management team of industry professionals has significant experience in the mobile, fixed line, cable TV and internet services markets in Denmark and abroad and has a proven track record in growing our businesses, including our Chief Executive Officer, Henning Dyremose, who has held his current position since 1998 and was previously the Minister of Finance in Denmark, and our Chief Financial Officer, Hans Munk Nielsen, who has held his current position since 1991. As one of the longest serving and highly regarded telecommunications management teams in Europe, our management team has demonstrated its ability to grow the business and increase EBITDA before special items in both favorable and adverse market conditions.

  Our principal shareholders are a group of investment funds, each of which is respectively advised or managed, directly or indirectly, by Apax, Blackstone, KKR, Permira or Providence, all leading

European and U.S. private equity funds that have a strong track record in the telecommunications and cable TV sector.

Our Business Strategy

The key components of our strategy are as follows:

- ***Maintain position as market leader in Denmark and seek to benefit from regulatory changes in Switzerland.*** We intend to build on our position as the incumbent provider of integrated telephony, broadband and cable TV services in Denmark and to benefit from regulatory changes that may enhance our position in Switzerland as the leading alternative to the incumbent operator. We seek to achieve this by cross-selling mobile, fixed line, cable TV and internet services, and capitalizing on strong brand awareness in Denmark and Switzerland. In Denmark, we will continue to strengthen our market position through a full set of product and service offerings, including triple play service and convergence products. We also intend to capitalize on our expansive network, access to content expertise and content delivery technology from our cable TV business. We will seek to strengthen our leadership by earning our customers' long-term loyalty through retention programs and by offering the best customer experience and value for money. We seek to drive technology transitions where profitable and to invest in marketing to maintain and refresh brand awareness. We are encouraged by the recent Swiss ULL legislation, and believe that, if ULL is deployed expeditiously and on satisfactory terms, we will be in a good position to expand our customer base, geographical reach and product and service portfolio in Switzerland.

- ***Continue to increase efficiencies.*** We seek to continue to increase operational and capital expenditure efficiencies to improve operating margins and increase cash flows. We intend to continue to reduce headcount in Denmark, particularly in our fixed line business. We will focus on a strict cost management policy and intend to maintain a disciplined capital expenditure program. We currently expect to reduce domestic headcount in the order of 5% per annum until the end of 2007.

- ***Focus on selected growth opportunities in broadband and mobile services.*** We seek to take advantage of the growth in broadband and VoIP penetration in Denmark, in order to partially offset the anticipated overall decline in traditional voice. The broadband market in Denmark is rapidly growing and we expect penetration to increase from 54% in 2005 to 80% by 2010. To expand our product offerings and to counter emerging technologies, we plan to offer broadband at high speeds over cable and DSL with full triple play service, an area in which we have expertise. We also intend to strengthen our mobile business by offering innovative products such as data services (mobile broadband) via the UMTS network (3G), and increasing customer satisfaction and loyalty, which we believe will lead to a moderate increase in our subscriber base, a decline in churn and an increasing usage of services. As we have done with our UMTS roll out to date, we intend to continue our policy of entering the market for new products only at a stage where we consider they are sufficiently mature for profitable investment.

- ***Increase focus on core activities.*** We will increasingly focus on our core activities and markets, and intend to review our activities across the board to determine the most attractive businesses for organic expansion and further investments, where reasonable and justified by expected returns, or, alternatively, for divestiture. For instance, we believe that our comprehensive fixed line Nordic network acquired through the Song Networks acquisition (now TDC Song) gives us a low-cost opportunity to serve our customers on a pan-Nordic basis, improve our market position, presence and cost structure and challenge competitors by leveraging opportunities offered by technology transitions and customer orientation. TDC Song's IP-VPN business in the Nordic region provides a strong platform from which to further our growth. We will continue to review our existing holdings of minority interests and non-core businesses to determine whether to continue to maintain these going forward or, where suitable, to make disposals.

- ***Focus on de-leveraging.*** We intend to implement the above strategies with a focus on cash flow generation in order to reduce our debt levels going forward. We seek to achieve this through further organic growth in our business, further reduction of cost of employees, discipline in our capital expenditures, increasing our efficiencies and active management of our portfolio of assets. We will continue to evaluate the future potential of each of our assets with a view to either dispose of them at a profit, or to build on their current positions. We believe that these measures and the above strategies will enable us to maximize our cash flow and margin and deliver our capital structure.

Our History and Development

Over the past ten years, we have evolved from a provider of traditional landline telephony services and cable TV to a provider of integrated telecommunications solutions with both traditional and substitution technology offerings. We have expanded our business lines to include internet services and bundled products. We have built a digitalised network that reaches almost 100% of Denmark's population.

We were founded by the Danish State as Tele Denmark A/S in November 1990. In April 1994, we made a public offering of ordinary shares, the majority in the form of American Depositary Receipts, reducing the ownership of the Danish State in our share capital to 51%. In January 1998, our shareholders completed our privatization by repurchasing and canceling the Danish State's remaining shares in Tele Denmark A/S. In 2000, Tele Denmark A/S changed its name to TDC A/S. In December 2005, the Purchaser, a direct wholly-owned subsidiary of the Issuer, initiated the Tender Offer and subsequently acquired 88.2% of our capital stock. For a description of the Acquisition and related Transactions, see "The Acquisition and Related Financings."

Through a series of acquisitions and investments, we have expanded geographically from a mainly Danish telecommunications business into a Danish-based European provider of communications solutions. In the beginning of 2001, we established our Swiss business line, TDC Switzerland, which operates under the trademark sunrise. In 2001, sunrise merged with the Swiss mobile service provider diAx, making us the second-largest communications provider in Switzerland. We have expanded into other parts of Europe through acquisitions, such as the acquisition of Song Networks AB (now TDC Song), a leading Nordic telecommunications operator, in September 2004. In recent years we have also divested certain of our non-core businesses, including TDC Directories, our print and electronic web-based directory business that operated in Denmark, Sweden and Finland, which we sold in 2005.

Overview of Our Activities by Service Area and Geography

Revenue, EBITDA and customer numbers by business line and geographic market are specified in the table below. This revenue was generated by our various business lines operating in Denmark, Switzerland and ten other countries in Europe. Since 2001, approximately half of our revenue has come from operations outside of Denmark. See "Operating and Financial Review and Prospects."

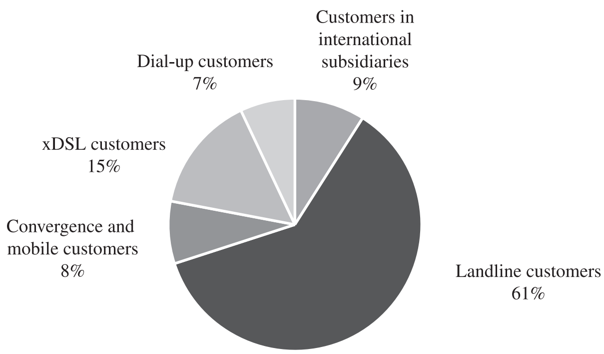
	Year ended December 31, 2005				
Business Line	Customers (in thousands)	Revenue (DKK in millions)	% of total Revenue	EBITDA (DKK in millions)	% of total EBITDA
TDC Solutions	**4,484**	**21,631**	**46.4%**	**6,648**	**51.1%**
Domestic operations	4,092	17,258	37.0%	6,019	46.3%
International operations	392	4,378	9.4%	629	4.8%
TDC Mobile International	**7,388**	**16,039**	**34.4%**	**2,809**	**21.6%**
Domestic operations	2,229	7,151	15.3%	2,205	17.0%
International operations	5,159	8,888	19.1%	604	4.6%
TDC Cable TV	**1,290**	**2,107**	**4.5%**	**470**	**3.6%**
TDC Switzerland	**2,180**	**9,582**	**20.6%**	**2,584**	**19.9%**
Other inclusive eliminations	**0**	**(2,771)**	**(5.9%)**	**492**	**3.8%**
Total	**15,342**	**46,588**	**100.0%**	**13,003**	**100.0%**
Domestic operations	7,611	23,739	51.0%	9,186	70.6%
International operations	7,731	22,848	49.0%	3,817	29.4%
Talkline etc.	3,434	7,763	16.7%	416	3.2%
Bité	1,725	1,125	2.4%	188	1.4%
Switzerland	2,180	9,582	20.6%	2,584	19.9%
Other	392	4,377	9.4%	629	4.8%

TDC Solutions

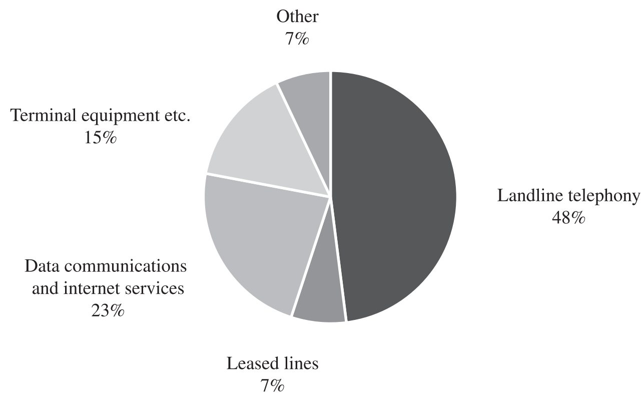
TDC Solutions offers a wide range of communications services in Denmark, the other Nordic countries and Hungary. Through the companies TDC Solutions A/S, TDC Song, HTCC (in which we hold a 63.4% interest), TDC Dotcom and NetDesign, TDC Solutions provides landline telephony services, data communications and internet services, including broadband solutions, convergence products, triple play services, security and hosting services, leased lines and sale of terminals and installation. Traditional landline telephony continues to be our largest business area, but we expect that traditional landline telephony will become less significant to our business as many of our customers switch to our mobile and VoIP telephony.

At year-end 2005, TDC Solutions had approximately 4.5 million customers, with approximately 4.1 million in the domestic market and approximately 392,000 in international subsidiaries. TDC Solutions' largest customer segments are landline and DSL. In 2005, TDC Solutions' revenue was approximately DKK 21.6 billion (€2.9 billion), an increase of 16% from 2004. Landline telephony and data communications and internet services are our two largest business areas, accounting for 71% of revenue in 2005. At year-end 2005, TDC Solutions had 12,231 full-time employee equivalents.

TDC Solutions Customers at year-end 2005



TDC Solutions Business Area Revenue at year-end 2005



Business Areas

Landline telephony

TDC Solutions' landline telephony business consists of traditional landline telephony and IP telephony for the residential and business markets. TDC Solutions also provides wholesale network access to domestic and international telecommunications operators. With revenue of approximately DKK 10.5 billion (€1.4 billion) in 2005, traditional landline telephony represents the largest share of TDC Solutions' revenue, corresponding to 48% of TDC Solutions' revenue, compared with 52% in 2004. Approximately DKK 1.6 billion (€0.2 billion) of its revenue was from TDC Song and HTCC.

Our product offerings for residential customers include traditional PSTN/ISDN telephony products, "Duét" convergence products and IP telephony, which was launched in 2006. Our basic PSTN product, which is a basic telephone subscription, is currently offered at a price of DKK 119 (€16) per month (including VAT) and includes line rental. In addition, a charge per minute is added (for example, landline calls are charged at DKK 0.25 (€0.04) per minute in peak hours (including VAT) and DKK 0.125 (€0.017) per minute in off-peak hours (including VAT). The basic PSTN product is also offered as an ISDN solution, with two telephone lines in one subscription.

To counter migration toward mobile and IP-based telephony technologies and to meet the market's increased focus on flat rate products, TDC Solutions launched "TDC Samtale" in 2004, a telephone service package giving unlimited landline minutes in off-peak hours at a flat monthly rate of DKK 159 (€21) (including VAT). As a continuation of the success of TDC Samtale, TDC Solutions launched "TDC Samtale Døgn" in 2005, extending the hours of unlimited national landline minutes to both day and night at a flat monthly rate of DKK 199 (€27) (including VAT). The number of customers having subscribed to these products has grown significantly since they were launched and totalled 321,000 at year-end 2005.

Duét is a convergence product which bundles fixed line with a mobile subscription and is offered in several feature packages. Duét offers among other features the ability to forward calls from the fixed line telephone to the mobile phone at discount rates. We expect the Duét product to reduce churn resulting from fixed-to-mobile substitution.

In 2006, we launched VoIP for residential customers. VoIP is an IP telephony product that provides voice quality comparable to a PSTN network. Although we have not yet fully marketed our VoIP product, it is currently offered as a flat rate product at a monthly price of DKK 109 (€15) (including VAT) and includes unlimited national landline minutes in off-peak hours. As an alternative, VoIP with unlimited national landline minutes day and night is offered at a monthly price of DKK 129 (€17) (including VAT). Subscribers of these VoIP packages must pay an additional charge per minute for calls to international or mobile numbers.

TDC Solutions' product portfolio for business customers consists of the traditional PSTN telephone services, ISDN products, convergence products as well as IP telephony solutions. The basic PSTN product offered to business customers is similar to the one offered to residential customers, but it is typically sold at discounted rates. ISDN products offered to business customers include products with multiple telephone lines.

In addition to traditional fixed line telephony, we offer business customers the convergence product Plusnet Connect ("PNC"). PNC is a combined fixed line and mobile telephony product offered in one package in cooperation with TDC Mobile International and is sold exclusively by TDC Solutions. PNC operates as a virtual private network, enabling the customers' employees to use the same internal telephone numbers for both landline and mobile phones. PNC also offers discounts for all internal calls as well as advanced call-forwarding features.

TDC Solutions also offers IP telephony solutions to business customers and is currently the largest supplier in the Danish business market.

Data communications and internet services

TDC Solutions' data communications and internet services business consists mainly of broadband subscription packages, private IP-based networks, dial-up solutions and data communications services. In 2005, revenue from data communications and internet services was DKK 5.0 billion (€0.7 billion), corresponding to 23% of TDC Solution's revenue, compared with 21% in 2004. TDC Solutions' broadband customer base rose from 549,000 in 2004 to 689,000 at year-end 2005, thereby achieving a broadband market share of approximately 45% based on the number of subscriptions. In 2005, dial-up internet subscriptions decreased by 24% to 307,000.

TDC Solutions' broadband subscription packages are usually offered as a flat rate service with unlimited uploads and downloads. The product range in DSL for residential customers spans from a connection with a downstream bandwidth of 160 Kbps and an upstream bandwidth of 128 Kbps at a price of DKK 199 (€27) (including VAT) per month to a connection with a downstream bandwidth of 8 Mbps and an upstream bandwidth of 512 Kbps at a price of DKK 799 (€107) (including VAT) per month. At the end of 2005, 38% of our DSL residential customers subscribed to a connection with a downstream bandwidth of 512 Kbps or less, 41% subscribed to a connection with a downstream bandwidth of 1 Mbps and the remaining 22% subscribed to a connection with a downstream bandwidth of 2 Mbps or more. TDC Solutions also offers a unit-priced broadband service targeting low-volume users such as existing internet dial-up customers. Currently, this product is offered with a downstream bandwidth of 2 Mbps and an upstream bandwidth of 128 Kbps at a price of DKK 99 (€13) per month (including VAT) plus a volume-based tariff of DKK 0.75 (€0.10) per megabyte (including VAT).

For business customers, TDC Solutions offers DSL at downstream bandwidths ranging between 512 Kbps and 8 Mbps and SHDSL which features symmetric upload and download speeds at bandwidths of up to 2 Mbps. Furthermore, we offer DSL solutions for business customers which include DSL connections to the employees' residences, allowing employees to work from home. At the end of 2005, 10% of our DSL business customers subscribed to a connection with a downstream bandwidth of 512 Kbps or less, 54% subscribed to a connection with a downstream bandwidth of 1 Mbps and the remaining 36% subscribed to a connection with a downstream bandwidth of between 2 Mbps and 8 Mbps.

In addition to DSL and SHDSL products, TDC Solutions offers business customers a wide range of other services including service level agreements and security packages, such as firewall and antivirus programs. For some business customers, these services are delivered free of charge, which means that they are bundled with the line product. Residential customers must pay an extra fee for these services.

In 2004, TDC was the first Danish operator to launch a nationwide network of wireless hotspots in selected geographical areas, from where the internet can be accessed. At year-end 2005, TDC had 650 wireless hotspots in Denmark.

In 2005, TDC Solutions launched the TVoIP product TDC TV, so that it is now possible to offer customers triple play products. TDC TV is offered in two packages: Basic, at DKK 99 (€13) per month (including VAT) and Family at DKK 199 €27 per month (including VAT). The Basic package includes 5 channels and the Family package includes 20 channels.

Terminal equipment

TDC Solutions' terminal equipment business consists of the sale and installation of hardware ranging from handsets and computers to large switchboards and the provision of related service agreements. With revenue of approximately DKK 3.2 billion (€0.43 billion) in 2005, terminal equipment was the third-largest contributor to TDC Solutions' revenue, corresponding to a 15% share of TDC Solutions' revenue compared with 14% in 2004.

Customer premises equipment ("CPE") is the hardware required to handle telephony and data traffic for both business and residential customers. We sell CPE designed for the residential market at our TDC Shops. Our Business Centers sell CPE products and services to our business customers. TDC Shops and our Business Centers are further described below.

TDC Solutions sells two types of CPE, Telephony CPE and Data CPE. Telephony CPE includes products ranging from large Private Branch eXchanges, which are inhouse telephone switching systems for the largest business corporations, to single telephone apparatuses sold to residential or small business customers. Data CPE consists mainly of routers, switches, DSL modems and other bridging equipment used for creating LAN and WAN solutions.

Most CPE is sold to the customer while a small part of CPE is leased. We offer service agreements in conjunction with equipment sales, pursuant to which we agree to make certain repairs to the subject equipment within specified time limits.

Leased lines

The leased lines business offers domestic and international leased line services to businesses on a retail basis and to other telecommunications operators on a wholesale basis and offers analog as well as digital circuits. Leased lines can be used for transporting both telephony and data traffic. Revenue from leased lines was DKK 1,538 million (€207 million) in 2005, corresponding to 7% of TDC Solutions' revenue compared to 6% in 2004.

TDC Solutions offers point-to-point connections with guaranteed bandwidth to its leased line customers. Digital leased lines are offered with different bandwidths ranging from 64 Kbps to more than 1 Gbps. For bandwidths up to 2 Mbps all prices are based on list prices approved by NITA, while prices for products above 2 Mbps are negotiated on commercial terms. Monthly subscription prices for a 2 Mbps connection range from DKK 1,200 to 4,200 (€161 to €563) (excluding VAT) depending on the length of the leased line. For telephony purposes, a bandwidth up to around 2 Mbps is sufficient while bandwidths above 2 Mbps are usually used for high speed data communication.

Customers, Sales and Distribution

TDC Solutions has three sales divisions: TDC Residential, TDC Business and TDC Wholesale. These three sales divisions also sell mobile and cable TV products and services offered by TDC Mobile International and TDC Cable TV, respectively.

TDC Residential

TDC Residential targets sales to residential customers in Denmark, consisting of approximately 2.5 million households, and to businesses with a single employee ("SoHos"). There are approximately 190,000 SoHos in Denmark.

TDC Residential has three main sales channels: Sales and Support, TDC Butik (TDC Shops) and TDC Online. These three sales channels account for almost all TDC Residential sales. Sales and Support generates approximately 54% of total residential product sales, TDC Shops generates approximately 29%, TDC Online generates approximately 12% and the remaining 5% are generated by other sales channels, such as TDC Business.

Sales and Support, which operates 16 call centers throughout Denmark, generates sales through both outbound telemarketing and inbound calls. Our Sales and Support division is further described in the section "Business—Customer Care."

TDC Shops targets residential consumers and to a lesser extent SoHos. TDC Shops has 58 shops, all owned by TDC Solutions, located in major towns throughout Denmark. TDC Shops markets the full product portfolios of TDC Solutions, TDC Mobil and TDC Cable TV. TDC Shops employs approximately 450 employees.

With approximately 1.7 million transactions every year and a nationwide retail chain consisting of stores in high-exposure locations, TDC Shops plays a key role in strengthening awareness of our brand and product offerings. TDC Shops also distributes catalogues of our products and services to approximately 2 million households in Denmark, 19 times per year.

In cooperation with TDC's Business Centers, TDC Shops has tested a new "Shop-in-Shop" sales concept targeting business customers. This concept involves putting a designated sales and service desk for business customers inside TDC Shops stores. Our Business Centers and TDC Shops intend to implement a concept similar to the "Shop-in-Shop" pilot program in select stores across Denmark.

TDC Online is TDC Solutions' web-based online sales channel. TDC Online handles both online sales and online customer support. TDC Online accounts for 23% of all broadband sales and 15% of all landline sales (excluding TDC Samtale). TDC Online was launched to increase customer satisfaction and loyalty while at the same time reducing incoming call volumes to Sales and Support. TDC Online has 320,000 visitors every week. There are 55 employees at TDC Online.

TDC Residential uses a variety of media for advertising including TV, magazines, sponsorships and direct marketing. Besides improving sales, our marketing strategy aims at creating loyalty and strengthening the TDC brand. The marketing department is divided into four sub departments, "Marketing Sales," "Loyalty," "Production" and "Positioning." TDC Shops also operates a marketing department that handles production of sales catalogs. The sales force in the residential market consists of internally employed staff, some of which are paid on commission.

TDC Solutions invoices its residential customers, and most of its business customers, quarterly. Subscriptions are paid in advance each quarter, whereas traffic use is billed in the following quarter. As broadband subscriptions are predominantly flat rate products, almost all broadband payments are made in advance. We intend to maintain these payment policies, which are favorable to TDC.

TDC Business

In Denmark, TDC Business targets companies with more than one employee and the public sector. There are approximately 123,000 companies with more than one employee in Denmark, and TDC currently serves approximately 57% of these. In the Nordic region (Sweden, Denmark, Norway and Finland), TDC Business has started to target the approximately 3,200 corporations that have a presence in more than one Nordic country.

TDC Business segments its customers based on expected revenue streams from such customer:

- *Key Account segment* — Targets customers expected to generate revenue of more than DKK 10 million (€1.3 million). Our Key Account team services 154 companies. Revenue from Key Account customers totaled DKK 1.8 billion (€0.2 billion) in 2005. Key Account customers are served by a dedicated team of account managers that typically handle 1 to 3 customers.

- *Public Account segment* — Targets all public sector companies in Denmark, and presently includes 344 customers. Revenue from Public Account customers totaled DKK 1.2 billion (€0.2 billion) in 2005. Public Account customers are public organizations and are all managed under a framework agreement.

- *Large Account segment* — Targets customers expected to generate revenue of more than DKK 500,000 (€67,020). Presently, TDC services 735 Danish Large Account companies. In 2005, revenue from Large Account customers amounted to DKK 760 million (€102 million). Large Account customers are handled by account managers, who each on average handle 30 customers. Working closely with large customers has proven relatively effective in maintaining customer satisfaction, which has improved for three consecutive years.

- *Business Center segment* — Targets companies with more than two employees expected to generate revenue of more than DKK 30,000 (€4,021). Currently, the Business Center segment services approximately 58,500 customers. Revenue from Business Center customers totaled DKK 2.3 billion (€0.3 billion) in 2005.

In the first quarter of 2006, TDC Business established a new sales segment called Nordic Account, targeting sales to pan-Nordic customers, which are customers with a presence in more than one Nordic country. Selected customers from the four segments mentioned above will be moved into this new segment, which we expect may include approximately 400 customers.

In addition to TDC Business account managers, TDC Business conducts sales and provides customer service through call centers and TDC Business online services.

Business Center customers are targeted through nine shops, located throughout Denmark. We intend to establish up to five new shops in 2006 in Denmark, located in areas with a high density of businesses.

The business sales force consists of approximately 550 persons who are partly paid on a commission basis. The business marketing organization operates in parallel with the sales organization. Our marketing is focused on increasing sales through TDC Business online services, as online sales are cheaper for us than sales through our sales representatives.

TDC Wholesale. TDC Wholesale, a division of TDC Solutions, is responsible for TDC Solutions' domestic wholesale accounts with other telecommunications operators and service providers. In 2005, TDC Wholesale generated revenue of DKK 3,338 million (€447 million). TDC Wholesale has approximately 200 full-time employee equivalents. In the domestic markets, our main wholesale landline products are service provisions to PSTN and ISDN resellers (with revenue of DKK 687 million (€92 million) in 2005), leased lines, bitstream access and ULL access (with revenue of DKK 940 million (€126 million) in 2005), and prefix and incoming traffic (with revenue of DKK 725 million (€97 million) in 2005).

TDC Wholesale has contracts with 56 domestic operators in addition to its affiliated operators, TDC Mobile International and TDC Cable TV. The top three external domestic customers based on revenue are Tele2, Telia and Sonofon. Business with domestic operators is to a large extent regulated by NITA, with prices determined by an LRAIC model and by cost documentation.

Our international carrier services conducted through our business line TDC Carrier Services operates primarily in the European market with inbound international traffic (with revenue of DKK 260 million (€35 million) in 2005), international transit traffic (with revenue of DKK 505 million (€68 million) in 2005) and international capacity products (with revenue of DKK 108 million (€14 million) in 2005) as the major products. TDC Carrier Services has contracts with 206 international operators. TDC Carrier Services' top three international customers are TeliaSonera AB, Cable & Wireless and MCI. The international market for carrier services is characterized by economies of scale and is highly competitive with very low margins.

Customer Care

TDC Residential. Customer care at TDC Residential is mainly performed by the Sales and Support division, which has approximately 920 full-time employee equivalents, including 822 employees working in its 16 call centers in Denmark. TDC Residential call centers handle more than 1.5 million calls a year. The call centers consist of the following departments.

- Customer Service handles customer complaints and billing requests.
- Hotline is responsible for answering customer calls and e-mails relating to internet products such as DSL lines and DSL equipment, VoIP and TDC TV.
- Fault Reporting handles all fault reports received via inbound calls or e-mails from fixed line customers. Fault Reporting conducts fault searching and line measuring as well as reservation of technicians to repair faults.
- The Save team is responsible for customer retention activities.
- Outbound and Inbound Sales handles outbound telemarketing and incoming sales calls.

TDC Residential's back office department, which is not part of our call centers, consists of specialists who support our sales department.

The TDC Residential call centers operate with a service level of 80/20, meaning that 80% of all contacts to a given incoming line will be answered within 20 seconds. This makes TDC one of the leading operators in terms of call center service level and helps secure a high level of customer satisfaction. Customer service performance is monitored on a daily basis and is reported to management. TDC has not outsourced any customer care activities.

TDC Business. Customer care at TDC Business is organized according to the following departments:

- Inbound Sales handles sales, consultancy and order registration resulting from inbound calls with respect to business products. Inbound Sales representatives handle all calls in connection to sales campaigns and try to retain customers seeking to terminate their subscription.
- Customer Handling primarily handles the large customers in the Key Account, Public Account and Nordic Account segments where each customer has a dedicated number to call and dedicated employees in customer handling who have special knowledge of each customer's lines and equipment.
- Helpdesk/Fault Handling is responsible for handling customers calling to report faults, for monitoring customer lines and equipment, directing fault messages to other parts of TDC, supporting of on-site technicians and maintaining quality levels on error handling.

- Billing Service handles enquiries from business customers both by phone and in writing concerning bills and payments, customer complaints and bonus/discount schemes for customers.

- Concept Center handles some of our special business-related products such as hosting products and DSL solutions sold to the employees of our customers.

TDC receives significantly fewer complaints in relation to its market share compared to its major competitors. In 2005, approximately 60% of complaints filed against us with the Danish Telecommunications Complaint Board were either decided in favor of TDC or rejected by the Danish Telecommunications Complaint Board.

TDC Song

In the fall of 2004, TDC Solutions acquired TDC Song, a leading Nordic telecommunications operator with an extensive pan-Nordic network. TDC Song offers a wide range of services in data communication and telephony in Sweden, Finland, Norway and Denmark, with IP-VPN and internet access as its main services. We have integrated TDC Song's Danish network and operations into TDC Solutions.

TDC Song targets business and wholesale markets in Sweden, Norway and Finland, as well as the residential market in Sweden. In the fourth quarter of 2005, TDC Song launched broadband services in the Swedish residential market at speeds of up to 28 Mbps. Revenue in 2005 amounted to DKK 2,340 million (€314 million), with 47% from traditional voice products while 35% came from IP-VPN and internet products. EBITDA amounted to DKK 330 million (€44 million) in 2005.

TDC Song's main competitive advantage is the ability to offer efficient and technically advanced communications solutions in combination with quality customer service. Business customers are connected at competitive prices to TDC Song's fiber network, which offers the most extensive pan-Nordic coverage.

See "Business — Network" for more information on TDC Song.

HTCC (Hungary)

TDC holds 63.4% of the shares in HTCC, which, through its wholly-owned subsidiaries Hungarotel and PanTel, provides telephony, ISDN, internet, broadband and other telecommunications services in Hungary. The company owns and operates virtually all existing public telephone exchanges and local loop telecommunications network facilities in the Hungarotel Operating Areas, covering 6.6% of the Hungarian population. HTCC was, until the expiration of its exclusivity rights in 2002, the sole provider of non-cellular local voice telephone services in these areas.

In addition HTCC offers data transmission and other value-added services, including broadband DSL internet access and services, dial-up internet access and services as well as VoIP services for international calls. HTCC offers its business customers high speed internet access, data transport services, including managed leased lines, ATM services and frame relay services, virtual private networks and web hosting.

HTCC is also a wholesaler providing capacity and transport services on its network to other wireline and wireless telecommunications providers and internet service providers. HTCC's international network allows it to transfer voice, data and internet traffic to and from Hungary.

As of December 31, 2005, HTCC had approximately 158,000 access lines in service within the Hungarotel Operating Areas and provided Carrier Selection and CPS calling services to 19,000 active customers outside the Hungarotel Operating Areas. Outside this area HTCC had an additional 34,000 access lines.

Competition

Since the full liberalization of the Danish telecommunications market in mid-1996, we have faced intense competition in the market for domestic landline telephony services based primarily on price. Features of the domestic landline market include a large number of operators, many new entrants and public regulation aimed particularly at TDC. In the market for domestic and international long distance telephony services, competition has been enhanced by regulations requiring us to permit other telecommunications companies to interconnect with our network at rates controlled by NITA. These rates have been reduced numerous times over the past five years, resulting in a continuous reduction of end user prices. New technology that enables VoIP has further intensified competition.

In response to continued competition in the Danish telecommunications market, TDC has substantially expanded its international activities. After the acquisition of TDC Song and NetDesign at year-end 2004, TDC further strengthened its position in the pan-Nordic market by acquiring Dotcom Solutions in Sweden and introducing broadband solutions for residential customers in the Swedish market. In 2005, we also increased our ownership share in the Hungarian company HTCC.

There are four key players in the Danish landline market. Tele2 covers around 65% of Danish households and is our largest external wholesale customer. Telia has its own infrastructure and acts as a wholesaler and retailer and provides fixed and mobile services under the Telia brand. Telia also offers cable TV and broadband services under the Telia Stofa brand. Cybercity (acquired by Norwegian Telenor in May 2005) develops, manages and sells broadband solutions with a particular focus on the small-to-medium enterprise ("SME"), home office and high-end consumer markets. GlobalConnect, a privately owned backbone operator, has a fiber-optic network which covers most parts of Denmark and Northern Germany.

Customer migration from dial-up internet to broadband solutions in Denmark continued in 2005, and the broadband penetration of Danish households rose to approximately 54% in 2005. To counter the increasing competition in the broadband market, TDC Solutions introduced a number of product and pricing promotions in 2005, including higher speeds for the same prices and reduced connection fees. In 2005, TDC Solutions also doubled the maximum DSL speed for Danish residential customers with the launch of 8 Mbps.

Traffic volumes have declined steadily during the past years. This trend can be explained by fixed-to-mobile substitution and increased competition. Furthermore, the emergence of competitively priced IP-VPN solutions has made it possible for business customers with several branches to establish their own networks, based on IP-VPN, allowing them to route traffic between branches within their own network instead of through the public telephone network. The result of this is a sharp decline in billed MOU for business customers, which has partly been offset by an increase in internet services and data communication revenue.

A number of our competitors such as Cybercity and Tele2 have introduced VoIP at very competitive flat rate prices including all traffic with the exception of calls to mobile. We have launched IP telephony in cooperation with TDC Cable TV using the cable TV network and a VoIP product using DSL in order to compete for the customers who migrate towards VoIP. We estimate that the emergence of VoIP has not yet had a significant impact on subscriber and traffic volumes, but we expect that migration to VoIP will cannibalize a substantial part of our PSTN customers with a significant impact on our financial result.

In the Danish PSTN market, there is not much differentiation between products except through the packaging of different combinations of features. Accordingly, if a competitor in the PSTN market offers a successful PSTN package, we believe we could offer a comparable product in a matter of weeks. For example, one of our competitors in the PSTN market offered a successful flat rate product and we were able to offer a comparable product within weeks.

For more information on TDC's competitors and our competitive position in the Danish telecommunications market, see "Industry." For more information on the impact of regulations on our business, see "— Regulatory Environment."

TDC Mobile International

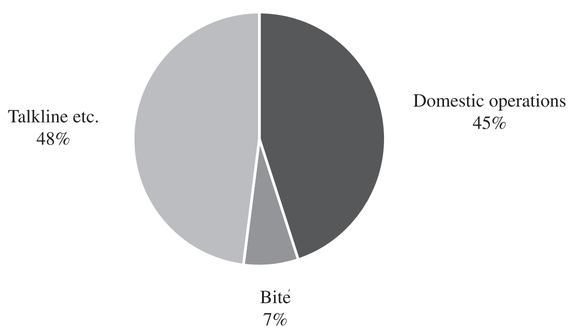
TDC Mobile International ("TMI") is the leading provider of mobile telecommunications services in Denmark, the second-largest provider in Lithuania, the third-largest provider in Latvia and an MVNO in Germany with a 4.3% market share. TMI's activities include mobile voice telephony, sale of handsets, mobile data services as well as wholesale services to MVNOs in Denmark, Lithuania and Austria. In Denmark, TMI provides mobile telecommunications services through its domestic subsidiaries, TDC Mobil, a mobile network operator, and the MVNO Telmore, which, offering mobile products online through a self-service website, represents a new business model for us which we call the "Telmore Concept."

Our international mobile businesses include the wholly-owned subsidiaries Talkline in Germany, which owns an 80% stake in the easyMobile business in Germany, which is based on the Telmore Concept, and Bité, a mobile network operator in Lithuania and Latvia. TMI also holds a 19.6% stake in Polkomtel, a Polish mobile operator (which is in the process of being sold), and a 15% stake in the Austrian mobile operator, One. TMI also holds 88.9% of the share capital of Telmore International, the subsidiary we established to conduct the easyMobile business in the UK, and possibly in other European countries. We decided to discontinue our easyMobile operations in The Netherlands in March 2006.

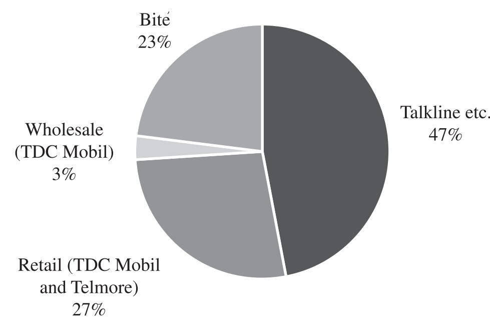
TMI's revenue was DKK 16.0 billion (€2.1 million) in 2005, an increase of 6.2% from 2004. Growth was driven by increased revenue from both TDC Mobil and Telmore. In 2005, TMI had higher voice traffic volumes compared to 2004 in the domestic, German and Baltic markets (approximately 15%, 3% and 44%, respectively), but TMI also experienced lower prices. In 2005, TMI had outgoing voice traffic volume of approximately 5.1 billion minutes, of which 2.4 billion outgoing minutes were generated in Denmark, an increase of 20% from 2004.

At year-end 2005, TMI had 7.4 million customers, an increase of 32.7% from 2004. Customer growth in TMI in 2005 was driven by its international operations, with Talkline etc. having 844,000 more customers by year-end 2005 representing an increase of 33% compared to year-end 2004, and Bité having 796,000 more customers representing an increase of 86% compared to year-end 2004. At year-end 2005, TMI had 2,434 full-time employee equivalents.

TDC Mobile International Revenue at year-end 2005



TDC Mobile International Business Area Customers at year-end 2005



Revenue from mobile telecommunications services primarily comes from voice traffic volumes, including incoming and outgoing calls, international calls and international inbound and outbound roaming. TMI's residential customers are served with both post-paid and pre-paid products. Customers using our pre-paid products pay an upfront fee for a set amount of services and receive a SIM card that can be replenished either online or offline. The mobile network operators TDC Mobil and Bité, as well as the MVNO Telmore, gain revenue from both incoming and outgoing traffic, whereas MVNO Talkline benefits from outgoing traffic only.

Domestic Operations (TDC Mobil and Telmore)

The domestic operations of TMI primarily include TDC Mobil and Telmore. In 2005, revenue from domestic operations was DKK 7,151 million (€959 million), corresponding to 44.6% of TMI's revenue, compared with DKK 6,503 million (€872 million) in 2004. TDC Mobil is engaged in both retail activities, including mobile voice and data transmission and the sale of handsets, and wholesale activities, such as selling network access to MVNOs. In 2005, revenue from these areas was as follows: 47% from retail, of which 67% came from mobile telephony, 18% from handsets and 14% from subscriptions, 52% from wholesale and 1% from other activities. As noted above, Telmore sells mobile products and services to retail customers via self-service websites. Transactions with our affiliates accounted for 49% of our wholesale revenue in 2005.

Products and services

TDC Mobil. TDC Mobil's main post-paid product family is MobilExtra, a portfolio of mobile service plans. This portfolio includes MobilExtra, MobilExtra 100 (minimum usage of DKK 100 (€13) per month), MobilExtra 200 (minimum usage of DKK 200 (€27) per month) and MobilExtra 400 (minimum usage of DKK 400 (€54) per month). Tariffs are charged for any additional minutes. The more expensive packages have more favorable prices for minutes and higher handset subsidies. MobilTid, another one of our major mobile products, is a pre-paid mobile service package, featuring a free subscription but higher traffic tariffs. MobilTid users also have the added benefit of anonymity.

MobilFlexConnect is our main product in the business market and is targeted at companies with more than 10 mobile subscriptions. With voice, SMS and data access, it links employees together through short number codes. MobilFlexLet is a web-based product marketed primarily to SoHos.

In the fourth quarter of 2005, TDC Mobil launched data services via the UMTS network, providing access to mobile broadband cards, increased speed and video telephony on 3G phones to both business and residential customers. At year-end 2005, TDC Mobil's UMTS network had approximately 217 base stations and covered 27% of the Danish population with commercial services, including the four largest cities in Denmark and selected business areas. All TDC Mobil customers with 3G handsets or a mobile broadband card automatically have access to the 3G network and any speed upgrades on the 3G network. Via a mobile broadband card from TDC Mobil, our customers with a laptop PC can surf the internet via our 3G network with speeds up to approximately seven times faster than what they are used to from the 2G mobile network. Our mobile customers are typically charged for these services per megabyte downloaded.

Following the introduction of UMTS, data transmission prices halved and contributed to a doubling of data traffic volumes from 2004 to 2005. The UMTS launch is expected to result in continued strong growth in data traffic and increased revenue from TDC Mobil's content services in the years ahead. Telmore also launched UMTS services for its customers in the fourth quarter of 2005, using TDC Mobil's UMTS network.

We launched FLY in 2004. FLY is a mobile phone portal offering information, services, entertainment and games including video clips, music, emails and multiplayer games. Through the launch of the 3G network in the fourth quarter of 2005, we have increased the speed for accessing these services significantly, which has stimulated consumer use.

We believe further growth has been and will continue to be achieved by developing new services and products. In 2005, the trend toward increased use of consumption-independent flat rate pricing for SMS messages and voice traffic as offered by our competitors contributed to a decline in our share of the wholesale and retail markets. In response, TDC Mobil launched the consumption-independent product MaxSMS and the supplementary services Fri SMS and Fri Tale for MobilExtra subscribers, which have stimulated consumption. In 2005, MOU increased as a result of customers migrating from landline to mobile telephony. SMS and MMS traffic also rose significantly.

TDC Mobil also offers its network services to MVNOs on a wholesale basis. Wholesale products consist of voice, SMS and data transmission access, and the MVNOs carry out the sales, distribution, billing and customer care effort to the ultimate customer. Our wholesale customers include a large number of independent MVNOs, with Debitel being the largest.

Telmore. Through our Danish subsidiary, the MVNO Telmore, we sell our mobile products and services online via self-service websites. Telmore is the current market leader in Denmark for the online mobile self-service segment. More than one in every ten persons living in Denmark is a Telmore customer, and Telmore is Denmark's largest e-business company. In addition to relatively low prices, customers are offered a wide array of mobile plan options such as automatic top-up, children's budget and detailed call specification, which can be selected in a very simple way online.

The Telmore Concept is essentially a simple and transparent pricing and self-service concept, based on no subscription fees, a simple pre-paid tariff structure, and an easy to use web-based customer interface. The concept focuses on lean operations, no high street shops and limited marketing budgets. At the end of 2005, Telmore had 555,000 customers. Telmore's customers contribute about one quarter of all Danish payments via the internet by Dankort (the Danish debit card system).

Customers, sales and distribution

TDC Mobil sells its products and services to residential customers through TDC Shops, dealer shops, websites, telemarketing and, since 2005, mass distribution channels such as supermarkets and large electronics retail stores. Sales to business customers are carried out through TDC Mobil's own sales force and through TDC Solutions' sales force, along with distribution through dealer shops.

TDC Mobil's residential customer base is equally split between post-paid customers and pre-paid SIM-card users. TDC Solutions' convergence product Duét is targeted at the family segment. Telmore targets internet users with a simple and customer friendly service offering.

TDC Mobil runs a premium pricing strategy for all customer segments relative to its main competitors. The price premium is justified by reliability, good network quality and good customer service.

Customer care

Members of TDC Mobil's customer care staff communicate with TDC Mobil's customers through inbound and outbound calling, SMS contacts and emails. TDC Mobil's call center is the main department within TDC Mobil responsible for customer service. The TDC Mobil call center handles orders, problem solving, inquiries regarding invoices, number portability and technical support via telephone inquiries from TDC Mobil customers. We believe that TDC Mobil's telemarketing activities often contribute significantly to churn prevention, better customer satisfaction, improved ARPU, add-on sales and customer education on products and features. Our customer care team participates in developing marketing strategy, marketing campaigns and our go-to-market strategy. Presently, our customer service team is developing from a traditional cost center operation to one focused on nurturing and expanding customer relationships, aiming to increase customer loyalty and spending.

TDC Mobil's customer service team focuses on providing our customers with assistance in a cost efficient and effective manner. This includes directing non-value creating calls to our self-service portal on the internet, implementation of an interactive voice response system focusing on premium service to the best customers and automation of sales support activities.

Competition in the Danish mobile market

In 2003 and to some extent 2004, intense price competition was fuelled by Telmore and the other main no-frills MVNO, CBB Mobil. However, consolidation in the Danish mobile market has reduced the pace of price reductions in 2005.

In the market for residential customers, handset prices and traffic tariffs are important criteria for customer preferences. In the mobile market, low-to-medium usage customers are targeted with low-priced minutes and medium-to-high usage customers are targeted with semi-flat rates and full flat rates. TDC Mobil offers handset subsidies to certain post-paid subscribers. In Denmark almost all mobile residential customers have six month contracts, which is the maximum fixed subscription period permitted by regulation.

In the market for business customers, network quality and reliability and traffic tariffs are important criteria for customer preferences. Free internal traffic within customers' corporations is becoming increasingly common. Additionally, the ability to offer pan-Nordic solutions is increasing in importance. TDC Mobil is currently establishing a presence in Norway to meet this need. In both the residential customer market and the business customer market, TDC Mobil maintains premium prices.

For more information on our competitors, see "Industry."

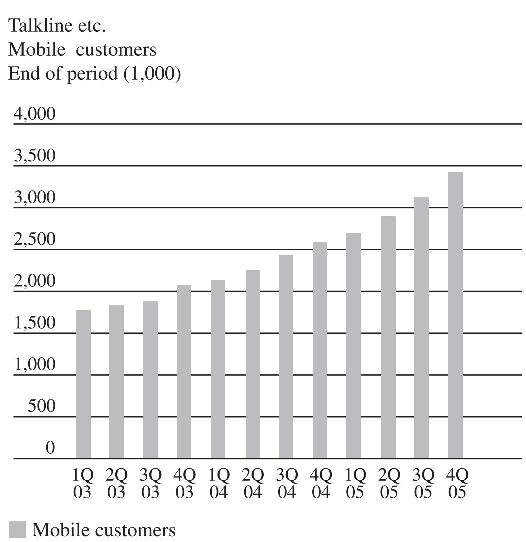
Talkline etc.

Talkline etc. includes the MVNO Talkline in Germany, its 80% owned subsidiary easyMobile Germany and the 88.9% of Telmore International that is owned by TMI. Revenue from Talkline etc. was approximately DKK 7.7 billion (€1.0 billion) in 2005, corresponding to 48% of TMI's revenue, compared to 51% in 2004.

Talkline (Germany)

Talkline is a MVNO and sells mobile service plans, handsets, pre-paid SIM cards and mobile subscriptions in cooperation with mobile network providers in Germany. Talkline offers both UMTS and GSM services. Talkline is the third largest German MVNO based on revenue. TMI owns 100% of Talkline which in turn owns 80% of easyMobile Germany, an MVNO operating under its own brand name using T-Mobile's network.

As a result of strong growth in its customer base, Talkline increased market shares in 2005. At year-end 2005, the company had approximately 3.4 million mobile customers, up 31.3% from year-end 2004. The expanded customer base is due mainly to Talkline's success with its primary distribution channels in 2005.



Products and Services

Talkline buys wholesale products, including minutes, SMS, MMS, 3G datacards, Blackberry service and value-added services (such as mobile music and mobile TV) from the mobile network operators operating in Germany, packages these into its own products, such as mobile tariffs and mobile plans, and sells these products to retail customers. Talkline has agreements with T-Mobile, Vodafone and E-Plus for the use of their networks. An agreement with the fourth and last mobile network operator $O_{2,}$ has been made and distribution of their network services will be launched during the second quarter of 2006.

Customer, sales and distribution

Talkline's sales channels include direct as well as indirect sales channels. Talkline is in the process of opening Talkline brand stores in 94 German outlets of the largest German department store chain "Karstadt." Furthermore, numerous stores owned through a large Talkline dealer are branded Talkline stores.

Talkline also has sub-brands such as "unicomdirect" and "Tiefpreishandy.de," an online shop. Also, the company sells through indirect specialist dealers. Talkline has agreements with numerous mid-sized to major retail chains that in total have several hundred distribution partners. Finally, cooperative relationships with partners such as banks, automobile clubs, soccer clubs and automotive manufacturers have been implemented.

Through different sales channels including direct marketing channels and cooperation with well-known brands such as soccer clubs, Talkline addresses certain customer segments that are not targeted by the mobile network operators. Talkline operates on the basis of service delivery to its customers and strong sales partnerships with its different sales channels. Talkline focuses on cost efficiency by utilizing self-service portals for customer sales and services and electronic billing. A key strategic challenge for Talkline is competition for sales channels given an increasingly saturated market.

Subscription periods and handset subsidies

In Germany, mobile service packages, including Talkline's, generally include subsidized handsets. The size of the subsidies depends on the value of the tariff which is combined with the handset. The duration of the customer contracts are 24 months, allowing for the prepayment of the handset. For a mainstream handset of good quality, the customer will pay up to €100 (DKK 746).

Customer care

Talkline focuses on retention and prevention activities and is very successful in identifying customers with a high margin contribution and rewards these customers by offering special incentives.

At year-end 2005, Talkline had increased the number of customers receiving only electronic bills to more than half of its contract customer base or 1 million, thereby realizing cost savings.

Competition

Competition in Germany is intensifying through declining prices triggered by no-frills players. The price level in Germany saw an overall decrease in 2005 and this development is expected to continue through 2006. Furthermore, flat fees for voice and data are increasingly common in the market.

We expect subsidies of handsets will continue and the availability of sales channels will remain a key factor in growth. As the market matures, competition for existing customers will intensify and retaining customers and preventing churn will increase in importance. Sale of 3G handsets will be important as a means to increase usage and ARPU. However, the emergence of no-frills players who do not provide handsets and typically offer lower tariffs might impact ARPU negatively, as high volume customers will have an incentive to switch to no-frills providers.

In early 2006, T-Mobile and Vodafone launched subsidies of notebooks with an integrated UMTS module with a SIM card slot. They have recently launched new mobile high speed data technology increasing download bandwidth from 384 Kbps to 1.8 Mbps.

O2 has announced that they will move from a mobile company to an integrated telecommunications company for mobile, fixed net and internet. O2 is expected to launch aggressive DSL pricing for bundled products. O2's DSL product is based on the Telefonica's IP-network.

Telmore International (easyMobile)

Telmore International is the parent company of the easyMobile operations in the UK, which work closely with easyMobile in Germany. TMI owns 88.9% of Telmore International and has an 80% stake in the German business of easyMobile through Talkline.

In March 2005, we launched easyMobile UK, the first mobile operator under the easy brand, and in the fourth quarter of 2005, easyMobile was launched in Germany and The Netherlands. Pursuant to an exclusive brand license agreement with easyGroup of August 2004, we have the option of using the easy brand in a number of additional European countries. However, due to disappointing sales in The Netherlands, we decided to close the easyMobile operation in The Netherlands in March 2006.

The easyMobile companies provide mobile telephony following the Telmore Concept. As a supplement to internet sales, easyMobile UK introduced off-net distribution offering bundled handsets and minutes in March 2006. easyMobile does not own its own network, but in the UK and Germany, it has concluded an MVNO agreement with the mobile operator T-Mobile. At the end of 2005, easyMobile had 33,000 customers and revenue of DKK 20 million (€3 million).

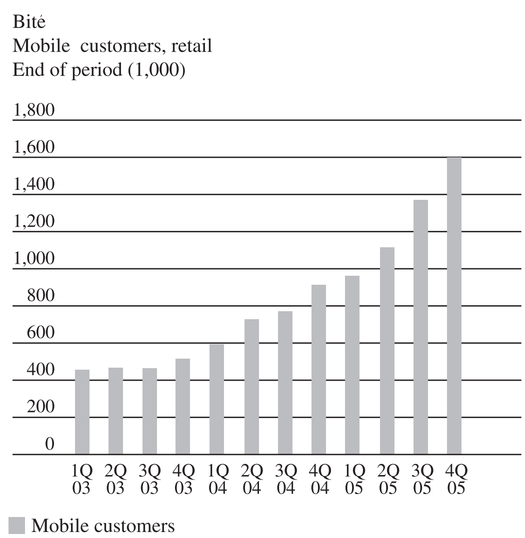
Some competitors have launched similar products in Germany and the UK. In the UK, the market for internet-based services has proven to be smaller than expected. As this market develops, the total market share of easyMobile is expected to increase.

Bité — Bité Lithuania and Bité Latvia

Bité is a mobile operator that is 100% owned by TMI, and operates in the Latvian and Lithuanian markets. Bité Lithuania is the second-largest mobile operator in Lithuania with revenue of approximately DKK 1.1 billion (€148 million) in 2005. Bité Lithuania offers a wide range of mobile, internet content and data services for business and residential customers and has its own network infrastructure, including GSM and UMTS networks. Bité views the two countries as one market with a total population of 6 million people.

Bité's revenue is generated primarily by mobile telephony. Bité generates 55% of its mobile revenue from post-paid services and 17% from pre-paid services. The rest of its mobile revenue is generated from roaming, sales of handsets and other activities.

Bité experienced a 44% increase in voice traffic in 2005 due to strong growth of 86% in its customer base to 1.7 million customers. The growth rate primarily reflected an increased focus on the pre-paid segment and the launch of SMS consumption-independent flat rate pricing for the pre-paid segment. However, this increase should be seen in the context of declining retail prices and fewer average MOU per customer.



Bité provides a full range of mobile voice, data and internet services for the residential and business markets in Lithuania and a full range of mobile communication services for residential users in the Latvian market. Bité offers mobile internet access using its GSM network, which has been updated to 2.5 G using EDGE technology and also offers landline internet access to business customers. In addition, Bité was the first mobile operator in Lithuania to offer wholesale products to MVNOs. Bité's main product in the Lithuanian residential market is LABAS, a pre-paid mobile service package.

Bité has rolled out GSM 1800 and 900 networks in Lithuania and to a smaller extent in Latvia. In early 2005, an EDGE network in Lithuania was launched. Bité was granted a UMTS license in Latvia in 2005 and in

Lithuania in early 2006. UMTS networks in Lithuania and Latvia are expected to be launched in 2006. In Lithuania and Latvia, the number of GSM base stations is 717 and 65, respectively. In Lithuania, almost 100% of the population is covered, whereas the population coverage in Latvia is approximately 63%.

Associates

Polkomtel (Poland)

TMI holds a 19.6% stake in Polkomtel, a leading Polish mobile operator in the business customer market, with more than 9 million customers at year-end 2005 and a one-third share of the mobile market in Poland.

Pursuant to the change of control provisions in Polkomtel's bylaws and the shareholder agreement among Polkomtel's shareholders, as a result of our recent change of control, TDC is required to offer to sell its 19.6% ownership share to the other shareholders of Polkomtel. In February 2006 TDC offered its shares for a price of €214.04 per share. On March 10, 2006, the Polish shareholders in Polkomtel entered into an agreement with TDC whereby, subject to certain conditions including the outcome of the Vodafone litigation described below, they agreed to exercise their right to purchase their pro rata share of 14.8% of the share capital of Polkomtel for an aggregate price of €650.5 million. The remainder of TDC's shareholding in Polkomtel, 4.8%, has been offered to Vodafone, the only shareholder of Polkomtel who has not entered into the purchase agreement with TDC. Vodafone has claimed that the offer procedure is invalid and that the offer price determined by TDC does not reflect the market value of the Polkomtel shares. Vodafone also maintains that the price at which TDC's shares in Polkomtel should be offered for sale to Vodafone and the other shareholders should be determined in arbitration. Legal proceedings are pending in the Polish Courts and the International Arbitral Center in Vienna. Upon Vodafone's motion, the District Court in Warsaw, Poland has issued an injunction, which prohibits TDC to transfer any of its shares in Polkomtel. Vodafone has initiated arbitration against TDC. We believe that there is no legal justification for the injunction and that the agreed price reflects the market value of the shares as of the date of the agreement.

One (Austria)

TMI owns 15% of One, the third-largest mobile operator in Austria. Mobile phone penetration is 106% in Austria and people in Austria are among the highest spenders in terms of mobile telecommunications in Europe. In 2005, One's customer base increased 15% to 1.8 million customers due partly to the successful launch of its pre-paid no-frills concept Yesss!

In December 2003, One began a soft launch of UMTS services, which services include downloading of music files and video telephony. A more comprehensive mass market launch was initiated in spring 2005. By the end of 2005, the UMTS network covered 51% of Austria's population. The UMTS roll out has until now been concentrated on the most densely populated areas in Austria. We believe it is likely that further UMTS roll out will be required to close coverage holes in already partially covered areas. Further, we expect One to establish wireless hotspots in order to meet corporate customer needs.

TDC Cable TV

TDC Cable TV is the largest TV distributor in Denmark and it provides TV signals to approximately 40% of all Danish households. TDC Cable TV offers TV programming, broadband services (cable modem) and IP telephony.

In the past few years, TDC Cable TV has continued its growth in customer numbers, revenue and margins. At year-end 2005, the number of cable TV customers was approximately 1 million, up 5% from year-end 2004, and the number of customers with broadband rose 35% to 251,000. The number of telephony customers was 9,900 at year-end 2005 (of which approximately 3,600 were VoIP customers). The TV customer base grew at a CAGR of 5% in the period 2002-2005. In 2005, TDC Cable TV's revenue was approximately DKK 2.1 billion (€0.28 billion), an increase of 19% from 2004. By December 31, 2005, TDC Cable TV had 1,030 full-time employee equivalents.

Products and Services

Television

TDC Cable TV's core business is analog TV. TDC Cable TV currently offers analog TV in three standard packages (basic, medium and full) to individual household customers and organized customers, representing 30% and 70% of our business respectively. Organized customers include antenna co-operatives and housing associations. Our analog TV transmissions do not require a receiver or set-top box. As a result, our customers can view a different channel from each TV set in their residence. This gives us a competitive advantage over our DTH competitors who can only provide single channel viewing for each set-top box employed.

The channels in the cable TV packages are selected with a view to customer preferences. TDC Cable TV's basic package, with approximately 170,000 customers, contains free channels from the state broadcasting services. The medium package, with approximately 80,000 customers, contains some of the most popular pay channels, including Viasat's channels. The majority of our customers prefer the full package, which includes the same channels as the medium package plus some foreign channels and has approximately 630,000 customers. The current monthly list price for these packages is DKK 147 (€20), DKK 219 (€29) and DKK 290 (€39), respectively (including VAT). Organized customers are subject to different monthly rates which are typically less than the rates paid by individual household customers. Some organized customers, namely large antenna co-operatives who represent an additional 150,000 households and housing associations are agency customers who buy individually customized content packages from TDC Cable TV.

In 2006, we expect to begin the migration of the analog TV packages toward digital packages. Our entire cable backbone network is digital. Approximately 4% of TDC Cable TV's TV customers are digital customers and therefore own or lease a digital set-top box, also known as the Selector. TDC Cable TV acquires the digital set-top boxes from a third-party supplier, Sagem, and sells them to the customer at a discounted price. It is not possible for Selector customers to use alternative set-top boxes than the ones supplied by TDC Cable TV, as customized software is used. Selector customers choose either a medium or full package in digital format and can supplement their package with a variety of further content packages, at prices in the range of approximately DKK 40-240 (€5-€32) per month. In addition, digital customers are offered Near Video On Demand services with pay per view movies. In the second quarter of 2006, we expect to launch VoD and we plan to introduce a new and improved set-top box with digital return path and HD capability in 2006.

Broadband

During the last five years, TDC Cable TV has invested in its cable network to make the majority of the network broadband accessible (return path upgrade). At year-end 2005, TDC Cable TV had 251,000 broadband customers, or 30% of the accessible customers. The broadband customer base has grown at a CAGR of 59% in the period 2002-2005. TDC Cable TV's broadband products are based on a flat rate concept, whereby the customer is invoiced a fixed monthly subscription regardless of its IP-traffic consumption. Currently, broadband speeds up to 4 Mbps are offered to customers.

TDC Cable TV expects to continue to grow its broadband activities. Our relatively strong position in the broadband market has, to a large extent, been achieved through small changes in pricing and low-speed connections of 256 Kbps or less. However, our large customer base and the unexploited capacity in the coaxial network ensure that TDC Cable TV can easily adapt to future market trends.

Telephony

In 2005, TDC Cable TV launched a VoIP product offering. With the introduction of VoIP telephony, TDC Cable TV can now offer its customers triple play solutions including TV, broadband and telephony. TDC Cable TV offers high quality VoIP telephony with Quality of Service to ensure a clear and constant voice flow similar to the voice flow in regular telephony. VoIP is offered as a pre-paid, flat rate, self-service product, where ordering, management and payment are handled via a website.

Customers, Sales and Distribution

TDC Cable TV's customer base consists of a combination of individual households and organized customers (mainly antenna co-operatives and housing associations). Individual households have a direct customer relationship with TDC Cable TV, whereas each organized customer handles matters such as billing directly with the individual households it represents. It is common for organized customers to own and maintain the last mile of the cable network. Broadband and VoIP products are almost entirely sold directly to the individual household, regardless of whether the household is an individual customer or represented by an organized customer.

TDC Cable TV's sales department handles all initial sales pitches and subsequent contract negotiations for TDC Cable TV. TDC Cable TV has expertise in selling to and servicing organized customers, which gives us a competitive advantage over the majority of our competitors who have only just begun to target the organized customer market with broadband and telephony products. Once TDC Cable TV enters into a TV contract with an organized customer for the provision of products or services, there is potential for sales of add-on products such as digital TV, broadband and VoIP directly to each individual household represented by the organized customer.

Customer Care

TDC Cable TV bills its customers in advance of the billing period, thus contributing significantly to TDC Cable TV's cash flow and working capital. Under our cable service contracts, approximately 60% of our organized customer base may terminate their subscriptions by giving two or more years notice, while individual household customers are entitled to terminate the subscription by giving three months notice.

TDC Cable TV's broadband and TV churn rates are relatively low. Annual broadband churn was 10.7% (excluding churn due to change of address, including which broadband churn would be 14.8%) and annual TV churn was 4.2% in 2005.

TDC Cable TV's call center is the main sales channel for cable TV products. Our website is the main sales channel for broadband and VoIP. The majority of incoming web orders require no manual handling due to backend integration with our main IT systems. Finally, individual household customers, especially buyers of set-top boxes, are served by TDC Shops and two external retail chains, which combined, cover all major cities in Denmark. Retailers earn a commission on all sales. Organized customers are served through the organized customer service. Individual household customers are primarily serviced through TDC Cable TV's in-house call center. Individual customers are also served through our website.

Content Providers

Historically, TV content prices have been relatively high in Denmark and TV distributors (both cable and DTH) pay for most of their content other than content provided by the Nordic state owned broadcasting services. TDC Cable TV's most important suppliers are content providers such as TV2 (TV2 Zulu, TV2 Charlie and TV2 FILM), Viasat (TV 3, 3+ and Viasat Sport) and SBS (Kanal 5, The Voice TV and Canal Plus). We have strong relationships with our largest content providers. Approximately 85% of total viewer ratings in Denmark are domestic channels. We believe this fact and our large customer volume makes it crucial for Danish broadcasters to have their channels included in our TV packages and gives TDC Cable TV strong bargaining power with domestic content providers, which in turn lead to favorable discounts.

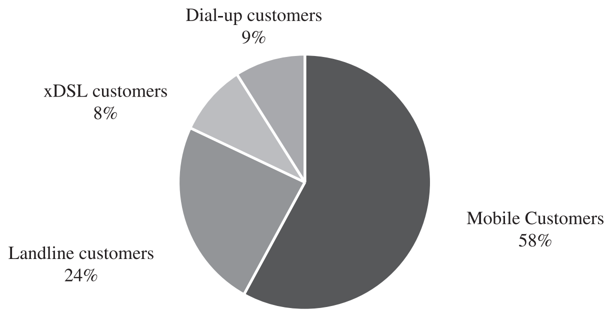
Our contracts with content providers typically run for two or three years. The fees we pay for content are usually based upon subscriber numbers, although a few such contracts include minor scale discounts with gradually declining fees per subscriber.

TDC Switzerland

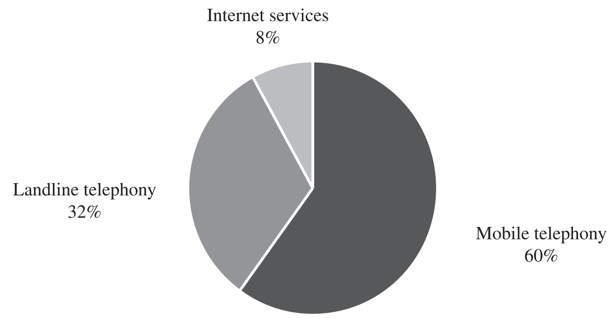
TDC Switzerland offers mobile telephony, landline and internet services. In 2005, it acquired Ascom's communications solutions unit, renamed sunrise business communications, which has considerably strengthened the provision of LAN products and services for TDC Switzerland's business customers. TDC Switzerland's revenue was approximately DKK 9.6 billion (€1.3 billion) in 2005, a decrease of 1.1% from 2004.

TDC Switzerland has maintained its position as the second-largest telecommunications provider in the Swiss market, a market characterized by fierce competition, decreasing mobile and fixed line prices and a regulatory environment currently favorable to Swisscom. TDC Switzerland does not have its own access network. Recently, the two Chambers of the Swiss Parliament agreed on legislation that would require Swisscom to provide us with access to their local loop based on regulated prices. At year-end 2005, TDC Switzerland had approximately 2.2 million customers. TDC Switzerland's total customer base is relatively stable, with declining traditional landline voice and dial-up services being partly offset by growth in mobile users and broadband.

TDC Switzerland
Customers at year-end 2005



TDC Switzerland Business Area
Revenue at year-end 2005



At year-end 2005, TDC Switzerland had 2,454 full-time employees, with 254 directly related to the acquisition of sunrise business communications.

TDC Switzerland Mobile

Mobile telephony represents the major share of revenue in TDC Switzerland and was approximately DKK 5.7 billion (€0.76 billion) in 2005. Mobile telephony contributed approximately 60% of TDC Switzerland's revenue in 2005. The number of mobile customers of TDC Switzerland at year-end 2005 was approximately 1.3 million, an increase of approximately 6.5% compared to 2004.

Our Swiss mobile business includes a retail and a wholesale section. Our Swiss retail business offers post-paid and pre-paid services as well as PC cards, and sells mobile handsets. By the end of 2005, approximately 50% of TDC Switzerland's mobile subscriptions were pre-paid.

Our portfolio of retail mobile product service plans is called sunrise Relax. Our Relax plans are available for both post-paid and pre-paid customers. The customer is billed per call (up to one hour) for on-net mobile calls and calls to fixed net. Off-net mobile calls and international calls are billed at a per minute rate. Relax consists of four different price packages suited to different usage levels. In addition to Relax, we offer six subscription packages tailored for post-paid customers, who have a relatively constant usage pattern. Each of these subscriptions include a certain amount of voice and/or SMS minutes, for example, the subscription product "sunrise minute 60" with a monthly subscription that includes 60 minutes per month. The pricing for each product depends on the monthly minimum MOU the user expects to consume.

In order to compete with the no-frills packages offered by our competitors, TDC Switzerland has launched the brand yallo. Yallo offers simple and transparent pricing and no subscriptions along the lines of the Telmore Concept. Initially launched as an online-only offer, TDC Switzerland now sells yallo through our direct and indirect distribution channels.

TDC Switzerland also offers a wide portfolio of value-added services and data services, such as sunrise live portal, which includes music downloads, games and video telephony. In 2005, TDC Switzerland launched a UMTS/EDGE network and our outdoor population coverage at the end of 2005 for GSM/GPRS was 99%, for EDGE 78% and for UMTS 57%.

TDC Switzerland also offers bundled mobile, fixed line and broadband products, which enable customers to take advantage of discounts by purchasing both mobile and fixed voice or voice and internet from TDC Switzerland.

In the mobile wholesale area, we currently have agreements with companies such as Cablecom and Tele2.

Landline telephony

Revenue from landline telephony in TDC Switzerland was approximately DKK 3.1 billion (€0.4 billion) in 2005. Landline telephony contributed 32.1% of revenue of TDC Switzerland in 2005, compared with 32.4% in 2004. At the end of 2005, TDC Switzerland had 527,000 landline customers.

Our landline telephony business in Switzerland covers retail and wholesale markets. Retail voice includes pre-fix and pre-select PSTN plans, with or without a contract, as well as VoIP. The main family of PSTN price plans is called "Sunrise Select," and includes a choice of a charge by the minute plan, a charge by the call plan or a plan with included minutes. Sunrise Select plans also offer additional options like discounted international calls or discounted calls within a user group. Business customers also benefit from data solutions such as IP-VPN and leased lines and, as of July 1, 2005, network integration solutions which combine voice and data in one network (including LAN, PABC and IP communications services), which are included in our product portfolio as a result of our acquisition of sunrise business communications. Landline wholesale activities consists of primarily transit traffic and, to a smaller extent, data and internet services.

TDC Switzerland offers twelve month customer contracts with fixed numbers of minutes included or fixed hourly rates for a flat fee or with telephone service bundled with other services, such as mobile or DSL. For international calls, special contracts offering fixed low prices are in place. We face the challenge of managing an effective transition from PSTN to VoIP, without losing customers and without having the cost of maintaining two technologies in parallel for too long.

Internet services

In 2005, the internet services business contributed approximately DKK 792 million (€106 million) of revenue, or approximately 8.3% of the revenue of TDC Switzerland. The broadband penetration rate was 48% at the end of 2005. At the end of June 2005, TDC had an 11% market share in the broadband segment and a 28% market share in the dial-up segment. TDC Switzerland had 204,000 dial-up and 182,416 DSL customers at year-end 2005.

TDC Switzerland's internet services business offers dial-up and three different DSL products. ADSL plus is a flat rate product with up to 5 Mbps downstream charged at a flat fee. In 2005, TDC Switzerland introduced ADSL Flex, which was the first consumption-based DSL product in Switzerland. For this product, the customer pays a subscription fee which covers a certain amount of megabytes and additional usage is billed per megabyte. In 2006, we introduced ADSL Free which is purely consumption-based.

The growing broadband market in Switzerland is the driver for the continuous DSL customer growth of TDC Switzerland. As access to the local loop on a regulated basis has not yet been introduced in Switzerland, we currently resell Swisscom's DSL products with small gross margins and little room for product differentiation other than through pricing. We expect to have ULL access by 2007 and, as a result, we expect margins to grow. Churn in the DSL business is low, but is expected to grow once the market becomes more saturated.

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

Customers, sales and distribution

TDC Switzerland divides its business customers into three segments. The corporate segment consists of approximately 1,500 companies that each have more than 200 employees. In the SME segment the market consists of approximately 17,000 companies that each have 20-200 employees. Finally, in the SoHo segment, the market consists of approximately 279,000 companies that each have up to 19 employees.

Our Swiss marketing activities are organized in two units, one of which is focused on wireline (voice and internet) and the other on mobile. We have approximately 150 full-time employees in total in the two units. Each unit has dedicated teams for the residential and business customer markets. The activities within these units cover marketing communications, product management and development, segment management and customer relationship management, process management and market intelligence, as well as new business partner management.

The sales organization for residential customers has approximately 200 full-time employees and focuses primarily on our own shops, and the management of external partners and sales channels. The remuneration of external partners and sales channels is primarily based on sales commissions. The sales organization for business customers has approximately 200 full-time employees. Commission-based incentives are an integrated part of remuneration of both our own sales force and external sales channels. See section "— Distribution" below.

Advertising. TDC Switzerland follows a single brand advertising strategy which is a cornerstone in its efforts to become a convergent service provider. An exception to our single brand strategy is yallo. Yallo was launched last year to compete with the no-frills and low price mobile offers that are entering the Swiss market.

TDC Switzerland's marketing team utilizes a variety of medias to advertise our products. Our style of the advertising aims to be humorous and informative. All campaigns are however supported by a call to action in the form of an attractive product offer.

In the area of sponsoring, the efforts have been focused on sponsorship of the Swiss football league. Recently sunrise has also moved into music sponsorship. A co-operation with Good News, the biggest Swiss concert organizer, is used as a platform to retain customers and create loyalty. The music sponsoring is also an integral part of sunrise's online music offering "Music World."

In the business market, the communication is more targeted. Segment specific communication channels such as trade journals or trade fairs are used.

All communication activities to new and existing customers are based on segmentation. For targeted cross- and up-selling to existing customers segmentation is used on a one-to-one basis (e.g. segment specific direct marketing activities, such as bill inserts and direct mailings.)

Within our telephony and internet operations, this year's business marketing focus is to significantly increase brand awareness and position the sunrise brand to become number one in VoIP in the Swiss business market. For the first time in Switzerland, this marketing strategy is supported by a dedicated testimonial campaign targeting key decision makers on TV and in the business press in collaboration with Cisco and Nortel featuring CEOs of recognized Swiss companies that are satisfied users of our services.

In addition to mobile and fixed line carrier services, we market, design, build and maintain complete business telephony and data solutions to enterprises in various industry branches including financial services, healthcare, logistics and transportation through our newly acquired sunrise business communications division.

For the corporate and SME segments, our marketing efforts tend to be customized for each buyer, including dedicated account management, customer specific presentations and local events.

We use innovative marketing approaches such as door opener campaigns to target select customer groups. As part of our communication efforts, we advertise in the professional and general press, publish our own business magazine and e-newsletter, participate in major business events and sponsor the Swiss football league and major classical and pop concerts.

Distribution. Distribution of our products and services is through our own direct sales organization as well as via selected distribution partners. Distribution for the residential segment focuses on internal channels (our shop network, e-shop and direct sales through customer care) and external channels. We own 23 sunrise shops and operate 16 shops inside supermarkets. One third of the post-paid activations and about half of the contract extensions are generated through our own sales channels.

For external channels, we use both specialized and non-specialized channels. Specialized channels include Mobile Zone and Phone House, which include chains that sell mobile subscriptions for all three major mobile operators in Switzerland. Non-specialized channels include Fust and Interdiscount which are major electronics dealers in Switzerland, and Migros which is the largest retail chain in Switzerland. Remuneration of external sales channels is based on a basic commission per customer and certain bonuses.

In selling to customers, we distinguish between pull channels, where the customer initiates contact, and push channels, where we contact the customer. The pull channels include TDC Switzerland's call center (inbound calls), sunrise branded shops and the sunrise online shop and retail chains. The push channels include door sales (outsourced to door-to-door organizations), TDC Switzerland, call center (outbound calls) and three external Swiss-based call centers.

To serve our business customers, we use internal and external channels. A regional direct sales force is the most important channel in the corporate segment, whereas the SME segment is served both through our own direct sales force as well as partners. In the residential segment and the SoHo segment we primarily use external partners, as described above.

For all segments and channels, there is a strong focus on cross-selling wireline products to TDC Switzerland mobile customers and vice-versa.

The sunrise brand is used both in the residential and business segments. The marketing of residential wireless services focuses on voice and internet access services. We focus on net growth by substantially increasing our footprint in the SME and SoHo segments through sales of mass market capable standard solutions and broadband and application services.

TDC Switzerland is positioning itself in the business market with best value for money offerings for the SoHo and SME segments.

Customer Care

A primary focus of customer care is customer life cycle management, including sales, retention, billing enquiries and technical support. Customer care is a low cost acquisition and retention channel, and the customer loyalty generated by this channel is higher than other channels.

The customer care organization manages all of TDC Switzerland's customer relationships. There are four physical locations across Switzerland which support four languages (German, French, Italian and English). The front office number of full-time employee equivalents is approximately 440 and the back office number of full-time employee equivalents is approximately 140. Technical support is open twenty four hours a day whereas opening hours for billing inquiries and other information is shorter.

Competition

Fixed Line

The total market for landline voice traffic in Switzerland declined in 2005 primarily due to migration from landline to mobile telephony. As voice products typically consist only of a choice of price plans, there is little room for differentiation between our products and those of our competitors beyond price.

TDC Switzerland's fixed line business, initially successful with a market share of over 20% in 2002, has experienced a decline in market share to 15%, as a result of a lack of regulation and competition from new operators such as Cablecom. However, the anticipated introduction of ULL is expected to put TDC Switzerland in a position to offer better prices and product offerings. TDC Switzerland is also well prepared for future challenges such as VoIP, as we have already introduced our own VoIP solution. Swisscom benefits from the lack of regulation and in 2005 was able to maintain its market share of 60% in fixed line. However, Swisscom's customer base is decreasing as a result of fixed-to-mobile substitution. Tele2, which had a market share of 14% in 2005 in fixed line, is increasingly pressured as its price leadership strategy is being challenged by Cablecom.

Cablecom had a market share of 6.2% in fixed line at the end of 2005. Cablecom can offer cheaper prices than resellers, as the company owns the cable network direct to households. However, Cablecom only had a market share of 61% in the Swiss cable market in 2005, as there are approximately 250 other regional cable providers, however, most of these do not offer telephony products.

Broadband

TDC Switzerland is continuing to migrate its dial-up customer base to DSL. TDC Switzerland's broadband market share was approximately 11% in 2005. We expect to grow the market share with VoIP and ULL. Swisscom had a market share of 42% in 2005, and announced that it expects to launch TVoIP in 2006 and introduce triple play services to compete with the Cablecom threat. Tele2's DSL offering mainly targets residential customers and competes on the basis of pricing. Its broadband market share was below 10% at the end of 2005.

Cablecom offers higher bandwidth than Swisscom DSL and uses aggressive pricing and promotions. Cablecom has a triple play strategy and is the predominant provider of digital TV in Switzerland. While Cablecom can challenge Swisscom because Cablecom is not suffering from lack of last mile regulation, Cablecom does not have access to the whole Swiss population. Cablecom's market share for broadband was 21.3% at the end of 2005.

Mobile

TDC Switzerland has a stable market position with 19% market share at the end of 2005 and, after decreasing the prices of Relax in 2006, TDC Switzerland became the price leader in the pre-paid and post-paid segment.

In 2005, the first MVNOs and resellers entered the Swiss market. Migros uses the Swisscom network and Coop uses the Orange network. Tele2 has its own GSM network in the Zurich region, and in addition has a roaming agreement with TDC Switzerland. Cablecom has an MVNO agreement with TDC Switzerland. We expect intense price competition as a result of the entrance of these players in the Swiss mobile market.

In the post-paid segment, Swisscom is positioning itself as an innovative leader by offering advanced content and HSDPA. Swisscom's mobile market share was 63% at the end of 2005, while Orange had a market share of 18% in 2005.

With the brand yallo, TDC Switzerland is offering a no-frills product, similar to M-Budget and Coop Mobile. Approximately 49.7% of TDC Switzerland's customer base is in the pre-paid segment. In 2005, Swisscom was able to grow its customer base in the pre-paid segment with M-Budget, which is challenging TDC Switzerland's low price strategy. Like Swisscom, Orange was able to grow its customer base in 2005 within the pre-paid segment with Coop Mobile, which is offering the same prices as M-Budget and is based on the same concept.

Network

We operate the most extensive telecommunications network in Denmark. Our telecommunications backbone network has high-capacity transmission capabilities and is fully digitalized. Our access network reaches almost 100% of Denmark's population. We operate our own networks in Switzerland, the Nordic region, Lithuania, Latvia and Hungary. We own and operate a backbone network in the Nordic region, which is one of Europe's fastest broadband networks for data, internet and voice traffic. We believe our past investments, particularly in Danish network infrastructure, will allow us to lower our operating costs and lower capital expenditures in the future.

Our Landline Network

Our Danish landline network is a fully developed modern telecommunications network covering almost 100% of the Danish population. The landline network includes a fully invested PSTN/ISDN network, an MPLS capable IP backbone network and DSL coverage of approximately 98% of potential customers at 512 Kbps downstream speed, which is high compared to the European average of approximately 94%. Our DSL network, which we consider to be one of the most advanced in Europe, can deliver 4 Mbps and 8 Mbps to 90% and 55%, respectively, of the Danish population. We expect to be able to deliver 8 Mbps DSL service to 85% of the Danish population by the end of 2006.

Transport Network. In Denmark, a key element of our landline network is a fiber-based transport network. The transport network is used for PSTN/ISDN services and data services (IP, Ethernet and ATM). It is also used by TDC Mobil and TDC Cable TV. The transport network in Denmark consists of:

- 19,205 kilometers of fiber cable, which connect all of our central offices to the fiber transport network and all 1,347 of our nodes,
- DSLAM equipment in all of our central offices and nodes,
- wavelength division multiplex systems to increase capacity per fiber, and
- a leased line platform delivering fixed capacity connection speeds with bandwidths up to 2 Mbps in Denmark.

Fixed Access Network. TDC Solutions' fixed access network, or PSTN/ISDN network, consists of twisted copper pairs and optical fiber. The PSTN/ISDN network in Denmark covers 100% of the population and is used to deliver both basic and advanced telephony services. This network consists of:

- 228,000 kilometers of twisted copper pair cable in Denmark that connect 2.43 million PSTN and 0.33 million ISDN2 customers,
- 4,319 kilometers of optical fiber cable in Denmark that connect 3,145 customers, and
- 149 central offices (including 120 local exchanges, 10 transit exchanges, 2 international exchanges, 8 IN service contact points, 2 speech servers, 2 servers for directory assistance and 5 exchanges for testing purposes).

The PSTN customer base is declining in Denmark, which has been creating free capacity on our PSTN/ISDN network. As a consequence, we expect that the need for investment in the PSTN/ISDN network in the future will be limited. We have a high port utilization in our DSLAM equipment for DSL and IP because we employ a just-in-time port build-out. As a result, the current customer take-up cannot be sustained without investing in additional port capacity. We increase our customer capacity by cost-effectively increasing the port capacity of the existing DSLAM equipment.

The Data Networks. Our data networks in Denmark and the Nordic region include our ATM and IP networks. The ATM network (only in Denmark) is the platform for aggregated DSL-based broadband access services. The ATM network also delivers a range of data connection services including frame relay and ATM services. The ATM network covers Denmark with 137 POPs.

The IP network consists of an MPLS-based IP core network, IP EDGE networks and IP aggregation networks. The IP network delivers internet access services, pan-Nordic MPLS-based IP-VPN services, VoIP services and content services such as TVoIP. MPLS plays a key role in delivering the necessary Quality of Service for VoIP. Routers are a key component of the reliability of the MPLS-based IP core network, as each POP is supported by two routers in order to prevent interruptions in the flow of traffic on the network. The separated IP cores in the Nordic countries are currently being integrated to a unified Nordic IP core.

The IP EDGE network extends the IP network to a larger number of POPs and provides a range of IP access services, including dial-up, fixed capacity leased line access and ATM based access. Our IP network extends to 154 POPs in Denmark and TDC Song extends that network to a further 295 POPs. The IP aggregation networks include DSL networks providing DSL and SHDSL based services and IP/Ethernet networks providing 100 Mbps and 11 Gbps Ethernet access services to the IP network. Our IP network extends to 1,582 DSL POPs with 691,000 customers in Denmark and TDC Song extends that network to a further 578 DSL POPs with 13,500 IP-VPN customers and 34,300 internet access customers. We also have 650 wireless hotspots throughout Denmark.

Due to expected traffic growth, the traffic capacity limits on the ATM DSLAM platform may be reached on certain parts of the network. As a result, in 2006, we plan to start to roll out a new IP/Ethernet network, and install new DSLAMs for DSL services in all central offices and nodes connected to the local copper loop. The new network will make it possible to improve high speed DSL coverage using remote DSLAMs. The introduction of remote DSLAMs is currently in the planning phase. We believe that we will achieve cost savings by moving from an ATM to an Ethernet based network.

We designed our network to be compatible with the network equipment and platforms of multiple vendors. With the exception of the ATM platform, we have a dual vendor strategy, which makes us less dependent on one vendor for key supplies, repairs and upgrades. By moving from ATM to Ethernet technology for DSL services, we aim to decrease our dependency on specific ATM vendors.

Pan-Nordic Network (TDC Song). TDC Song's network consists of a fiber-based transport network, as well as a PSTN/ISDN network and, as discussed above, IP/Ethernet network. TDC Song's PSTN/ISDN network is primarily used to serve business and wholesale customers. TDC Song's long-haul transport network consists of approximately 19,000 kilometers of fiber cable and a pan-Nordic Synchronous Digital Hierarchy network delivering fixed point-to-point capacity of up to 10 Gbps. TDC Song's fixed access network (MAN) consists of 2,325 kilometers of optical fiber cable that connects fiber directly to 4,630 customers. Apart from customers that we connect directly to our fiber network, TDC Song relies on DSL over unbundled copper to provide local access. The coverage of the Nordic network primarily covers the cities and larger towns in Sweden, Norway and Finland. Currently, there are 635 central offices connected to the TDC Song network of which 375 are located in Sweden, 110 in Norway and 150 in Finland. In 2005, we began to offer DSL services to residential customers in Sweden at a bandwidth of either 1Mbps, 8Mbps or 28Mbps. In 2006, we will continue to integrate TDC Solutions' existing network in the Nordic region with the network of TDC Song. The TDC Song network also consists of wavelength division multiplex systems to increase capacity per fiber.

The following table shows the location of our ULL central offices and the residential and business DSL coverage that our network has.

Country	Sweden	Finland	Norway
ULL Central Offices	375	150	110
% Population Coverage	30%	25%	24%
% business with greater than 10 employees covered	80%	75%	55%

TDC Carrier Services. Under the name TDC Carrier Services, TDC operates extensive transport and IP networks outside the Nordic region. The international transport network includes 75,000 kilometers of fiber connections covering Eastern and Central Europe, with submarine extensions to the United States.

Our Mobile Network

GSM Network. TDC Mobil has rolled out GSM 1800 and 900 networks in Denmark. The number of GSM base stations in Denmark is approximately 1,840. In Denmark, close to 100% of the population and geography is covered. The utilization of the network has increased by 30% over the last three years. According to industry surveys conducted by a prominent Danish telecommunications research company, 76% of all business telecommunications customers and 86% of our customers in Denmark believe TDC Mobil has the best GSM network in Denmark and that our network quality is better than or on par with competitors.

Nokia and Ericsson provided the hardware and software for TDC Mobil's GSM radio network. The core network consists of 15 mobile and software switching centers and 6 home location registers that were manufactured by Ericsson. Our GSM network consists of approximately 4,400 GSM 900-cells and 2,850 GSM 1800-cells and 40 base station controllers.

TDC Mobil's network includes platforms for voicemail, SMS, Wireless Application Protocol, MMS, a platform for content delivery, and the mobile portal FLY and an Intelligent Network platform for a large number of services, including pre-paid services. We have bundled our mobile broadband access offer with the TDC wireless hotspots, of which we have 650 in airports, hotels, conference centers, cafés and Statoil petrol stations and rest areas along the main transport roads across Denmark.

3G Network. TDC Mobil is in the process of rolling out a 3G network mainly in the major cities of Denmark. The roll out is expected to fulfill the requirements of our Danish UMTS license to achieve 80% population coverage at a speed of 12.4 Kbps by 2008, with a geographic coverage of approximately 13%. We will upgrade network speed in accordance with customer demand and cater for special customer needs for coverage through a focused VIP-program. We plan to upgrade 12% of the base stations in our 3G network to higher bit rates using HSDPA technology at the end of 2007, and to make a further HSDPA roll out according to market needs from 2008.

Our Cable Network

TDC Cable TV has a fully digitalized network. It is operated from one central super-head-end in Copenhagen that serves as play-out for the entire network. This super-head-end also serves as a basis for TDC Solutions' TVoDSL and central VoD servers, and has the capacity to supply TV to hand-sets (DVB-H and 3G). Moreover, the super-head-end provides cable modem provisioning and network management control servers for IP-products. TV is transmitted digitally by TDC Solutions' domestic backbone network to 47 remote hubs, from where the three standard packages are converted to analog transmission. Additional channels are transmitted digitally and the customer is required to have a set-top box to receive these channels. From the hubs to the households, transmission is distributed by a HFC network, the majority of which is owned by TDC Cable TV. The last few hundred meters of customer premise cable network, however, is frequently owned by landlords or organized customers. In total, TDC Cable TV's network covers almost 50% of Danish households.

As with TV transmission, IP traffic terminates via TDC Solutions' IP backbone to the same 47 hubs, partly by lines leased from TDC Solutions. The network owned by TDC Cable TV is almost completely return-path upgraded. Approximately two-thirds of customer-owned network is upgraded by TDC Cable TV. The coaxial cable offers vast capacity, which is presently only marginally exploited. All modems are Docsis 1.1 and are ready for Docsis 2.0. However, TDC Cable TV is contemplating a complete Docsis 3.0 roll out, which would enable up to 100 Mbps end user connections throughout the network.

Our Swiss Network

TDC Switzerland has built and operates its own mobile, fixed and ISP networks. As a result, TDC Switzerland offers integrated services and is able to meet the high market demand for quality and reliability of and easy access to telecommunications services. Due to recent legislation requiring Swisscom to provide us with access to its ULL network, we expect that we will be able to obtain direct access to additional end users in Switzerland.

Mobile Network

Despite difficult topographical circumstances and stringent environmental obligations, especially in the non-ionizing radiations area, which limits radiation from mobile antennas, sunrise has achieved competitive coverage and quality with the GSM network. In addition, sunrise is further developing and expanding its mobile network based on EDGE and UMTS technology. TDC Switzerland's main coverage objective for its UMTS network is to achieve 384 Kbps indoor service in major cities such as Zurich, Basel, Bern, Lausanne, Geneva, Luzern, Chur and Lugano, and then to enlarge the 128/384 Kbps service to greater urban areas. TDC Switzerland Mobile had 2,200 GSM/GPRS sites, 800 EDGE sites and 470 UMTS sites as of year-end 2005.

Fixed Network

TDC Switzerland's fixed network consists of a SDH/DWDM backbone (our own fiber-optic network measuring more than 7,000 kilometers), 1,608 connected sites and direct interconnection with all interconnect points of the Swiss incumbent operator and several international carriers.

ISP Network

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

Network Operation

Routine maintenance, inspections and tests are conducted on a daily basis including tests of network performance. The performance of our network is monitored separately for each of our technologies. In addition, TDC constantly monitors all network events through one common alarm handling system at the Network Operations Center in Copenhagen. TDC is presently implementing a new network alarm system, which will implement best practice alarm correlation. We expect that our alarm correlation system will ensure a fast track response to network failure and provide information on service impact for key customers. Our network alarm system can also be initiated by our customers. Triggering the network alarm system initiates fault handling and maintenance procedures, which might include on-site maintenance.

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

TDC Switzerland's central network operations center monitors the entire TDC Switzerland network 24 hours a day and performs fault management procedures. TDC Switzerland has a field crew that operates in 11 locations and performs first line maintenance, preventive maintenance and implementation of site safety and security.

Billing, Information Technology and Procurement

TDC Services

In general, our subsidiary, TDC Services, is responsible for billing, IT and procurement services for the majority of our domestic operations, including TDC, TDC Solutions, TDC Mobil and TDC Cable TV. TDC Services is also responsible for a number of operational tasks for these domestic operations, including logistics, facilities management and management of accounts payable. Our international operations, as well as certain of our domestic operations (e.g. Telmore and Song Denmark), generally handle their own billing and IT. However, in the future, TDC Services will start to provide selected services to our Nordic and other European operations. Although TDC Services mainly supports our internal operations, TDC Services provides limited services to third-party customers and generated revenue of approximately DKK 106 million (€13 million) in 2005 from the provision of such services. As discussed in more detail below, TDC Services is also responsible for handling certain of our procurement task requirements across Europe.

Billing

TDC Services. TDC Services is responsible for all domestic billing activities, as well as reminder procedures (except for TMI), billing complaints and debt collection. Billing is the most frequent and closest encounter we have with our customers. By proactively developing our billing processes and ensuring that the bills are delivered in the correct frequency, layout and language, we aim to ensure high satisfaction and loyalty among our customers.

TDC Services produces and distributes approximately 18 million invoices and call specifications annually. Most customers receive quarterly invoices. Electronic billing is a particular focus area, as it can simultaneously improve customer satisfaction and reduce administrative costs. TDC Services has started increasing the number of bills distributed electronically and has introduced various electronic billing solutions. In the fourth quarter of 2005, 3.6% of all bills were distributed electronically. Our strategic goal is to increase this percentage substantially and realize associated cost savings.

In the second half of 2006, TDC Mobil and TDC Solutions expect to implement a new customer exposure system, which will monitor credit and fraud risks. On a daily basis, the system will monitor all customers of TDC Solutions and TDC Mobil for changes in usage and payment behaviour with the purpose of automatically generating alerts if the aforementioned changes break predefined limits. The alerts will be investigated and, if necessary, actions will be taken to reduce our exposure to customer credit risk. TDC intends to investigate whether the customer exposure system should be implemented for our other business lines.

TDC Switzerland. TDC Switzerland produces and distributes approximately one million invoices monthly, 93% to residential customers and 7% to business and wholesale customers and dealers. All services can be included on one invoice. The main payment methods are "over the counter" payments at bank branches or post offices. To a lesser extent, bills are paid by means of e-banking and transfers. TDC Switzerland has launched electronic billing and payment for its residential customers.

IT Solutions

Our IT services unit works with our internal business units and at times with our customers to deliver IT projects.

In order to minimize our total IT costs and increase our efficiency, we outsource certain IT tasks. In recent years, the maintenance, development and operation of several IT activities have been outsourced, in part utilizing off-shore resources.

In connection with our IT requirements, we have outsourced the following tasks:

- operation, maintenance and development of certain legacy systems in June 2003 to CSC, including Tandem and IBM OS/390 mainframe platforms;
- development of TDC Mobil's self-service applications in January 2005 to Capgemini;
- support and desktop management in January 2005 to CSC; and
- development and maintenance of enterprise resource planning applications in June 2005 to IBM.

Procurement across Europe

TDC Services is responsible for attending to our procurement needs across Europe. Within TDC Services, the corporate procurement department is responsible for conducting negotiations with our suppliers with a view to using our buying power to obtain favorable prices and terms. For example, the corporate procurement department renegotiated contracts relating to EDGE and 3G equipment for all of our business lines and not each division individually, leveraging our buying power and leading to cost savings of approximately DKK 100 million (€13 million) in 2005 and more than DKK 800 million (€107 million) in the contract period. It also aims to hire people with significant experience in procurement and provides inhouse procurement training. TDC Services also focuses on strengthening cooperation between our European operations in order to consolidate our procurement activities.

Research and Development

Our research and development activities are currently focused on developing next-generation services and network platforms in the landline and mobile business areas. This includes development of broadband applications and services, as well as IP-based and UMTS network platforms and wireless LAN capabilities. Furthermore, we participate in international programs, including standardization efforts, and cooperate with independent research organizations. Although we expect our research and development efforts to contribute to future revenue growth, we believe our results of operations and cash flows are not dependent upon the success of such efforts.

Intellectual Property

In August 2004, TDC signed an exclusive license agreement with easyGroup, which allows us to use the easy brand when offering mobile telephony in up to 11 European countries. At present we have operations in the UK and in Germany using the easy brand. However, the operations are still at a very early stage in their development. See "Business — Talkline etc."

Apart from our leading brands, we do not believe that we are dependent on any other intellectual property right including any individual brands.

Property, Plant and Equipment

TDC Services manages the majority our office premises and floor space in Denmark. However, certain of our Danish operations, such as Telmore, manage their own premises. We believe we have sufficient leased space and real property to conduct our business activities effectively.

Our principal properties consist of numerous telecommunications installations, including exchanges of various sizes, transmission equipment, cable networks, base stations for mobile networks and equipment for radio communication, the majority of which are located in Denmark. We also have numerous computer installations, which are primarily located in Copenhagen and Aarhus.

The total area of our domestic properties was approximately 972,000 gross square meters as of December 31, 2005, of which approximately 60% was owned by us and approximately 40% was leased. As of December 31, 2005, telecommunication installations (exchanges and base stations) represented 38% of our total property, plant and equipment, and other installations represented 4% of our total property, plant and equipment.

The following table shows our domestic properties by purpose of use and ownership (managed by TDC Services):

Purpose of use	Owned	Leased	Total	Owned/leased ratio		Share of total gross square meters
	(gross square meters)					
Administration	155,961	263,899	419,860	37%	63%	43%
Exchanges	337,844	21,487	359,332	94%	6%	37%
Multiple purposes	39,173	79,392	118,564	33%	67%	12%
Shops	575	15,865	16,440	3%	97%	2%
Base stations	4,779	6,169	10,948	44%	56%	1%
Radio sites	31,774	2,107	33,881	94%	6%	3%
Other	10,241	2,736	12,976	79%	21%	1%
Total	580,347	391,655	972,001	60%	40%	100%

The following table shows our ten largest domestic properties:

Principal properties	Gross square meters	Owned or leased	Use
Sletvej 30, Aarhus	79,008	Owned	Administration
Teglholmen, Copenhagen	70,589	Leased	Administration
Nørregade 21, Copenhagen	48,289	Leased	Multiple purposes
Borups Allé, Copenhagen	42,061	Owned	Multiple purposes
Telegade, Taastrup	36,486	Owned	Administration
Telehøjen, Odense	32,347	Owned	Multiple purposes
Lautruphøj 2-10 Ballerup	31,147	Leased	Administration
Slet Parkvej, Aarhus	17,106	Leased	Administration
Klingenberg, Odense	16,082	Leased	Multiple purposes
Ny Østergade, Roskilde	11,533	Leased	Administration
Total	384,648		
Share of total gross square metre	40%		

In 2005, the new Zurich headquarters of TDC Switzerland, the sunrise Tower, opened and we relocated a majority of TDC Switzerland's staff to the headquarters. As a result, certain of our other office spaces are currently empty. Efforts are underway to sublet or assign these empty office spaces.

The main office buildings in Switzerland are:

Location	Function	Square meters
Zürich Oerlikon (sunrise Tower)	HQ	37,000
Longemalle, Lausanne	Office, call center	1,753
Freiburgstr., Bern	Office	6,018
Salzhausstr., Biel	Call center	5,718

In addition to the main office buildings, TDC Switzerland has 5,200 square meters of retail shops in Switzerland.

Employees

Overview

We place a high priority on training our employees. We have established an extensive management training program. Approximately 200 of our managers participate in this program. We believe that the management training program has enhanced the skill base of our managers. As a result, even as the skills we need to operate our business evolve, in 2005 we have been able to recruit 75% of all candidates for managerial positions internally and to retain approximately 90% of the existing managers. In addition, we have an incentivized salary system. Approximately 2,500 managers and specialists participate in our bonus plan. In addition, approximately 550 sales employees get paid on a commission basis.

We monitor employee satisfaction each year by conducting an employee survey. After receiving the results of the survey, we engage in dialogue with our employees to identify ways to improve the work environment for our staff.

We have recently begun to reduce our domestic workforce. Customers are switching from traditional landline telephony to mobile and IP-based broadband solutions, which are less labor intensive than traditional landline telephony.

In the last three years, we have implemented two redundancy programs: the first covering the period from 2003-2004 and the second covering 2005. During these periods, we achieved workforce reductions partly through our redundancy programs and partly from attrition. In 2004, 494 employees were covered by the redundancy programs and 630 employees in 2005. In 2005, we reduced the number of domestic full-time employees from 14,437 to 13,876. However, our domestic workforce reduction has been offset by the addition of employees in our international operations as a result of our international acquisition activity and our recruitment of new employees with sought after skills. At year-end 2005, we had 20,225 full-time employee equivalents compared with 19,497 in 2004. The after-tax cost related to the redundancy programs was DKK 410 million (€55 million) in 2004 and DKK 320 million (€43 million) in 2005. We plan to reduce the domestic workforce by approximately 720 full-time employees in 2006, of which we expect 150 to terminate their employment through natural attrition or internal replacements. We plan to carry out our redundancy programs with respect to up to 570 employees through voluntary resignations in accordance with our agreements with certain unions involving voluntary termination, as described below in "Business—Unions." The total costs related to workforce reductions in 2006 are estimated at DKK 342 million (€46 million) after tax.

The following table shows our full-time employee equivalents by business line inclusive of all affiliates:

	As of December 31		
Business line	**2003**	**2004**	**2005**
TDC Solutions	**11,765**	**11,432**	**12,231**
Domestic Operations	11,029	10,072	9,727
International Operations	736	1,360	2,504
TDC Mobile International	**2,636**	**2,464**	**2,434**
Domestic Operations	1,228	1,113	1,088
International Operations	1,408	1,352	1,346
TDC Switzerland	**2,380**	**2,307**	**2,454**
TDC Cable TV	**733**	**862**	**1,030**
Other	**2,521**	**2,432**	**2,076**
Domestic Operations	2,483	2,390	2,031
International Operations	38	42	45
Total	**20,034**	**19,497**	**20,225**
Domestic Operations	15,472	14,437	13,876
International Operations	4,562	5,060	6,349

Unions

We estimate that more than 70% of our employees are members of unions. We believe that we have a good relationship with our unions.

We have in place collective labor agreements with the telecommunications department of the Danish Metal Workers Union (Dansk Metal) ("DMWU"), the Association of Managers and Employees in Special Positions of Trust in TDC (Lederforeningen i TDC, LTD) ("AME"), the Danish Confederation of Professional Associations (AC-organisationerne) ("DC"), 3F and Radiotelegrafistforeningen. Our agreement with AME prohibits striking and other industrial actions.

We have entered into "Borgfredsaftaler," collective agreements, with each of DMWU, AME and DC (collectively, the "Borgfredsaftale unions"). In these Borgfredsaftaler we have agreed to follow certain procedural guidelines in connection with the implementation of reductions in our workforce including providing redundant employees with training that would make them suitable for reassignment within TDC in certain circumstances. Pursuant to our Borgfredsaftale with DMWU, the parties have agreed to enter into dialogue within 24 hours of an imminent conflict in order to prevent industrial action. The Borgfredsaftaler expire at the end of 2007, however they may be terminated by us or the unions subject to three months notice in the event the assumptions behind the agreements lapse or change.

We also have entered into collective agreements with the Borgfredsaftale unions regarding the terms and conditions of voluntary resignations by employees as an incentive to encourage voluntary resignations. These agreements may be terminated by either party subject to two months notice.

Pension schemes

Our workforce consists of (i) former civil servants covered by defined benefit plans, (ii) employees with pension rights in TDC-related pension funds (which are defined benefit plans) and (iii) employees with ordinary pension plans (which are defined contribution plans).

The pension terms of our employees who are former civil servants are similar to those that apply to government civil servants under the Danish Civil Servants Plan. When they became employees of TDC, they retained their right to a civil service pension in accordance with the Danish Act on Pensions to Civil Servants. Our employees who are former civil servants also retain their right to special severance pay in the amount of three years' salary (Rådighedsløn) in the event of dismissal due to insufficient workload (stillingsnedlæggelse). The pension is paid by the Danish state pursuant to an agreement with the Danish State in 1994.

The pension terms of the members of the TDC-related pension funds are also similar to those provided by the Danish Civil Servants Plan. However, some of these employees have a right to special severance pay in the amount of three years' salary (Rådighedsløn) or three months full salary and four years and nine months and two thirds of a month salary (Ventepenge).

The number of employees that participated in each of our pension plans as of March 15, 2006 is given below:[1]

Contract types / Collective agreements	Ordinary pension plans	TDC pension funds members	Former state civil servants	Total
AC	1,902	6	2	1,910
Dansk Metal	4,895	2,790	602	8,287
LTD	1,106	591	117	1,814
Other or no collective agreement	378	12	4	394
Total	8,281	3,399	725	12,405

(1) The figures only cover the following entities (excluding affiliates): TDC A/S, TDC Totalløsninger A/S, TDC Mobile International A/S, TDC Mobil A/S, TDC Kabel TV A/S and TDC Services A/S. The figures represent headcount, not full-time employee equivalents, and students, graduates, expatriates and employees who are included in a redundancy plan are not included in the figures.

Employment agreements

Pursuant to their employment agreements with us, in the event of a change of control of us, and for a period of 24 months thereafter, certain of our top managers have a right to a prolonged notice period from us, ranging from 24 months to 36 months. For the same period after a change of control, any proposal for a deterioration of the managers' position or responsibilities may be considered a notice of dismissal from the company.

Insurance

Below is a summary of TDC's insurance coverage:

TDC A/S — Insurance overview 2005-2006(1)

Insurance line	Limit (DKK)	Insurance company	Captive involved (Yes/No)	Comments
Denmark and foreign subsidiaries owned 50% or more				
Property/business interruption	1,500,000,000	AIG Europe	Yes	
General/products liability	300,000,000	AIG Europe	Yes	
Errors and omissions	300,000,000	AIG Europe	Yes	
Terrorism insurance	1,500,000,000	Hiscox–London Market	No	
Directors and officers liability	Confidential	AIG Europe	No	
Crime insurance	Confidential	AIG Europe	No	

TDC A/S — Insurance overview 2005-2006 (cont'd)

Insurance line	Limit (DKK)	Insurance company	Captive involved (Yes/No)	Comments
Denmark only				
Workers compensation	According to law	AIG Europe	Yes	Premium dependent on no. of full-time employee equivalents
Group accident insurance	500,000	Topdanmark	Yes	Limit; death and 100% disablement, premium dependent on no. of full-time employee equivalents
Motor vehicle insurance	See comment	AIG Europe	No	Liability; according to law, casco; trade value
Business travel insurance		Europaeiske	No	Dependent on travel days
Expatriate insurance		Europaeiske	No	Dependent on no. of expats

(1) Other insurance for foreign subsidiaries are placed locally and are not controlled by TDC Risk Management.

We believe that our current insurance policies provide adequate coverage for our business, including protection for the nature and amount of risks we face.

Legal Proceedings

The TDC Group is a party to certain pending lawsuits and cases pending with public authorities and complaint boards.

TDC's stake in Polkomtel is currently being disposed of and certain legal proceedings are pending in relation to this disposal, as described in "— TDC Mobile International — Associates — Polkomtel (Poland)."

At the EGM held on February 28, 2006, the Purchaser proposed that TDC seek to delist its shares and ADSs from the Copenhagen Stock Exchange and from the NYSE, respectively, and subsequently seek to deregister all securities from the U.S. Exchange Act. The Purchaser also proposed the introduction of a new clause into the articles of association of TDC permitting the compulsory acquisition of the shares of minority shareholders. These proposals attained an affirmative vote of over 90% of the share capital of TDC represented at the EGM (although less than 90% of the share capital of TDC) and such resolutions were declared passed by the EGM. Subsequently, the DCCA ruled that it would not register the new articles of association. Further, ATP, a Danish pension fund holding 5.5% of the shares in TDC, has filed a writ with the Copenhagen City Court (which has been passed on to the Eastern High Court) against both TDC and the Purchaser seeking an acknowledgment of the invalidity of both the squeeze-out provisions in the articles of association and the authorization to delist from the Copenhagen Stock Exchange and the NYSE granted at the EGM. On April 5, TDC and the Purchaser announced that they would challenge the DCCA's ruling in the Danish courts. TDC has proceeded with its intention to delist its ADSs from the NYSE, which delisting occurred on April 19, 2006. If ATP succeeds in its litigation, we will be unable to proceed with the compulsory acquisition. In addition, ATP may seek an award of damages against us or other relief. In the legal proceedings instigated by ATP against the Purchaser and TDC, ATP has reserved the right to challenge authorizations proposed for adoption at the annual general meeting of TDC on April 26, 2006, as illegal, in particular authorizations (i) to issue warrants to management and others and (ii) to repurchase shares. Furthermore, ATP claims that the reference date with regard to the redemption price of ATP's shares should only be decided as of when the redemption may actually be completed. Finally, ATP claims that the Purchaser should pay interest on the redemption price. TDC and the Purchaser have not yet responded to these claims by ATP.

Regulatory Environment

European Union

In March 2002, the EU passed a number of directives designed to promote competition in the European telecommunications market that were subsequently implemented into Danish law in 2003. In accordance with this legislation, NITA performs market analyses on 18 specifically defined submarkets with respect to landline telephony, mobile telephony, leased lines, unbundled access, broadband and television and radio transmission. In a particular submarket NITA may designate a dominant telecommunications operator as having Significant Market Power ("SMP") in the relevant submarket. If imperfections in the relevant submarkets are identified, NITA may impose remedies against the operator having SMP in order to promote competition. In the wholesale market, such measures may include the acceptance of a reasonable request for interconnection, non-discrimination, reference offers, transparency, accounting separation, specific cost accounting obligations and price control methods. NITA has so far issued decisions on fourteen out of eighteen submarkets. Final decisions for all the submarkets, except the submarket for television and radio transmission, are expected during the first half of 2006. Until market analyses of the relevant submarkets have been completed and NITA has decided whether to adopt new regulative measures or revoke former measures, the current regulation will be maintained in each relevant submarket.

Denmark

SMP Designation

We have been designated as having SMP by NITA in almost all of the submarkets in Denmark, except for Market 15 (the wholesale market for mobile access) and Markets 5 and 6 (the retail markets for national traffic and international traffic for business customers, respectively). As a result of our SMP designation, we are subject to additional regulatory burdens, which are summarized below. In addition, NITA has been considering whether to create an additional submarket for cable TV networks. If NITA creates a cable TV submarket, it is likely we would be designated as having SMP in the cable TV submarket and might be required to provide third parties with access to our cable network. There can be no assurance that NITA will not impose additional regulatory burdens on us as a result of our current SMP status or designate us as having SMP in additional markets.

Retail markets.

As a result of our SMP status, the larger part of our retail offerings of leased lines must comply with a rule of cost orientation. As a result, we are required to calibrate leased-line prices annually to ensure that they exactly match the corresponding cost plus a mark-up set by NITA.

Wholesale markets.

In the wholesale markets in which we have SMP status, the majority of our prices are regulated as a result of our SMP designation. Until 2002, interconnection prices were regulated mainly on the basis of historical cost analyses and best-practice benchmarking against corresponding international prices. Since January 1, 2003, NITA has set the prices we charge for switched interconnection traffic, interconnection capacity, shared access and ULL (also known as raw copper) as well as related co-location. NITA calculates these prices once a year in accordance with the LRAIC model and evaluates and updates the LRAIC model once every three years. Only minor price adjustments were implemented in 2004 and 2005. In early 2006, the LRAIC model was adjusted and the prices for ULL, switched interconnection traffic and interconnection capacity were decreased considerably. The prices for TDC's other interconnection products are based on historical costs according to a formula set by NITA. Furthermore, the telecommunications law was amended with effect from January 1, 2006, resulting in changes in calculation principles for depreciation, amortization and interest payments. The amended law also gives NITA increased power to stipulate specific terms and conditions for TDC's interconnection agreements.

NITA's decision on the submarket for broadband access requires us to discontinue our geographical differentiation of bitstream access prices unless we also differentiate our retail prices for broadband. Discontinuation of geographical differentiation of prices for bitstream access will strengthen our competitors in remote areas, where production of bitstream access is very costly for us. Alternatively, we may decide to let the current differentiation of wholesale prices affect our end user prices. The decision also requires us to offer wholesale broadband solutions (bitstream access) without compulsory landline subscriptions, which will improve our competitors' conditions for offering broadband solutions combined with IP telephony. We have appealed the decision for this market and some of the other decisions to the Telecommunications Complaints Board.

The authorities have announced that they intend to intervene in the pricing of traditional landline subscriptions for customers who also have broadband subscriptions in order to address the so-called "excess cost recovery problem". The formulation of such intervention is uncertain.

In the market for termination of mobile calls in mobile networks, NITA has decided that TDC, TeliaSonera, Sonofon, Tele2 and Hi3G have SMP with regard to termination in the respective mobile networks. However, price regulation has been introduced only for TDC, Sonofon and TeliaSonera whose average price (including call set-up fee) must be reduced by approximately 35% over the next two years.

On October 31, 2005, NITA concluded that TDC abuses its dominant position in Denmark by requesting wholesale customers to pre-pay certain quarterly charges for certain wholesale products, and to require these customers to provide guarantees for their contractual obligations. We believe that we have not abused our dominant position, and have appealed NITA's decision to the Danish Competition Appeal Tribunal, where the matter is currently pending. Based on the ruling by the NITA, Tele2 has filed a claim for payment of damages, which the court has postponed until the summer of 2006, when the Competition Appeal Tribunal is expected to conclude our appeal to the NITA decision. Based on a legal assessment of the possible outcome of Tele2's claim, as well as the other lawsuits and cases that are currently pending, management is of the opinion that these will have no significant adverse effect on TDC Group's financial position.

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

Anti-terror measures.

As part of the anti-terrorism action plan passed by the Danish government in November 2005, the government has proposed a bill requiring telecommunications operators to use or install communication interception equipment and to establish databases for mandatory retention of traffic passing through their networks in order to assist law enforcement agencies in tracking terrorist activity. If such measures are adopted, we may have to make additional investments on technical equipment and we may incur operational costs as a result.

EU Universal Service Obligation (USO) directive.

Pursuant to the EU USO directive and Danish USO regulation, which are designed to ensure that all end users have access to certain basic telecommunications services regardless of their geographical location at an affordable price NITA has designated us as the Universal Service Provider (USP) in Denmark. In the past NITA fixed the prices that we could charge to our Danish customers who use PSTN Services ("USO customers") for PSTN services, but these price caps were lifted at the end of 2005.

EU Roaming Charge Regulation.

The EU Commission is currently considering new regulations designed to decrease international roaming charges. It is unclear what would be the outcome of the regulation if imposed.

Switzerland

Regulations

Prompted by a preliminary decision by the Swiss competition authority regarding abuse of market power by Swisscom, the Swiss incumbent, in 2005, Swisscom reduced its prices for terminating mobile calls, putting heavy pressure on other Swiss mobile operators, including TDC Switzerland, to reduce their tariffs as well. The Swiss competition authority is continuing its review of the level of competition in the mobile call termination market and is currently investigating whether the Swiss mobile operators, including TDC Switzerland, have a dominant position and, if so, abuse such position. Consequently, TDC Switzerland faces the possibility that the Swiss competition authority will require Swisscom and/or TDC Switzerland to make further price reductions for terminating mobile calls. Such price reductions, if imposed on TDC Switzerland, may have a material adverse effect on the earning and profit margins of our Swiss operations. In addition, there can be no assurance that the Swiss competition authority will not impose a material fine upon TDC Switzerland if the Swiss competition authority determines that TDC Switzerland has a dominant position in the mobile call termination market and has abused such position.

Swisscom announced on April 10, 2006 that it had received a draft ruling from the Swiss competition authority recommending that it pay a CHF 489 million (€310 million) fine for misuse of mobile termination rates. Swisscom reported that the competition authority considered that all Swiss mobile carriers had a monopoly on incoming calls within their network, but only Swisscom Mobile misused its dominant position on the market in the period between April 1, 2004 to May 31, 2005 by demanding excessively high termination fees. Swisscom reported that the investigation into the period following the reduction of fees is to be continued and will also cover the other Swiss mobile carriers, including TDC Switzerland. Swisscom has said it will argue against the ruling.

Our Swiss business benefits from regulations requiring Swisscom to grant other telecommunication operators, including us, interconnection services under cost-based terms and conditions. Swisscom has challenged the interconnection tariffs as set by ComCom in court. In the second half of 2006, the Federal Supreme Court in Switzerland is expected to issue a final ruling on the matter. If Swisscom's appeal is sustained and their higher interconnection rates are confirmed by the Federal Supreme Court, TDC Switzerland may have to pay higher than expected prices to use Swisscom's landline network.

Our business plan and earnings forecasts, particularly in relation to expected broadband and triple play sales, anticipate that the Swiss legislature will enact legislation requiring Swiss telecommunications operators to open their ULL networks to other operators. Such regulations would allow TDC Switzerland to lease network capacity on Swisscom's ULL and gain access to Swisscom's customers. A revised telecommunications law providing for such opening of ULL networks was passed by the Swiss Parliament on March 24, 2006. A 100-day referendum period expires on July 13, 2006. If there is no referendum and the ordinances implementing the new law are finalized, the new law enters into force. Although unlikely, it is possible that organizations opposed to the law could force a public vote, which would further delay enactments by at least a year and could potentially result in enactment being prevented.

Licenses - Denmark and Switzerland

We are licensed by NITA to provide mobile telecommunications services in Denmark and by the Swiss regulator to provide mobile telecommunications services in Switzerland. For example, we have UMTS licenses to provide 3G services in Denmark and Switzerland, three GSM licenses in Denmark (including licenses for DCS1800, DC56 and GSM) and one GSM license in Switzerland. Our Danish and Swiss UMTS licenses are valid until October 31, 2021 and December 31, 2016, respectively. Our Danish GSM licenses are valid until June 12, 2007, January 1, 2011 and March 1, 2012, respectively, and our Swiss GSM license is valid until May 31, 2008. There can be no assurance that NITA or the Swiss regulator will not withdraw our existing licenses if we can not meet license conditions, including obtaining the regulator's consent in the event of a change of control. After their respective expiration dates, we will have to reapply for a new Danish UMTS license and new Swiss GSM and UMTS licenses. There can be no assurance that any application for renewal of such licenses will be successful. The three Danish GSM licenses will be extended automatically for periods of 10 years unless NITA, at its discretion, issues a decision not to extend such licenses which decision must be made one year before the scheduled expiry date.

MANAGEMENT

Issuer Board of Directors

Set forth below is certain information concerning the individuals that currently serve as directors of Nordic Telephone Company Holding ApS. In addition, we may appoint additional directors. These individuals also serve as board members of the Purchaser.

Name	Age	Title
Kurt Björklund	37	Director
Lawrence H. Guffey	38	Director
Oliver Haarmann	38	Director
Gustavo Schwed	44	Director
Richard Wilson	40	Director

TDC Board of Directors

Set forth below is certain information concerning the individuals appointed as directors of TDC at the EGM. In addition, we may appoint additional directors.

Name	Age	Title
Kurt Björklund	37	Director
Lawrence H. Guffey	38	Director
Oliver Haarmann	38	Director
Gustavo Schwed	44	Director
Richard Wilson	40	Director
Jan Bardino	53	Director — Employee elected
Leif Hartmann	62	Director — Employee elected
Steen Jacobsen	56	Director — Employee elected
Bo Magnussen	58	Director — Employee elected

On April 26, 2006, TDC will hold its annual general meeting of shareholders. The Board of Directors of TDC has proposed to the shareholders of TDC to re-elect Messrs. Wilson, Björklund, Haarmann, Guffey and Schwed, and to elect Vagn Ove Sørensen as a new member of the Board of Directors of TDC. In addition, it is proposed to elect Ola Nordquist as alternate for Kurt Björklund, Jan Nielsen is proposed to be elected as alternate for Lawrence H. Guffey, Nicolas Gheysens is proposed to be elected as alternate for Oliver Haarmann, Torsten Winkler is proposed to be elected as alternate for Gustavo Schwed, and Andrew Sillitoe is proposed to be elected as alternate for Richard Wilson.

Our Management

The following table presents information about the members of the Executive Committee of TDC:

Name	Age	Title
Henning Dyremose	60	President and Chief Executive Officer; member of the Executive Committee
Hans Munk Nielsen	59	Senior Executive Vice President and Chief Financial Officer; member of the Executive Committee

Set forth below is certain biographical information concerning the above individuals:

Henning Dyremose has been Chief Executive Officer of TDC since 1998. Mr. Dyremose also serves as Chairman of the Confederation of Danish Industries and the Danish Trade Council, as Vice Chairman of the boards of Brødrene A. O. Johansen A/S and A.O. Invest A/S and as a member of the board of Carlsberg A/S.

Hans Munk Nielsen has been Chief Financial Officer of TDC since 1991. Mr. Nielsen also serves as Chairman of the board of CMO-Denmark Fonden and as a member of the boards of Nordea Invest A/S and OMX A.B. (Publ.).

Kurt Björklund is a Partner with Permira. Prior to joining Permira in 1996, Mr. Björklund worked for the Boston Consulting Group in Stockholm and prior to that for an IT reseller in Finland. Mr. Björklund has been involved in transactions that include AU System and Inmarsat.

Lawrence H. Guffey is a Senior Managing Director with Blackstone and is in the firm's Private Equity group, leading its activities in the media and communications sector. Prior to joining Blackstone in 1991, Mr. Guffey worked in the Acquisitions Group at Trammell Crow Ventures, the principal investment arm of Trammell Crow Company. Mr. Guffey has been involved in transactions that include Axtel, Bresnan Communications, Centennial Communications, CineUK/UGC, Crowley Wireless (Salmon PCS), CommNet

Cellular, CTI Holdings, iPCS, lusacell, LiveWire Media and related follow- ons, New Skies, PaeTec, TWFanch-one, TWFanch-two, Universo Online, US Radio and the firm's distressed debt investments in each of Adelphia, Kabel BW (Germany), Charter, NRW and Primacom. He is a member of the board of directors of Axtel, Kabel BW, Cine UK, Centennial Communications, iPCS/AlrGate, Fibernet, Corp Group, Live Wire Systems and PaeTec.

Oliver Haarmann is a Member of KKR. Prior to joining KKR in 1999, Mr. Haarmann was a principal of private equity funds affiliated with Dillon Read & Co. and, prior to that, worked in corporate finance at Lazard Frères and Bankers Trust Co. At KKR, Mr. Haarmann has been involved in the investments in Wincor Nixdorf, Tenovis, Broadnet, Demag Holding and A.T.U. Auto-Teile-Unger. He is a member of the board of A.T.U. Auto-Teile-Unger Holding GmbH.

Gustavo Schwed is a Managing Director of Providence. Prior to joining Providence in 2004, Mr. Schwed served as managing director of Morgan Stanley, where he was one of the managing directors leading Morgan Stanley's European private equity activities and was Chairman of the firm's Global Emerging Markets Fund. Prior to Morgan Stanley, Mr. Schwed was a principal at Bassini, Playfair and Associates, an emerging markets private equity firm, and held several positions in the private equity and venture capital units of Donaldson, Lufkin & Jenrette.

Richard Wilson is a Partner with Apax. He is responsible for Apax's technology and telecoms team in Europe. Prior to joining Apax in 1995, Mr. Wilson served as a consultant with Scientific Generics, a business and technology management consulting company and also worked for Marconi Space Systems in computer simulation. Mr. Wilson has been involved in transactions that include Inmarsat plc, Autonomy, Jazztel and Demon Internet. He is a member of the boards of Digital Bridges Ltd. and Corvil Ltd.

Jan Bardino is a systems developer at TDC. He was first elected to the Board of Directors by TDC's employees in 2004.

Leif Hartmann is a systems technician at TDC. He was first elected to the Board of Directors by TDC's employees in 1996.

Steen Jacobsen is a specialist technician at TDC. He was first elected to the Board of Directors by TDC's employees in 1996.

Bo Magnussen is a senior clerk at TDC. He is also Chairman of the Association of Managers and Employees in Special Positions of Trust (Lederforeningen) at TDC. He was first elected to the Board of Directors by TDC's employees in 1996.

Vagn Sørensen has been President and Chief Executive Officer of Austrian Airlines since 2001. Mr. Sørensen is also a director of a number of other companies, and is the chairman of the board of directors of Codan and Brandtex. Mr. Sørensen is proposed to be elected to the Board of Directors of TDC on April 26, 2006.

Board Committees

Until the Acquisition, the committees of the Board of Directors of TDC included an Audit Committee. Following the Acquisition, the Board of Directors itself now functions as the Audit Committee. In 2005, the Audit Committee held five meetings. The primary purposes of the Audit Committee were to assist the Board of Directors in fulfilling its oversight of:

- the integrity of TDC's annual report and financial reporting process and TDC's systems of internal accounting and financial controls;
- the engagement of the independent registered public accounting firm and the evaluation of the independent registered public accounting firm's qualifications and independence;
- the TDC Group's compliance with legal and regulatory requirements relating to the annual report and financial reporting, including the Group's disclosure controls and procedures; and
- the performance of the internal audit function and oversight of the performance of the independent registered public accounting firm.

The Board of Directors now effectively fulfills these functions.

Aggregate Compensation of Directors and Officers

In 2005, compensation to the Board of Directors and the Executive Committee amounted to DKK 9 million (€1.3 million) and DKK 22 million (€2.9 million), respectively, aggregating DKK 31 million (€4.2 million). The compensation to the Board of Directors included special compensation to the Board of Directors of

DKK 6 million (€0.8 million) for a heavy workload with 16 extra board meetings during the period leading up to the Acquisition, and the compensation to the Executive Committee included special compensation for an extraordinary workload in connection with the Acquisition.

Performance based bonuses have been paid to the Executive Committee and are included in the above amount. Approximately 300 top managers participate in a bonus program called the Top Managers' Compensation Program, and approximately 2,200 managers and specialists participate in a bonus program called the Managers' Compensation Program.

The bonus programs are based on specific, individual annual targets, including personal, financial and operational targets. These targets depend on the individual employee's organizational position within TDC and are weighted in accordance with specific rules. All targets must support improved profitability and business development at TDC.

Bonus payments are calculated as the individual employee's basic salary times the bonus percentage times the degree of target fulfillment. The bonus percentage achieved when targets are met is called the on-target bonus percentage. For the Top Managers' Compensation Program, this percentage is fixed in the contract of employment with the individual employee and usually varies within a range of 10-25%. The on-target bonus percentage is somewhat lower for the Managers' Compensation Program. The bonus could be a maximum of 200% of the on-target bonus.

The bonus program for the members of the Executive Committee is based on the same principles as those for other managers.

In 2005, 52,040 options to purchase our shares were granted to members of the Executive Committee at an average exercise price of DKK 292 (€39.1) per share. This brought the total number of outstanding options held by members of the Executive Committee to 340,742 with an average exercise price of DKK 298 (€39.9) per share. One third of the options vest annually and consequently each grant vests fully in three years. Share options may, however, be exercised in the event of change of control of TDC whether they are vested or unvested. The options expire 10 years after the date of grant. In connection with the Tender Offer and conditional on the completion thereof, TDC gave the members of the Executive Committee an offer to exercise existing share options and offered to buy certain existing share options. The members of the Executive Committee accepted both offers for all their share options. Consequently, they currently do not hold any share options. Since 2003, members of the Board of Directors have not received share options.

Employment Agreements for Members of the Executive Committee

The contracts of the members of the Executive Committee provide for notice periods of 12-18 months in the event of termination by TDC; the employment agreement of the Chief Executive Officer cannot be terminated by TDC before March 31, 2008. In the event of a change of control of TDC, and for a period of 24 months thereafter, members of the Executive Committee are entitled to a prolonged termination notice of 36 months with full rights to salary and pensions, as well as compensation for benefits, bonuses and share options. The members of the Executive Committee also have the right to voluntarily terminate their employment in a period between three and six months following the first change of control of TDC after November 30, 2005 (which occurred in connection with the completion of the Tender Offer) and receive the benefits of the prolonged termination period.

Share Purchase and Option Plans

TDC had a revolving share-option program for employees in TDC's Danish enterprises until the Purchaser acquired control of TDC. TDC's revolving share-option program covered about 200 managers employed in Denmark and stationed in TDC's foreign enterprises. After the earnings release for the year was published, share options were granted to participants in accordance with contracts of employment. The number of options was based on an agreed percentage of the employee's basic salary and a calculated price per option (number of options = basic salary times option percentage divided by price per option). The option percentage varied for the different employees within a range of 20-35%. In addition, share options were granted on an individual basis in special cases. The price per option to be used only to calculate the number of options to be granted was calculated at the time of granting using the Black-Scholes formula. The exercise price of each option was determined as TDC's share price on the Copenhagen Stock Exchange on the day of granting.

In connection with the Tender Offer, TDC gave participants in TDC's revolving share-option program an opportunity to exercise their options and offered to buy certain existing share options. The offers were accepted by most option holders, including the members of the Executive Committee. For share-option holders who did not accept the offers, the share options granted before 2005—in total 201,065—continue unchanged.

Furthermore, following the completion of the Tender Offer, TDC offered share-option holders employed in foreign subsidiaries the opportunity to exercise their share options or receive cash settlement of their share options. The offers were accepted by most option holders. If employees did not accept either offer, their share options lapsed.

The share-option program has now been discontinued. The TDC Board of Directors has proposed that the annual general meeting to be held on April 26, 2006 authorize the Board of Directors, without any preemption rights for the shareholders of TDC, to issue warrants to managers of TDC or its subsidiaries and the chairman and vice-chairman of TDC entitling the holders to subscribe for TDC shares for a nominal value of up to DKK 49,593,790 (€6,647,623), and to implement the capital increases relating to the warrants. However, no decision has yet been taken as to the form of any option program at TDC or elsewhere. ATP has announced that it may challenge the resolution to authorize the grant of such warrants on the basis that these may be used by the Purchaser to complete a squeeze-out of TDC's minority shareholders.

PRINCIPAL SHAREHOLDERS

Our Shareholders

Nordic Telephone Company Finance ApS is the record holder of all issued and outstanding shares of the Issuer. The sole shareholder of Nordic Telephone Company Finance ApS is Nordic Telephone Company Administration ApS. The sole shareholder of Nordic Telephone Company Administration ApS is Nordic Telephone Company Investment ApS.

Apax and Providence have syndicated a part of their equity to certain of their limited partners on a passive basis.

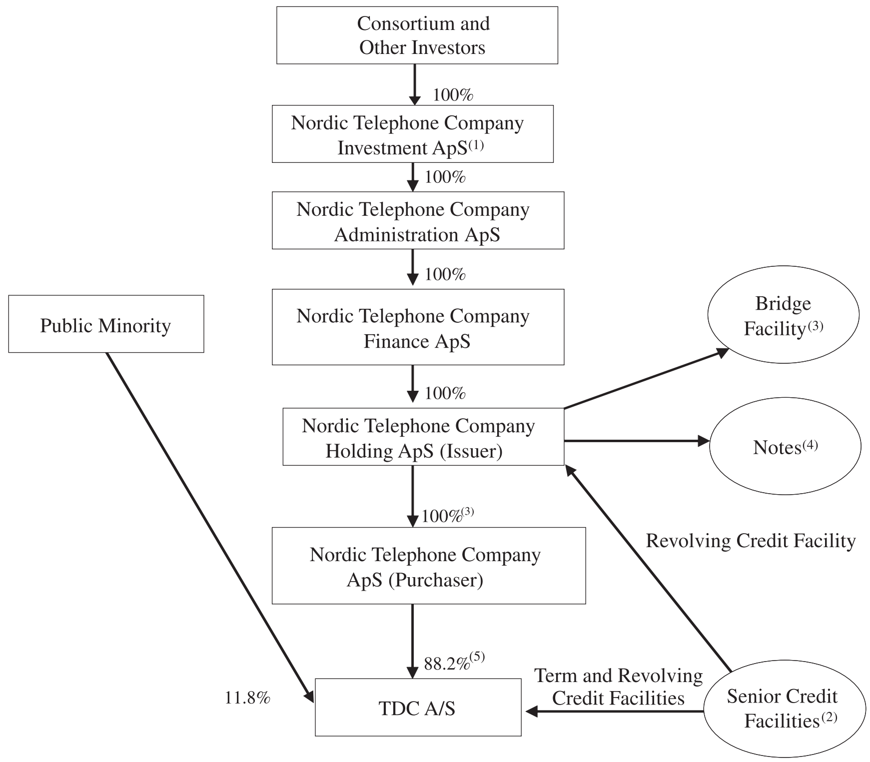
The following table sets forth information with respect to the beneficial ownership of the ordinary shares of Nordic Telephone Company Investment ApS by each person or group known by us to beneficially own more than 5% of the share capital of Nordic Telephone Company Investment ApS. The amounts and percentages of ordinary shares beneficially owned by each shareholder are reported on the basis of SEC rules governing the determination of beneficial ownership, and the information is not necessarily indicative of beneficial ownership for any other purposes. Under such rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or direct the voting of a security, or investment power, which includes the power to dispose of or direct the disposition of a security, and includes securities for which a person holds the right to acquire beneficial ownership within 60 days.

Name of Beneficial Owner	Percentage
Entities associated with or advised by:	
Apax	15.7%
Blackstone	23.5%
KKR	19.6%
Permira	19.4%
Providence	17.7%
Other	4.1%

Subscription and Shareholders Agreement

The Investors, the Equity Investors, Nordic Telephone Company Investment ApS, Nordic Telephone Company Administration ApS, Nordic Telephone Company Finance ApS, the Issuer and the Purchaser have entered into a subscription and shareholders agreement. For details on the subscription and shareholders agreement, see "Certain Relationships and Related Party Transactions — The Shareholders Agreement."

Our Corporate and Financing Structure



(1) The equity interests in Nordic Telephone Company Investment ApS are indirectly owned by the Consortium and by certain co-investors. The Consortium consists of investment funds and entities advised or managed, directly or indirectly by the Investors. The Investors and the Equity Investors have entered into a subscription and shareholders agreement. For details on the subscription and shareholders agreement and certain other co-investors, see "Certain Relationships and Related Party Transactions — The Shareholders Agreement."

(2) TDC has borrowed €6,506 million under the Senior Credit Facilities, including the €4,765 million borrowed in connection with the Debt Pushdown. The Senior Credit Facilities are guaranteed by the Issuer and secured by a first-ranking pledge over the shares of the Purchaser and will also be secured by first-ranking security over certain assets of TDC and its subsidiaries. See "Description of Other Indebtedness — Senior Credit Facilities." The Revolving Credit Facility in the amount of €700 million included in the Senior Credit Facilities may be drawn by the Issuer for, among other things, the service of interest under the notes and Bridge Facility, until January 30, 2008. It may also be drawn by TDC until December 31, 2012.

(3) Amounts outstanding under the Bridge Facility will be discharged with the proceeds of the notes. An additional €269 million will be available under the Bridge Facility until May 30, 2006. The Bridge Facility is secured by a second-ranking pledge of the shares of the Purchaser, ranking equally with the pledge securing the notes.

(4) The notes will have the benefit of security in the form of a second-priority pledge of 100% of the shares of the Purchaser, ranking equally with the pledge securing the Bridge Facility.

(5) Approximately 0.3% of the tendered shares were owned by TDC employees and must be returned if the compulsory acquisition does not occur. If the Purchaser returns these shares, it will own 87.9% of the share capital of TDC.

THE ACQUISITION AND RELATED FINANCINGS

The Tender Offer. On February 1, 2006, the Purchaser acquired approximately 88.2% of the outstanding share capital of TDC. The share capital was acquired pursuant to the Tender Offer, combined with open market purchases made at the same time by the Purchaser, for all TDC Shares and all TDC ADSs, each representing one half of one TDC Share, at a price of DKK 382 (€51) per TDC Share and DKK 191 (€25.50) per TDC ADS.

The Debt Tender and Redemption. In conjunction with the Tender Offer, the Issuer invited the holders of certain series of TDC's EMTNs, excluding a series of notes due on April 24, 2006, to offer to sell such EMTNs to the Issuer or another entity designated by the Issuer. In March 2006, TDC assumed the Issuer's obligations in respect of the Invitations and acquired or redeemed €1,770 million of the EMTNs pursuant to the Invitations, leaving €1,284 million of the EMTNs (excluding the EMTNs due in April 2006) outstanding. On April 24, 2006, TDC will redeem the €685 million of EMTNs due on that date with cash and amounts drawn under the Senior Credit Facilities. See "Description of Other Indebtedness."

Financings. In connection with the Tender Offer, the Purchaser received a cash equity contribution of DKK 16.4 billion (€2,197 million) and the Issuer entered into the Senior Credit Facilities and the Bridge Facility. TDC has acceded to the Senior Credit Facilities as a borrower and a guarantor. The Senior Credit Facilities include the Term A Facility drawn in an amount of €1,576 million, the Term B Facility drawn in an amount of €2,465 million and the Term C Facility drawn in an amount of €2,465 million, each used, among other things, to finance the Tender Offer, the Debt Tender and the Redemption, refinance indebtedness, pay fees and fund the Debt Pushdown. The Senior Credit Facilities also include the Revolving Credit Facility of up to €700 million, the proceeds of which may be used to, among other things, finance our working capital requirements and capital expenditures and finance the payment of interest on the indebtedness of the Issuer.

The Bridge Facility consists of a term loan facility drawn in an amount of €2,031 million. The proceeds from the issuance of the notes will be used to repay the amounts outstanding under the Bridge Facility. Following this repayment, approximately €269 million will be available under the Bridge Facility until May 30, 2006. The Senior Credit Facilities permit us under certain circumstances to apply asset sale proceeds to repay any amounts under the Bridge Facility. The Bridge Facility contains certain negative undertakings and covenants that are substantially similar to those under the Senior Credit Facilities. After the offering is completed, the Bridge Facility covenants will be conformed to be substantially similar to those included in the notes. "Use of Proceeds," "Capitalization" and "Description of Other Indebtedness."

Extraordinary General Meeting. At the EGM held on February 28, 2006, the Purchaser elected new board members and proposed that TDC seek to delist its shares and ADSs from the Copenhagen Stock Exchange and from the NYSE, respectively, and subsequently seek to deregister all securities registered under the U.S. Exchange Act. The Purchaser also proposed the introduction of a new clause into the articles of association of TDC permitting the compulsory acquisition of the shares of minority shareholders. These proposals attained an affirmative vote of over 90% of the share capital of TDC represented at the EGM and such resolutions were declared passed by the EGM. Subsequently, the DCCA ruled that it would not register the new articles of association. Further, ATP, a Danish pension fund holding 5.5% of the shares in TDC, has filed a writ with the Copenhagen City Court (which has been passed on to the Eastern High Court) against both TDC and the Purchaser seeking an acknowledgment of the invalidity of both the squeeze-out provisions in the articles of association and the authorization to delist from the Copenhagen Stock Exchange and the NYSE granted at the EGM. On April 5, TDC and the Purchaser announced that they would challenge the DCCA's ruling in the Danish courts. TDC has proceeded with its intention to delist its ADSs from the NYSE, which delisting occurred on April 19, 2006. If ATP succeeds in its litigation, we will be unable to proceed with the compulsory acquisition.

Debt Pushdown. On April 11, 2006, the amounts originally drawn by the Issuer under the Senior Credit Facilities were repaid with amounts received by the Purchaser from TDC by way of extraordinary dividend (and in turn paid to the Issuer by way of dividend). To finance part of this dividend (together with a pro rata dividend paid to remaining minority shareholders in TDC), TDC drew down €4,765 million under the Senior Credit Facilities.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Shareholders Agreement

On January 25, 2006, the Investors, the Equity Investors, Nordic Telephone Company Investment ApS, Nordic Telephone Company Administration ApS, Nordic Telephone Company Finance ApS, the Issuer and the Purchaser entered into an Amended and Restated Subscription and Shareholders Agreement (the "Shareholders Agreement").

The Shareholders Agreement provides for:

- the rights of each Investor to designate persons for appointment to the board of directors of each of Nordic Telephone Company Investment ApS and the Issuer;
- certain arrangements with regard to the governance of Nordic Telephone Company Investment ApS and the Issuer; and
- for certain restrictions on the transfer of shares and other securities of Nordic Telephone Company Investment ApS.

Under the Shareholders Agreement, the Equity Investors do not have any voting rights.

Board Composition

Under the Shareholders Agreement, the board of directors of each of Nordic Telephone Company Investment ApS and the Issuer shall initially consist of five directors. Each Investor shall be entitled to designate a director for as long as it continues to hold (i) 50% of the shares originally underwritten by such Investor or (ii) over 50% of its original investment. The number of directors may be increased or decreased as approved by the board of directors.

The initial members of the Board of Directors of the Issuer are as discussed in "Management — Our Board of Directors" above.

Governance

Under the Shareholders Agreement, decisions to be made by the Investors or by the board of directors of Nordic Telephone Company Investment ApS or the Issuer, are to be made by an affirmative vote of three of the five Investors, except certain significant decisions such as (i) initiating bankruptcy proceedings, (ii) declaring or paying any distributions, (iii) issuance of new securities, (iv) undertaking any merger or business combination transaction, (v) amending corporate organizational documents, (vi) hiring or dismissing certain officers or (vii) incurring debt above certain thresholds, which require the affirmative vote of four of the five Investors.

Transfer Restrictions

Under the Shareholders Agreement, during the first five years after settlement of the Tender Offer transfers are restricted to certain affiliates, subsidiaries, controlling parties, syndicatees, transfers permitted by certain financing documents and transfers approved by the Investors. Any transfer to any person who is primarily engaged in telecommunications and/or media activities or who is a significant competitor will require the approval of four of the five Investors.

Right of First Offer

Under the Shareholders Agreement, any transfer of equity securities, other than certain permitted transfers, shall be subject to the right of each other Investor to make an offer to purchase such equity securities on the same terms.

Tag Along Rights

Under the Shareholders Agreement, any transfer of equity securities, other than certain permitted transfers shall be subject to the right of the other equity holders to participate in such proposed transfer.

Drag Along Rights

Under the Shareholders Agreement, if during the first two years following settlement of the Tender Offer, all of the Investors, or on or after the second anniversary of the settlement of the Tender Offer, four of the five Investors, approve a proposal to transfer all of the equity to a person that is not an affiliate of any such Investor, such Investors shall deliver notice to all other equity holders of the proposed transfer, and each equity holder shall be obligated to sell all of its equity.

Advisory Services Agreement

The Purchaser has entered into an advisory services agreement with the Investors, whereby the Investors provide the Purchaser and its affiliates with ongoing consulting and management advisory services for an annual fee of €5.0 million. This advisory services agreement also requires the Purchaser to reimburse the Investors for all reasonable expenses incurred in connection with, and to indemnify the Investors for liabilities arising from, the agreement. This advisory services agreement has been entered into for an initial period ending on December 31, 2006 and is automatically renewed annually.

Other Related Party Transactions

Danish companies within TDC have entered into certain lease transactions with their related Danish pension funds. For further information about related party transactions, please see note 32 to our consolidated financial statements.

TDC will enter into management agreements with Nordic Telephone Company Investment ApS, Nordic Telephone Company Administration ApS, the Issuer and the Purchaser. Pursuant to this agreement, TDC will provide these entities with management, consulting and financial services. The terms of these agreements have not yet been agreed.

Transaction Services Agreement

Pursuant to a Transaction Services Agreement, the Consortium was paid a transaction fee in relation to the Transactions. See "Unaudited Pro Forma Combined Financial Statements."

DESCRIPTION OF OTHER INDEBTEDNESS

The following contains a summary of the material provisions of the Senior Facilities Agreement and the Intercreditor Agreement and certain other instruments or facilities. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the underlying documents. A summary of such terms is available on request from the Issuer.

Terms not otherwise defined in this section shall, unless the context otherwise requires, have the same meanings set out in the Senior Facilities Agreement, the Bridge Facility Agreement or the Intercreditor Agreement, as the case may be, in each case as defined below.

Senior Credit Facilities

Pursuant to the Senior Facilities Agreement dated November 30, 2005 (as subsequently amended, the "Senior Facilities Agreement") and entered into, among others, the Issuer and Barclays Capital plc, Credit Suisse International, Deutsche Bank AG, London Branch, J.P. Morgan plc and The Royal Bank of Scotland plc as arrangers, J.P. Morgan Europe Limited as facility agent and J.P. Morgan Europe Limited as security agent, €9,600 million was made available to us under the Senior Credit Facilities.

The Facilities

The facilities provided under the Senior Credit Facilities currently consist of:

- a multicurrency term loan facility in an aggregate amount equal to €1,826,372,219.50 ("Term A Facility");
- a multicurrency term loan facility in an aggregate amount equal to €2,465,165,125.20 ("Term B Facility");
- a multicurrency term loan facility in an aggregate amount equal to €2,465,165,125.20 ("Term C Facility", and, together with Term A Facility and Term B Facility, "the Term Facilities"); and
- a multicurrency revolving credit facility in an aggregate amount equal to €700,000,000 (the "Revolving Credit Facility"),

In addition:

- a multicurrency term loan facility in an aggregate amount equal to €1,100 million (the "Cash Bridge Facility A"); and
- a multicurrency term loan facility in an aggregate amount equal to €1,100 million (the "Cash Bridge Facility B" and, together with the Cash Bridge Facility A, the "Cash Bridge Facilities"),

were also made available under the Senior Facilities Agreement, and have now been cancelled or repaid.

Availability

Term A Facility, Term B Facility and Term C Facility are all fully drawn by TDC, save for €250 million which remains available under Term A Facility until July 30, 2006 for the purpose of financing the payment of principal and accrued interest in respect of the purchase and redemption of any EMTNs.

As of the closing of this offering, TDC will have drawn amounts under Term A Facility, Term B Facility and Term C Facility for the following purposes:

- to finance the redemption of EMTNs pursuant to the Invitations;
- to finance the redemption of the remaining 2010 EMTNs and the 2011 EMTNs;
- to finance the redemption of the TDC EMTNs due on April 24, 2006; and
- to finance dividend payments pursuant to the Debt Pushdown referred to below.

The Revolving Credit Facility is available to TDC and any of its subsidiaries which may accede to the Senior Facilities Agreement as an additional borrower for financing the working capital requirements and the general corporate purpose of the TDC group. The Revolving Credit Facility is also available to the Issuer until January 30, 2008 for the purpose of, among other things, financing interest payments due under the notes.

The Cash Bridge Facility A and Cash Bridge Facility B have been repaid or, as the case may be, cancelled in full.

Debt Pushdown

Certain of the facilities originally available under the Senior Facilities Agreement were drawn by the Issuer and applied towards financing the consideration payable for the Tender Offer (including the payment of fees, expenses, taxes and other costs incurred in relation thereto). These drawings were subsequently repaid with amounts received by the Purchaser from TDC by way of a dividend (and in turn paid to the Issuer by way of a dividend). The dividend paid to the Purchaser was partly financed with amounts drawn under the Senior Credit Facilities by TDC.

Ancillary facilities

An ancillary facility is a funding facility ancillary to the Senior Credit Facilities that can be drawn upon by the borrower by way of (i) an overdraft or other current account facility; (ii) a guarantee, bonding, documentary or stand-by letter of credit facility; (iii) a short-term loan facility; (iv) a derivatives facility; (v) a foreign exchange facility or any other borrower; or (vi) certain other facilities or accommodations required in connection with the business of the Group. The Issuer and a Lender may agree bilaterally for the Lender to provide to a borrower all or part of such Lender's unutilized commitment under the Revolving Credit Facility, by way of ancillary facilities, subject to certain conditions and up to a maximum aggregate amount equal to €500 million.

Repayment

Any amounts drawn down under Term Facility A must be repaid in installments by making a payment of a minimum stipulated amount on each repayment date for Term Facility A. Any amount of Term Facility A still outstanding on the termination date will be due in full immediately on that date. The last scheduled repayment date of Term Facility A is December 31, 2011.

Any amounts drawn down under the remaining Term Facilities (Term Facility B and Term Facility C) must be repaid in full on their respective termination dates. Term Facility B and Term Facility C terminate on December 31, 2013 and December 31, 2014, respectively.

Any amount drawn down under the Revolving Credit Facility (other than any revolving capex loan drawn under the Revolving Capex Facility) must be repaid on the last day of the applicable Interest Period. Any revolving capex loans drawn under the Revolving Capex Facility must be repaid in installments by making a payment of a minimum stipulated amount on each repayment date for revolving capex loans. Any amount under the Revolving Credit Facility still outstanding on the termination date will be due in full immediately on that date. Any amounts repaid under the Revolving Credit Facility (other than any revolving capex loan drawn under the Revolving Capex Facility) may be re-borrowed unless the termination date for the Revolving Credit Facility has been reached. The Revolving Credit Facility terminates on December 31, 2012.

Interest rates

The interest rate on each Loan under the Senior Credit Facilities for each Interest Period is the percentage rate per annum, which is equal to the aggregate of the applicable (a) Margin (as set forth below), (b) the appropriate IBOR and (c) any Mandatory Cost. Subject to certain exceptions, interest accrues daily from and including the first day of any Interest Period and is payable on the last day of each Interest Period.

The Margins for Term A Facility, Term B Facility, Term C Facility and the Revolving Credit Facility are 2.125%, 2.375%, 2.875% and 2.125%, respectively. From January 30, 2007, there is a margin adjustment mechanism in relation to the Margin applicable to Term A Facility, Term B Facility and the Revolving Credit Facility. This is triggered in the event that the last four quarterly consolidated management accounts (or, as the case may be, the annual audited accounts) of the Group delivered to the Facility Agent show that, for the 12 month period ending on the date of the most recently delivered quarterly financial statements (or, as the case may be, the annual audited accounts), the ratio of the Consolidated Total Net Debt to Consolidated EBITDA is below certain thresholds set forth in the Senior Credit Facilities.

Security for the Senior Credit Facilities

The Issuer has provided a guarantee and direct security for its own obligations and for obligations of other obligors under the Senior Facilities Agreement by a first ranking pledge over its shares of the Purchaser in favor of the Security Agent. The Issuer may be required to provide further security over certain of its assets in favor of the Security Agent. TDC has provided, and certain of its subsidiaries will provide, a guarantee in respect of obligations of the Group under the Senior Facilities Agreement. Certain of those guarantors will provide first ranking security over certain of their respective assets in support of such guarantee.

Undertakings

The Senior Credit Facilities contain certain negative undertakings that, subject to certain customary and other agreed exceptions, limit the ability of the Group to, among other things:

- enter into any amalgamations, demergers, mergers, consolidation or corporate reconstruction;

- make any substantial changes to the general nature of the business of the Group taken as a whole (as it was on the date of the Senior Facilities Agreement);
- acquire a company or acquire (or acquire an interest in) shares or equity securities or a business or undertaking;
- enter into a joint venture;
- incur or allow to remain outstanding further debt obligations or permit to subsist any security over any assets or enter into other arrangements which would create a quasi-security interest;
- sell, lease, transfer or otherwise dispose of any asset;
- enter into any transaction with any Connected Person (as defined in the Senior Facilities Agreement) except on arm's length terms;
- make any loans or grant any credits;
- give any guarantee or indemnity in respect of any person;
- declare, make or pay any dividends or make any distribution or pay any other amounts in respect of or redeem our share capital or pay a fee to a Connected Person; and
- issue share capital.

The Senior Facilities Agreement also requires the Group to observe certain affirmative undertakings subject to materiality and other customary and agreed exceptions. These affirmative undertakings, include, but are not limited to, undertakings related to (i) obtaining and renewing all necessary consents, filings and authorizations; (ii) insurance; (iii) taxes; (iv) intellectual property rights; (v) corporate existence and obtaining all required consents or otherwise complying with all applicable laws and regulations relevant to the business; (vi) *pari passu* ranking of all payment obligations under the Senior Credit Facilities documentation with other unsecured unsubordinated payment obligations; (vii) compliance with the relevant laws, rules and regulations relating to the environment; and (viii) the maintenance of and funding of pension schemes.

Financial covenants

The financial covenants under the Senior Facilities Agreement require, among other things:

- maintenance of a minimum ratio of Consolidated Cashflow to Net Debt Service of 1.00:1;
- maintenance of a minimum ratio of Consolidated EBITDA to Consolidated Net Finance Charges for specified annual periods ending quarterly as set forth below;

Relevant Period expiring on:	Ratio
31 December 2006	2.00
31 March 2007	2.00
30 June 2007	2.10
30 September 2997	2.15
31 December 2007	2.20
31 March 2008	2.20
30 June 2008	2.25
30 September 2008	2.30
31 December 2008	2.35
31 March 2009	2.35
30 June 2009	2.40
30 September 2009	2.45
31 December 2009	2.50
31 March 2010	2.60
30 June 2010	2.60
30 September 2010	2.60
31 December 2010	2.65
31 March 2011	2.90
30 June 2011	2.95
30 September 2011	3.00
31 December 2011	3.00
31 March 2012	3.00
30 June 2012	3.00
30 September 2012	3.00
31 December 2012	3.00
and each Quarter Date thereafter	3.00

- maintenance of a maximum ratio of Consolidated Total Net Debt on specified dates to Consolidated EBITDA, for specified annual periods ending quarterly as set forth below; and

Relevant Period expiring on:	Ratio
31 December 2006	6.95
31 March 2007	6.85
30 June 2007	6.80
30 September 2997	6.75
31 December 2007	6.40
31 March 2008	6.20
30 June 2008	6.10
30 September 2008	5.90
31 December 2008	5.70
31 March 2009	5.60
30 June 2009	5.50
30 September 2009	5.35
31 December 2009	5.20
31 March 2010	5.10
30 June 2010	5.00
30 September 2010	4.80
31 December 2010	4.65
31 March 2011	4.50
30 June 2011	4.40
30 September 2011	4.20
31 December 2011	4.10
31 March 2012	3.90
30 June 2012	3.80
30 September 2012	3.60
31 December 2012	3.40
and each Quarter Date thereafter	3.40

- our annual aggregate Capital Expenditure does not exceed certain maximum amounts as set forth below.

Financial year ending on 31st December in:	Amount (DKK million)
2006	6,373.20
2007	6,408.00
2008	6,228.00
2009	6,256.80
2010	5,925.60
2011	5,614.80
2012	5,666.40
2013	5,722.80
2014	5,782.80
2015	5,869.20

The Senior Facilities Agreement contains an "Equity Cure" provision that allows us to cure a failure to comply with any of the ratio requirements referred to above (but not a failure to comply with the restriction on annual aggregate Capital Expenditure) by raising cash by means of a share subscription or a shareholder loan.

Prepayments

A borrower may prepay all or part of any loans made under the Term Facilities or any revolving capex loans made under the Revolving Credit Facility, in whole or in part, provided that the Facility Agent has received not less than three business days' prior notice and any partial payment is in a minimum base currency amount of €10 million. The Issuer may select which loans the prepayment is to be applied to and to what extent.

A borrower may prepay any Revolving Loan made under the Revolving Credit Facility, in whole or in part, provided that the Facility Agent has received not less than three business days' prior notice and any partial payment is in a minimum base currency amount of €5 million.

Upon the sale of the whole or substantially whole of our business and assets or in the event of a Change of Control, the Senior Credit Facilities will be cancelled and repayment in full of any outstanding amounts together with interest or any other fees accrued will be required.

If Excess Cashflow of the Group exceeds €30 million at the end of any financial year commencing after December 31, 2005, the Group will be required to apply 50% of the amount by which €30 million is exceeded toward the prepayment of the Senior Credit Facilities (until such time as the ratio of Consolidated Total Net Debt to Consolidated EBITDA, taking into account any such prepayment, is less than 3.75:1).

Events of default

The Senior Credit Facilities sets out certain events of default customary for senior debt of this magnitude, the occurrence of which would allow the Lenders to accelerate all outstanding loans and terminate their commitments.

Bridge Facility

The Bridge Facility was made available to the Issuer pursuant to a Bridge Facility Agreement dated November 30, 2005 (as subsequently amended, the "Bridge Facility Agreement") and entered into, among others, the Issuer and Barclays Capital plc, Credit Suisse International, Deutsche Bank AG, London Branch, J.P. Morgan plc and The Royal Bank of Scotland plc as arrangers, the several original lenders named therein, J.P. Morgan Europe Limited as facility agent and J.P. Morgan Europe Limited as security agent.

The drawings under the Bridge Facility were used to finance the Tender Offer and pay related fees and expenses and to refinance certain indebtedness originally incurred by a parent company of the Issuer to finance the Tender Offer. Approximately €269 million of commitments under the Bridge Facility remain available until May 30, 2006.

The Bridge Facility accrues interest at a rate per annum based on the aggregate of three month reserve-adjusted EURIBOR plus an initial spread of 6.75%. The spread will increase by 0.50% in the event the Bridge Facility is not refinanced within six months of the Completion Date, with a further increase of 0.50% at the end of each three-month period thereafter (subject to a maximum cash interest rate of 11.50% per annum and a maximum total interest rate of 12.50% per annum). In the event that equity minorities of TDC remain after the date falling 18 months after the Completion Date, the maximum cash interest rate will be increased to 12.00% per annum and the maximum total interest rate will be increased to 13.50% per annum.

The initial maturity date is 18 months after the Completion Date, with the final maturity date falling 10 years after the Completion Date. The initial maturity date will be automatically extended until the tenth anniversary of the Completion Date if the Issuer is not subject to bankruptcy or other insolvency proceedings. The Bridge Facility will be repaid with the proceeds from the issuance of the notes.

The Bridge Facility is secured by a second-ranking pledge over the shares of the Purchaser, ratably with the notes. The Bridge Facility contains certain negative covenants that are substantially similar to those under the Senior Credit Facilities. Following the issuance of the notes, such negative covenants will be amended so as to be substantially consistent with the notes.

Intercreditor Agreement

To establish the relative rights of certain of their creditors under the new financing arrangements, the Issuer, Nordic Telephone Company Finance ApS and the Purchaser entered into an intercreditor agreement dated November 30, 2005 (the "Intercreditor Agreement"), with the Senior Lenders, the creditors under the hedging documents (the "Hedge Counterparties"), the Trustee for the Notes (the "Notes Trustee") (upon accession), the Security Agent and the Senior Agent. The Bridge Lenders and their representatives are also parties to the Intercreditor Agreement. The additional entities that are borrowers and/or guarantors under the Senior Credit Facilities have acceded or will accede to the Intercreditor Agreement. The Issuer and its subsidiaries are known as the "Group" for the purposes of the Intercreditor Agreement; the Issuer and any future obligors are each known as an "Obligor."

Order of priority

The Intercreditor Agreement provides for the following order of priority to apply to the satisfaction of the obligations of the Group, other than the Issuer:

- First, the Senior Debt and the Hedging Debt (*pari passu*, without any preference between themselves);

- Second, any debt under a guarantee of the Notes (the "Notes Guarantee Debt") or an Intercompany loan relating to the Notes (the "Notes On-Loan Debt"), together with debt related to the Bridge Facility; and
- Third, certain liabilities between members of the Group ("Intercompany Debt").

The Intercreditor Agreement ranks debt at the Issuer level in the following order:

- First, the Senior Midco Revolving Debt, the Notes Debt, the Bridge Facility Debt, guarantees of the Senior Debt and any guarantee of the Hedging Debt, *pari passu* between themselves; and
- Second, certain liabilities owed to Nordic Telephone Company Finance ApS (the "Investor Debt") and Intercompany Debt due, owing or incurred by the Issuer.

The Parties to the Intercreditor Agreement acknowledge that the Notes are senior obligations of the Issuer and payments on the Notes by the Issuer are not restricted by or subject to the Intercreditor Agreement (save as expressly stated in relation to turnover of amounts received in violation of the Intercreditor Agreement).

The Intercreditor Agreement provides that if at any time Notes have been or are to be issued by the Issuer and any Senior Midco Revolving Debt remains outstanding or is available for utilisation, the Issuer will, as soon as reasonably practicable after any request from the Senior Revolving Facility Lenders, execute Security in favour of the Security Agent (for and on behalf of the Senior Revolving Facility Lenders) over any cash balance retained by it from time to time on terms such that, prior to the Acceleration Date, its release will be automatic provided that it is used for a purpose not prohibited under the Senior Facilities Agreement. Any such Security shall be granted on terms such that it will be released on the date on which the Senior Midco Revolving Debt is fully paid or discharged and all commitments in respect thereof have been cancelled.

Hedging Debt

The Intercreditor Agreement restricts the Issuer and the Hedging Banks from taking certain enforcement and other actions in relation to its hedging obligations.

Restrictions on Investor Debt, Intercompany Debt, Notes Guarantee Debt, Notes On-Loan Debt and Subordinated Debt

Investor Debt

Until the discharge date of the Senior Debt and the Hedging Debt and the Notes and the Bridge Facility, Nordic Telephone Company Finance ApS may not, except with the prior consent of: (a) an Instructing Group and (b) if the Instructing Group does not include or consists solely of the Notes Trustee and provided that no consent shall be required where any such action is not prohibited by the covenants in the Notes Indenture, the Notes Trustee: (i) demand or receive payment, repayment or prepayment of any principal, interest or other amount on or in respect of, or any distribution in respect of, any Investor Debt in cash or in kind or apply any money or property in or towards discharge of any Investor Debt, except as permitted by the Intercreditor Agreement; (ii) exercise any set-off against any Investor Debt, except as permitted by the Intercreditor Agreement; (iii) permit to subsist or receive any Security, or any guarantee, for, or in respect of, any Investor Debt (excluding any unsecured indemnity given by the Issuer in the original terms of the Investor Documents); (iv) claim or rank as a creditor in the insolvency, winding-up, bankruptcy or liquidation of any member of the Group other than in accordance with the Intercreditor Agreement; (v) sue, claim or bring proceedings against any member of the Group for breach of any representation, warranty or undertaking by any member of the Group under or in connection with any document relating to the Investor Debt; (vi) take or omit to take any action whereby the ranking and/or subordination contemplated by the Intercreditor Agreement would reasonably be expected to be impaired; (vii) convert any Investor Debt into shares of an Obligor (other than into ordinary shares in the Issuer); (viii) exercise its voting rights as shareholder of the Issuer so as to permit or require any member of the Group to pay, prepay, redeem, purchase, defease or otherwise acquire any Investor Debt, except as permitted by the applicable facilities agreement; or (ix) exercise its voting rights as shareholder of the Issuer so as to permit or require the declaration or payment by the Issuer of any dividend or distribution on or in respect of the share capital of the Issuer or the redemption, repayment, reduction, repurchase, cancellation or other extinguishment of any share in the capital of the Issuer (except where permitted to do so by the Intercreditor Agreement). Until the Senior Discharge Date and for the benefit of the holders of Senior Debt and Bridge Facility Debt only, no Obligor or Investor shall (except with the prior consent of: (a) an Instructing Group and (b) if the Instructing Group does not include or consists solely of the Notes Trustee and provided that no consent shall be required where any such action is not prohibited by the covenants in the Notes Indenture, the Notes Trustee) amend or give any waiver or consent under any provision of any Investor Document unless: (i) any amendment, variation, novation or supplement which is of a minor or technical nature; (ii) as expressly permitted or required pursuant to the Senior Facilities Agreement; or (iii) in a way which would not, or would not reasonably be expected to affect materially and adversely the interests of the Senior Finance Parties (if before the Senior Discharge Date) and which is not otherwise prohibited under the Intercreditor Agreement.

Intercompany Debt

Until the final discharge date of the Senior Debt, the Hedging Debt and the Notes and the Bridge Facility, but so that the Notes, the Noteholders, the Notes Trustee, the Notes Finance Parties may only rely on or benefit from paragraph (f), no lender on Intercompany debt shall, except with the prior consent of an Instructing Group: (a) demand or receive payment, repayment or prepayment of any principal, interest or other amount on or in respect of, or any distribution in respect of, any Intercompany Debt in cash or in kind or apply any money or property in or towards discharge of any Intercompany Debt, except as permitted by the Intercreditor Agreement; (b) exercise any set-off against any Intercompany Debt, except as permitted by the Intercreditor Agreement; (c) permit to subsist or receive any security or any guarantee, for, or in respect of, any Intercompany Debt; (d) claim or rank as a creditor in the insolvency, winding-up, bankruptcy or liquidation of any member of the Group other than in accordance with the Intercreditor Agreement; (e) sue, claim or bring proceedings against any Obligor or Intercompany borrower for breach of any representation, warranty or undertaking by any Obligor or Intercompany borrower under or in connection with any document relating to Intercompany Debt; or (f) take or omit to take any action whereby the ranking and/or subordination contemplated by the Intercreditor Agreement would reasonably be expected to be impaired.

Until the final discharge date, but so that the Notes, the Noteholders, the Notes Trustee, the Notes Finance Parties may only rely on or benefit from paragraph (d), no Intercompany borrower shall, except with the prior consent of an Instructing Group: (a) pay, repay or prepay any principal, interest or other amount on or in respect of, or make any distribution in respect of, or redeem, purchase or defease, any Intercompany Debt in cash or in kind, except as permitted by the Intercreditor Agreement; (b) exercise any set-off against any Intercompany Debt, except as permitted by the Intercreditor Agreement; (c) create or permit to subsist any security over any of its assets, or give any guarantee, for, or in respect of, any Intercompany Debt; or (d) take or omit to take any action whereby the ranking and/or subordination contemplated by the Intercreditor Agreement would reasonably be expected to be impaired.

Notes Guarantee Debt

There are presently no guarantees of the Notes. However, to the extent that guarantees are granted by Obligors in future in favor of the Notes, the following provisions will apply to them. Until the Senior Discharge Date, except with the prior consent of the Senior Agent under the Senior Facilities Agreement, no Obligor shall (and the Issuer shall ensure that no member of the Group will): (a) pay, repay or prepay any principal, interest or other amount on or in respect of, or make any distribution in respect of, any Notes Guarantee Debt in cash or in kind or apply any such money or property in or towards discharge of any Notes Guarantee Debt except as permitted by the Intercreditor Agreement; (b) exercise any set-off against any Notes Guarantee Debt, except as permitted by the Intercreditor Agreement; (c) create or permit to subsist any security over any assets of any member of the Group or give any guarantee from any member of the Group for, or in respect of, any Notes Guarantee Debt, other than Security created pursuant to any Notes Security Documents and the Notes Guarantees; or (d) amend the terms of any Notes Finance Document in a manner that would be inconsistent with the Notes Major Terms or the Notes Guarantee Maturity Provisions unless previously approved by the Senior Agent under the Senior Facilities Agreement. This provision does not prevent the payment of, and receipt by the Notes Trustee of, any Notes Trustee Amounts.

Notes On-Loan Debt

There are presently no on-loans of the proceeds of the Notes. However, to the extent that such on-loans are created in the future, the following provisions will apply to them. Until the Senior Discharge Date, except with the prior consent of the Senior Agent under the Senior Facilities Agreement, no Obligor shall (and the Issuer shall ensure that no member of the Group will): (a) pay, repay or prepay any principal, interest or other amount on or in respect of, or make any distribution in respect of, any Notes On-Loan Debt in cash or in kind or apply any money or property in or towards discharge of any Notes On-Loan Debt or otherwise pay, distribute or advance any amount to the Issuer except as permitted by the Intercreditor Agreement; (b) exercise any set-off against any Notes On-Loan Debt, except as permitted by the Intercreditor Agreement; (c) create or permit to subsist or receive any security over any assets of any member of the Group, or give any guarantee from any member of the Group, for, or in respect of, any Notes On-Loan Debt; or (d) amend any provision of the Notes On-Loan so that it would conflict with any of the required terms set out in the Intercreditor Agreement.

Subordinated Debt

Until the final discharge date but so that the Notes, the Noteholders, the Notes Trustee, the Notes Finance Parties may only rely on or benefit from paragraph (d) only, no Obligor shall (and the Issuer shall ensure that no member of the Group will), except with the prior consent of an Instructing Group and, if the Instructing Group is not the Notes Trustee, the Notes Trustee, if such action is not prohibited under the Notes Indenture: (a) pay, repay or prepay any principal, interest or other amount on or in respect of, or make any distribution in respect of, or redeem, purchase or defease, any Subordinated Debt in cash or in kind, except for the capitalisation of interest in accordance with the Investor Documents and the documents relating to it or as permitted by the Intercreditor Agreement; (b) exercise any set-off against any Subordinated Debt, except as permitted by the Intercreditor Agreement; (c) create or permit to subsist any security over any of its assets, or give any guarantee, for, or in respect of, any Subordinated Debt; (d) amend, terminate or give any waiver or consent under any document relating to the Investor Debt, other than any amendment, termination, waiver or consent purely of a technical or administrative nature; or (e) take or omit to take any action whereby the ranking and/or subordination contemplated by the Intercreditor Agreement would reasonably be expected to be impaired.

Permitted Payments

The Intercreditor Agreement contains the following provisions:

Permitted Notes Guarantee Payments and Permitted Notes On-Loan Payments

There are presently no guarantees of or on-loans of the proceeds of the Notes. However, to the extent that guarantees are granted by Obligors in future in favor of the Notes, or such on-loans are created, the following provisions will apply to them.

Permitted Junior Securities. The Notes Finance Parties and Noteholders may receive and retain Permitted Junior Securities in respect of the Notes Guarantee Debt and the Notes Trustee may receive and retain Notes Trustee Amounts.

Notes Trustee Amounts. The Notes Guarantors may pay and the Notes Trustee may receive and retain payments in respect of Notes Trustee Amounts incurred on or behalf of the Notes Trustee in connection with carrying out its duties or exercising powers or discretion under the Notes Finance Documents.

Amounts Related to Notes. Subject to the provisions relating to suspension of payments and subordination on insolvency:

(i) the Notes Guarantors may pay and the Notes Finance Parties and Noteholders may receive and retain payments in respect of any interest, fees, expenses or other amounts and, outside of any default or distress situation, any consent fee for the amendment of the Notes Finance Documents which is reasonable and customary for that kind of amendment) (including Notes Trustee Amounts and reasonable legal fees and taxes) on or in respect of any Notes Guarantee Debt in accordance with the Notes Finance Documents or as contemplated by the original terms of the Senior Finance Documents (including as permitted under certain portions of the Senior Facilities Agreement); and

(ii) any Notes On-Loan borrower may pay, and any Notes On-Loan lender may receive and retain and distribute payment in respect of, any interest, fees, expenses or other amounts (including Notes Trustee Amounts and reasonable legal fees and taxes) on or in respect of any Notes On-Loan debt in accordance with the terms of any documents governing Notes On-Loan debt,

provided that all such payments received under any Notes On-Loan are applied in payment of the Notes Issuer's obligations under the Notes (or amounts due in respect thereof).

Other amounts. Until the Senior Discharge Date, except with the prior consent of the Senior Agent under the Senior Facilities Agreement, no Obligor may pay, and a Notes On-Loan lender may not receive and retain payment in respect of any principal in respect of a Notes On-Loan other than for:

(i) with the prior consent of the Senior Agent under the Senior Facilities Agreement, amounts payable under covenants (including asset sales and change of control covenants) and redemption payments in respect of the Notes permitted under the Senior Finance Documents;

(ii) permitted defeasance trust payments (which are payments established from a trust established using funds not raised from the Group);

(iii) payments in the form of Permitted Junior Securities or payments funded entirely from the proceeds of the issue of Permitted Junior Securities or otherwise from certain amounts falling that are permitted payments under the Senior Facilities Agreement;

(iv) payments from the proceeds of a Distribution; or

(v) certain other payments permitted under the Senior Facilities Agreement.

Any Obligor or other member of the Group may pay to the Issuer in cash and the Issuer may receive and retain (net of any tax in connection with any such payment):

(i) any amount which could be paid to the Issuer under the Senior Facilities Agreement were the Issuer a Holdco (other than the Issuer or Bidco), a Holding Issuer of the Issuer, an Investor (as defined in the Senior Facilities Agreement) or an adviser to an Investor;

(ii) an amount equal to any payment due from the Issuer under the Senior Finance Documents or, subject to the Intercreditor Agreement, the Hedging Documents or Bridge Facility Finance Documents;

(iii) an amount equal to any fees, expenses or other costs incurred by the Issuer in acting as or maintaining its existence as a holding company or arising by operation of law or in the course of the ordinary administration of its business or for any Transaction Costs payable by the Issuer;

(iv) an amount equal to any liabilities of the Issuer for or in connection with any Taxes;

(v) an amount equal to any amount due under any employment contracts for employees of the Issuer or service contracts for directors of the Issuer;

(vi) an amount equal to any insurance premiums, fees or costs payable by the Issuer;

(vii) any amount being lent under the Notes On-Loan to the Issuer but not, for the purpose of this clause (vii) only, the amount of any repayment or prepayment of such Notes On-Loan;

(viii) any amount permitted to be paid under the captions included above in this section;

(ix) an amount equal to any third party costs, fees, taxes and expenses incurred by the Issuer (or the Notes Issuer) in offering or issuing the Notes or in the ordinary course of the day to day administration of the Notes and (where there is no Notes On-Loan) an amount equal to any interest or additional amounts payable in connection with the Notes and any amount equal to any fees, expenses or other costs payable to the Security Agent in acting as security agent for or on behalf of any secured party or Noteholder;

(x) any amount required to acquire the shares of any management leavers under any share option or other management incentive plan (and/or to purchase or repay any related loans) and/or to make other compensation payment to management leavers;

(xi) any other Permitted Payment (as defined in the Senior Facilities Agreement) not covered in clauses (i) to (x); and

(xii) an amount equal to €5,000,000 in aggregate in any financial year.

Permitted Investor Payments

Subject to the provisions of the Intercreditor Agreement relating to suspension of payments and subordination on insolvency, the relevant Obligor may pay, and the relevant investor may receive and retain payments in respect of, any Investor Debt or dividends or distributions on or in respect of share capital of the Issuer or in respect of any redemption, repayment, reduction, repurchase, cancellation or other extinguishment of any shares in the capital of the Issuer, in each case to the extent permitted in accordance with the applicable facilities agreement and the Notes Indenture.

Permitted Intercompany Payments

Subject to the provisions of the Intercreditor Agreement relating to suspension of payments and subordination on insolvency, the relevant intercompany borrower may pay, and the relevant intercompany lender may receive and retain payments in respect of, any Intercompany Debt in compliance with the applicable facilities agreement provided that no such payment is made to the Issuer other than to the extent permitted in accordance with the applicable facilities agreement.

Suspension of Payments

Suspension of Permitted Notes Guarantee Payments and Permitted Notes On-Loan Payments

There are presently no guarantees of the Notes, or on-loans of the proceeds of the Notes. However, to the extent that guarantees are granted by Obligors in future in favor of the Notes, or such on-loans are created, the following provisions will apply to them.

Until the Senior Discharge Date except with the prior consent of the Senior Agent under the Senior Facilities Agreement and subject to the provisions relating to subordination on insolvency: (i) no Notes Guarantor may make, and no Notes Finance Party or Noteholder may receive, any Permitted Notes Guarantees Payment (other than Permitted Junior Securities and Notes Trustee Amounts); and (ii) no Notes On-Loan Borrower may make, and the Notes On-Loan Lender may not receive, any Permitted Notes On-Loan Payment,

if, in each case:

(A) a Senior Payment Default is continuing; or

(B) a Material Senior Default, other than a Senior Payment Default, is continuing from the date which is one Business Day after the date on which the Senior Agent delivers a Notes Stop Notice to a Responsible Officer of the Notes Trustee and to the Notes Issuer until the earliest of:

1. the date falling 179 days after delivery of that Notes Stop Notice;

2. if a Notes Standstill Period is in effect at any time after the relevant Senior Default giving rise to delivery of that Notes Stop Notice, the date on which that Notes Standstill Period expires;

3. the date on which the relevant Senior Default has been remedied or waived in accordance with the Senior Facilities Agreement;

4. the date on which the Senior Agent delivers a notice to the Notes Trustee and the Notes Issuer cancelling the Notes Stop Notice;

5. the date on which the Security Agent or the Notes Trustee takes Enforcement Action permitted under the Intercreditor Agreement in respect of the Notes Guarantee Debt; and

6. the Senior Discharge Date.

Unless the Notes Finance Parties, Noteholders and the Notes On-Loan Lender waive this requirement: (i) a new Notes Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Notes Stop Notice; and (ii) no Notes Stop Notice may be delivered in reliance on a Senior Default more than 45 days after the date the Senior Agent received notice of that Senior Default.

The Senior Agent may only serve one Notes Stop Notice with respect to the same event or set of circumstances. Subject to the above paragraph, this shall not affect the right of the Senior Agent to issue a Notes Stop Notice in respect of any other event or set of circumstances.

This provision: (i) acts as a suspension of payment and not as a waiver of the right to receive payment on the dates such payments are due; (ii) will not prevent the accrual or capitalisation of interest (including default interest) in accordance with the Notes Finance Documents; (iii) will not prevent the payment of any Notes Trustee Amount; (iv) will not prevent the payment of: (A) audit fees, directors' fees, taxes and any other proper and incidental expenses required to maintain existence; and (B) amounts required to comply with obligations under the Notes Finance Documents (but not any payment in respect of interest and principal or other monies to the Notes Finance Parties or Notes On-Loan Lender and, without limitation to the generality of the foregoing, not any payment in connection with any redemption, purchase or defeasance of the Notes), including fees to the extent arising under the Fee Letters (as defined in the Senior Facilities Agreement) and costs and expenses (if any) related to public reporting and ongoing administration of the Notes Finance Documents.

Suspension of Permitted Investor Payments

Until the Senior Discharge Date (and for the benefit of the holders of Senior Debt only) and subject to the provisions relating to subordination on insolvency, no Obligor may make, and no Investor may receive, any Permitted Investor Payment if: (a) a Senior Declared Default or a Bridge Facility Declared Default is continuing; or (b) a Suspension Event occurs and is continuing at the time it is to make or receive such a payment.

Suspension of Permitted Intercompany Payments

Until the Senior Discharge Date (and for the benefit of the holders of Senior Debt only) and subject to the provisions relating to subordination on insolvency, no Intercompany Borrower may make, and no Intercompany Lender may receive, any Permitted Intercompany Payment: (a) if a Senior Declared Default or Bridge Facility Declared Default is continuing; or (b) in relation to any Intercompany Debt due, owing or incurred, or to be advanced, to the Notes Issuer only, a Suspension Event is continuing at the time it is to make or receive such a payment.

Turnover of Non-permitted Payments

Turnover

Subject to applicable law and to the rights of creditors mandatorily preferred by law applying to companies generally, until the Senior Discharge Date (and, for the purpose of clause (d) below only, the Notes Discharge Date) if: (a) any Hedge Counterparty receives or recovers any recoveries in respect of hedging except for any Permitted Hedging Payments; (b) any Notes Finance Party or Noteholder receives or recovers any recoveries in respect of Note Guarantees except for any Permitted Notes Guarantees Payments; (c) any Notes On-Loan Lender receives or recovers any recoveries in respect of a Notes On-Loan except for any Permitted Notes On-Loan Payments; (d) any Notes Finance Party or Noteholder receives or recovers any recoveries in respect of Notes except where such party does not have actual knowledge at the time of receipt or recovery that such payment was received or recovered from any person (directly or indirectly) which had benefited from an amount received or recovered in violation of the terms of the Intercreditor Agreement; (e) any Investor receives or recovers any recoveries in respect of Investor Debt except for any Permitted Investor Payments; and (f) any Intercompany Lender receives or recovers any recoveries in respect of Intercompany Debt except for any Permitted Intercompany Payments, (save in any case for any amount received by the Notes Trustee and paid to the Noteholders where at the time of such payment the Notes Trustee has no actual knowledge that such receipt or recovery falls within paragraph (d) above), that party (or Noteholder) shall:

(i) within three Business Days notify details of the receipt or recovery to the Security Agent;

(ii) hold any such assets and moneys received or recovered by it on trust for the Security Agent for application in accordance with the provisions of the Intercreditor Agreement relating to order of application; and

(iii) within three Business Days of demand by the Security Agent, pay an amount equal to such receipt or recovery (net of costs and expenses reasonably incurred in receiving or recovering such payment) to the Security Agent for application in accordance with the provisions of the Intercreditor Agreement relating to order of application.

Subordination on Insolvency

Subordination events

If: (a) any order is made or resolution passed for the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligor or Intercompany Borrower; (b) any Obligor or Intercompany Borrower enters into any composition, assignment or arrangement with its creditors generally; (c) any liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer is appointed in respect of any Obligor or Intercompany Borrower or any of its assets; or (d) any Security over any assets of any Obligor or Intercompany Borrower is enforced, or any analogous event occurs in any jurisdiction, except in any case above as part of a Permitted Reorganisation, the provisions of the Intercreditor Agreement will apply.

In any such circumstances: (i) the Notes Guarantee Debt and the Notes On-Loan Debt will be subordinate in right of payment to the Senior Debt and the Hedging Debt; and (ii) the Intercompany Debt and the Investor Debt will be subordinate in right of payment to the Senior Debt, the Hedging Debt, the Notes Debt, the Notes Guarantee Debt and the On-Loan Debt.

In the event that any of the circumstances mentioned above occur in relation to the Issuer, the Investor Debt as to which the Issuer is an obligor will be subordinate in right of payment to the Notes Debt.

Filing of claims

In any of the circumstances mentioned above, until the Senior Discharge Date, the Security Agent may and is irrevocably authorized on behalf of each secured party, Notes Finance Party, Notes On-Loan Lender and subordinated party to: (i) demand, claim, enforce and prove for the Junior Debt; (ii) file claims and proofs, give receipts and take any proceedings in respect of filing such claims or proofs and do anything which the Security Agent considers (acting reasonably) necessary or desirable to recover the Junior Debt; and (iii) receive all distributions of the Junior Debt for application in accordance with the provisions of the Intercreditor Agreement relating to order of application.

If and to the extent that the Security Agent is not entitled, or elects not, to take any of the actions mentioned above, each Junior Creditor (other than the Notes Trustee) shall do so promptly on request by the Security Agent.

The Notes Trustee shall in any event be entitled to request and retain payment of any Notes Trustee Amounts.

Distributions

Subject, in the case of the Notes Trustee, to certain exceptions, in any of the circumstances mentioned above, until the Senior Discharge Date, each Junior Creditor will: (a) hold all payments and distributions in cash or in kind received or receivable by it in respect of the Junior Debt on trust for the Security Agent for application in accordance with the provisions of the Intercreditor Agreement relating to order of application; (b) within three Business Days of demand by the Security Agent, pay an amount equal to any Junior Debt owing to it and discharged by set-off or otherwise to the Security Agent for application in accordance with the provisions of the Intercreditor Agreement relating to order of application; (c) promptly direct the trustee in bankruptcy, liquidator, assignee or other person distributing the assets of the relevant Obligor or Intercompany Borrower or their proceeds to pay distributions in respect of the Junior Debt directly to the Security Agent; and (d) promptly use its reasonable efforts to undertake any action requested by the Security Agent to give effect to these provisions, save that, in each case, the Notes Finance Parties and the Noteholders shall be entitled to receive and retain Permitted Junior Securities (and payments funded from the proceeds of the issue of Permitted Junior Securities) and the Notes Trustee shall be entitled to receive and retain any Notes Trustee Amounts.

Voting

In any of the circumstances mentioned above, until the Senior Discharge Date: (i) the Security Agent may, and is hereby irrevocably authorized on behalf of each senior secured party, the Notes On-Loan Lender and Subordinated Party to, exercise all of such parties' powers of convening meetings, voting and representation in respect of the senior security documents; and (ii) each such party other than the Notes Trustee shall promptly execute and/or deliver to the Security Agent such forms of proxy and representation as it may require to facilitate any such action. If and to the extent that the Security Agent is not entitled, or elects not, to exercise a power under this paragraph, each such party shall: (i) exercise that power as the Security Agent (acting on the instructions of an Instructing Group) directs; and (ii) not exercise that power so as to impair the ranking and/or subordination contemplated by the Intercreditor Agreement.

Nothing in these provisions entitles the Security Agent (or an Instructing Group) to exercise or require any such Junior Creditor referred to in paragraph (i) above to exercise a power of voting or representation to waive, reduce, discharge, extend the due date for repayment of or reschedule any Junior Debt of Junior Creditor.

Ranking of Security

Except as otherwise provided in the Intercreditor Agreement, all Security created pursuant to: (i) the Senior Security Documents will secure on a first ranking basis the Senior Debt and the Hedging Debt pari passu (subject to any limitation on the Debt which may be secured under the terms of the Senior Security Document) between themselves and ahead of any Notes Guarantee Debt and Security for the Notes Debt irrespective of the order of execution, creation, registration, notice, enforcement or otherwise; and (ii) the Documents and the Bridge Facility Security Documents will secure on a second-ranking basis the Notes Debt and any Notes Guarantee Debt and the Bridge Facility Debt pari passu irrespective of: (A) the order of execution, creation, registration, notice, enforcement or otherwise; (B) any provision ranking the Notes Debt or the Bridge Facility Debt in right and priority of payment pari passu with the Senior Midco Revolving Debt; (C) the date on which the Senior Debt or Hedging Debt arose; (D) whether a Senior Finance Party or Hedge Counterparty is obliged to advance any Senior Debt or Hedging Debt; or (E) any fluctuation in the amount, or any intermediate discharge in whole or in part, of any Senior Debt or Hedging Debt. Notwithstanding these provisions, only Security permitted in accordance with the Notes Major Terms shall secure the Notes Debt and Notes Guarantee Debt. Any Notes On-Loan Debt, the Investor Debt and Intercompany Debt, is and shall remain unsecured by the Security Documents. The proceeds of enforcement of Security ranked by these provisions shall be applied in accordance with the provisions of the Intercreditor Agreement relating to order of application of proceeds.

Restrictions on enforcement

The Intercreditor Agreement contains certain restrictions on enforcement by Hedging Counterparties. It also contains the following restrictions:

Restrictions on enforcement by the Notes On-Loan Lender and/or the Notes Security Documents

Until the Senior Discharge Date, except with the prior consent of or as required by the Senior Agent under the Senior Facilities Agreement: (a) the Notes On-Loan Lender shall not take any Enforcement Action in relation to any Notes On-Loan Debt or under the relevant Notes Security Documents; (b) the Notes Finance Parties and Noteholders shall not direct the Security Agent to enforce or otherwise (to the extent applicable), require the enforcement of, the Notes Security Documents; and (c) the Notes Finance Parties and Noteholders shall not take or require the taking of any Enforcement Action in relation to the Notes Guarantees unless such action is consistent with, and such Notes Guarantees comply with, the Notes Guarantee Maturity Provisions, except as permitted by the Intercreditor Agreement; *provided*, however, that no such action required by the Senior Agent under the Senior Facilities Agreement need be taken except to the extent the Senior Agent under the Senior Facilities Agreement otherwise is entitled under the Intercreditor Agreement to direct such action.

Restrictions on enforcement by the Investors

Until the final discharge date, no Investor shall, except with the prior consent of or as required by an Instructing Group, take any Enforcement Action in relation to any Investor Debt. If required by an Instructing Group to take Enforcement Action, each Investor will apply any proceeds from that Enforcement Action in accordance with the provisions of the Intercreditor Agreement relating to turnover.

Restrictions on enforcement by the Intercompany Lenders

Until the Senior Discharge Date and for the benefit of the holders of Senior Debt only, no Intercompany Lender shall, except with the prior consent of or as required by an Instructing Group, take any Enforcement Action in relation to any Intercompany Debt. If required by an Instructing Group to take Enforcement Action, the Intercompany Lenders will apply any proceeds from that Enforcement Action in accordance with the provisions of the Intercreditor Agreement relating to turnover.

Permitted Notes On-Loan, Notes Guarantee and Notes Security Documents enforcement

Subject to the below, the restrictions on enforcement set out above will not apply in respect of the Notes Guarantee Debt and Notes On-Loan, if: (i) a Notes Default (the “Relevant Notes Default”) is continuing; (ii) the Senior Agent has received a notice of the Relevant Notes Default specifying the event or circumstance in relation to the Relevant Notes Default from the Notes Trustee; (iii) a Notes Standstill Period has elapsed; and (iv) the Relevant Notes Default is continuing at the end of the relevant Notes Standstill Period. Promptly upon becoming aware of a Notes Default, the Notes Trustee may by notice (a “Notes Default Notice”) in writing notify the Senior Agent of the existence of such Notes Default.

In relation to a Relevant Notes Default, a Notes Standstill Period shall mean the period beginning on the date (the “Notes Standstill Start Date”) the Notes Trustee serves a Notes Default Notice on the Senior Agent in respect of such Relevant Notes Default and ending on the earlier to occur of:

(a) the date falling 179 days after the Notes Standstill Start Date;

(b) the date the Senior Finance Parties take any Enforcement Action in relation to a particular Notes Guarantor provided, however, that:

(i) if a Notes Standstill Period ends pursuant to this paragraph (b), the Notes Finance Parties and the Noteholders may only take the same Enforcement Action in relation to the Notes Guarantor as the Enforcement Action taken by the Senior Finance Parties against such Notes Guarantor; and

(ii) Enforcement Action for the purpose of this paragraph (b) shall not include action taken to preserve or protect any Security as opposed to realise it;

(c) the date of an event as described in the provisions related to subordination on insolvency in relation to a particular Notes Guarantor; and

(d) the expiry of any other Notes Standstill Period outstanding at the date such first mentioned Notes Standstill Period commenced.

The Notes Finance Parties and Noteholders or the Notes On-Loan Lender, as applicable, may take Enforcement Action under these provisions in relation to a Relevant Notes Default even if, at the end of any relevant Notes Standstill Period or at any later time, a further Notes Standstill Period has begun as a result of any other Notes Default.

Enforcement on behalf of Notes Finance Parties

If the Security Agent has notified the Notes Agent that it is enforcing Security created pursuant to a Permitted Enforcement Sale, no Notes Finance Party may take any action referred to above against any Obligor while the Security Agent is taking all reasonable commercial steps to implement a Permitted Enforcement Sale against an Obligor having regard to the circumstances which might be reasonably likely to adversely affect such Permitted Enforcement Sale or the amount of proceeds to be derived therefrom.

If the Notes Finance Parties are permitted to give instructions to the Security Agent to require the enforcement of the Security Interest constituted pursuant to any Notes Security Document in accordance with these provisions, such Enforcement Action must require the realisation of the relevant Security Interest by way of a Permitted Enforcement Sale and such realisation may only be implemented by way of a Permitted Enforcement Sale.

Permitted Investor enforcement

The restrictions set out above on enforcement by the Investors) will not apply if an Insolvency Event is continuing, except that the Investors may only exercise the rights set out in paragraph (a)(i) and, with the prior consent of an Instructing Group, paragraph (a)(ii) of the definition of Enforcement Action described below in relation to the relevant entity.

Permitted intercompany enforcement

The restrictions set out above on enforcement by the Intercompany Lenders will not apply if an Insolvency Event is continuing, except that the Intercompany Lenders may only exercise the rights set out in paragraph (a)(i) and, with the prior consent of an Instructing Group, paragraph (a)(ii) of the definition of Enforcement Action described below in relation to the relevant entity.

Application of Recoveries

Order of application

Subject to the rights of creditors mandatorily preferred by law applying to companies generally, the proceeds of enforcement of the Security conferred by the Security Documents, all recoveries by the Security Agent under guarantees of the Debt and all other amounts paid to the Security Agent pursuant to the Intercreditor Agreement shall be applied in the following order:

(a) first, in or towards payment pari passu to:

(i) the Security Agent and agent for the Bridge Facility of any unpaid fees, costs, expenses and liabilities (including any interest thereon as provided in the Security Documents) incurred by or on behalf of the Security Agent (or any adviser, receiver, delegate, attorney or agent) and the remuneration of the Security Agent (or any adviser, receiver, delegate, attorney or agent) in connection with carrying out its duties or exercising powers or discretions under the Security Documents or the Intercreditor Agreement; and

(ii) the Notes Trustee for application towards any unpaid fees, costs, expenses and liabilities incurred by or on behalf of the Notes Trustee (or any advisor, receiver, delegate, attorney or agent) in connection with any enforcement, recovery or other payment and the remuneration of the Notes Trustee (or any adviser, receiver, delegate, attorney or agent) in connection with carrying out its duties or exercising powers or discretions, in each case, under the Notes Finance Documents or the Intercreditor Agreement (including any Notes Trustee Amounts but excluding any payment in relation to any unpaid fees, costs, expenses and liabilities incurred in respect of any litigation by or on behalf of any Notes Finance Party or Noteholder against any of the Senior Finance Parties);

(b) second, pari passu to (i) in or towards payment to the Senior Agent for application towards any unpaid fees, costs, expenses and liabilities incurred by or on behalf of any Senior Finance Party or Hedge Counterparty in connection with such enforcement, recovery or other payment pari passu between themselves and (ii) in or towards payment to the Bridge Facility Agent for application towards any unpaid fees, costs, expenses and liabilities incurred by or on behalf of any Bridge Facility Finance Party in connection with such enforcement, recovery or other payment;

(c) third, in or towards payment to the Senior Agent for application towards the balance of the Senior Debt in respect of the Cash Bridge Facility but only to the extent such amount applied is no more than the proceeds from the enforcement of the collateral specifically designated as Security for the Cash Bridge Facility;

(d) fourth, in or towards payment to the Senior Agent for application towards the balance of the Senior Debt (in accordance with the Senior Facilities Agreement) and the Hedging Debt (including any payment due upon early termination) pari passu between themselves;

(e) fifth, after the Senior Discharge Date, in or towards payment to the Senior Subordinated Agent for application towards the balance of the Bridge Facility Debt and the Notes Debt, pari passu between themselves; and

(g) sixth, after the final discharge date, in payment of the surplus (if any) to the relevant Obligor or other person entitled thereto.

Enforcement of Security

Enforcement instructions

Subject to the below, until the Senior Discharge Date, the Security Agent shall: (i) exercise any right, power, authority or discretion vested in it as Security Agent in accordance with any instructions given to it by the Senior Agent under the Senior Facilities Agreement (or, if so instructed by the Senior Agent under the Senior Facilities Agreement, refrain from exercising any right, power, authority or discretion vested in it as Security Agent); and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Senior Agent under the Senior Facilities Agreement.

Where: (i) the Notes Finance Parties are permitted to take Enforcement Action in relation to the Notes Security Documents as specified above; and (ii) the Senior Finance Parties are not instructing the Security Agent to take all reasonable commercial steps to implement a Permitted Enforcement Sale against an Obligor having regard to the circumstances, which circumstances might be reasonably likely to adversely affect such Permitted Enforcement Sale or the amount of proceeds to be derived therefrom, the Security Agent shall (but only as long as the Senior Finance Parties are not so instructing the Security Agent) (i) exercise any right, power, authority or discretion vested in it as Security Agent in accordance with any instructions given to it by the Notes Trustee (or, if so instructed by the Notes Trustee, refrain from exercising any right, power, authority or discretion vested in it as Security Agent); and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Notes Trustee subject to liability on the part of the Security Agent for gross negligence, wilful misconduct or fraud.

After the Senior Discharge Date and until the Notes Discharge Date, the Security Agent shall: (i) exercise any right, power, authority or discretion vested in it as Security Agent in accordance with any instructions given to it by the Notes Trustee (or, if so instructed by the Notes Trustee, refrain from exercising any right, power, authority or discretion vested in it as Security Agent); and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Notes Trustee subject to liability on the part of the Security Agent for gross negligence, wilful misconduct or fraud.

Any instructions given in accordance with the above will be binding on all the Secured Parties and the Noteholders.

The Security Agent may refrain from acting in accordance with any instructions given in accordance with the above until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions. In the absence of instructions given in accordance with the above, the Security Agent may act (or refrain from taking action) as it considers to be in the best interest of the Senior Finance Parties and, as the case may be, the Noteholders having regard to the other parts of these provisions. The Security Agent is not authorized to act on behalf of a Secured Party or a Noteholder (without first obtaining that party's consent) in any legal or arbitration proceedings relating to any Senior Finance Document, any Hedging Document, any Notes Finance Document or the Intercreditor Agreement.

Following an acceleration, the Security Agent will act on the directions of the Majority Senior Creditors (being the requisite majority of the Senior Lenders and the Hedge Counterparties) in connection with the enforcement of the Transaction Security in situations where otherwise it would be obliged to act on the instructions of the Senior Agent under the Senior Facilities Agreement.

Each of the Senior Creditors, the Senior Subordinated Creditors and the Security Agent is only permitted to take Security Enforcement Action with respect to a Notes On-Loan in a manner that disposes of such asset to a third party (other than the Security Agent (or its agent or nominee) in its capacity as such) if it does so concurrently with, and in accordance with, the completion of a Permitted Enforcement Sale of the shares of a holdco.

Until after the Senior Discharge Date, no Creditor may enforce, or instruct the Security Agent to enforce, any Security Interest granted over the shares of a holdco or any Security Interest over a Notes On-Loan in a manner that disposes of such asset to a third party (other than the Security Agent (or its agent or nominee) in its capacity as such) except in connection with a Permitted Enforcement Sale (except as may otherwise be provided in the Notes Indenture).

Release of Security on enforcement

If, pursuant to or for the purpose of any Enforcement Action taken or to be taken by the Security Agent in accordance with the Intercreditor Agreement, the Security Agent requires any release of any guarantee or Security for the Senior Debt or the Hedging Debt granted by any member of the Group or (subject to the conditions set out in the Intercreditor Agreement) of any Notes Guarantee or the Notes Security Documents, each party shall promptly enter into any release and/or other document and take any action which the Security Agent may reasonably require.

If in connection with any Enforcement Action: (i) the Security Agent (or any receiver) sells or otherwise disposes of (or proposes to sell or otherwise dispose of) any asset under any Security Document; or (ii) a member of the Group sells or otherwise disposes of (or proposes to sell or otherwise dispose of) any asset at the request of the Security Agent or an Instructing Group, the Security Agent may, and is hereby irrevocably authorized on behalf of each Party to: (A) release the Security created pursuant to the Security Documents over the relevant asset; and (B) if the relevant asset comprises all of the shares in the capital of a member of the Group pledged in favour of the Senior Finance Parties, release that member of the Group and any Subsidiary of it from all its past, present and future liabilities and/or obligations (both actual and contingent) as a borrower or guarantor of the whole or any part of the Debt (including any liability to any other member of the Group by way of guarantee or contribution) and release any Security granted by that member of the Group or any Subsidiary of it over any asset under any Security Document, provided that, in each case, the below conditions are satisfied.

It is a further condition to the release of the Notes Guarantees, Notes Security Documents and the whole or any part of the Notes On-Loan Debt described in the preceding paragraph, that either: (i) any Notes Trustee under the Indenture confirms to the Security Agent that the Noteholders have approved the release by the requisite majority; or (ii) where the shares or asset of an Obligor or the shares of any direct or indirect Holding Issuer of such Obligor (other than shares in a holdco as contemplated in clause (iii) of the next paragraph) are sold that: (A) the sale is either made pursuant to a public auction, pursuant to any process or proceedings approved or supervised by or on behalf of any court of law, or is otherwise made for fair market value (taking into account the circumstances giving rise to the sale); (B) immediately prior to or concurrently with the completion of such sale or disposal the relevant Obligor (or the Holding Company of such Obligor) in the case of a sale of shares or the relevant asset, in the case of any disposal of assets, is simultaneously and unconditionally released from all of its obligations in respect of the Senior Debt and the Notes Debt (except if and to the extent the rights in respect of the Senior Debt and/or the Notes Debt are transferred to the purchaser or one or more of its Affiliates); and (C) the net cash proceeds are applied in accordance with the provisions of the Intercreditor Agreement relating to application of recoveries; or (iii)where the shares sold are those of a Relevant Holdco pursuant to a Permitted Enforcement Sale that: (A) the Notes Finance Parties have a second ranking Security Interest over the Disposed Entity (or an equivalent interest or claim) which entitles them to receive any surplus net cash proceeds arising from the sale of the Disposed Entity upon completion of the Permitted Enforcement Sale after the Senior Debt has been discharged in full (the "Surplus Proceeds"); or (B) if the requirements of clause (iii)(A) of this paragraph are not satisfied, the terms of the Permitted Enforcement Sale require that if (but only if) there are Surplus Proceeds, an amount equal to the lesser of the Surplus Proceeds and the amount of the then outstanding Secured Debt is paid upon completion of the Permitted Enforcement Sale to the Security Agent for application in accordance with the provisions of the Intercreditor Agreement relating to application of recoveries.

The net cash proceeds of sale or disposal shall be applied in or towards payment of Debt in accordance with the provisions of the Intercreditor Agreement relating to application of recoveries and, subject to applicable law, all proceeds (if any) for the benefit of the Notes Debt shall have been, or contemporaneously with any such release shall be:

(i) paid to Noteholders in repayment or redemption of their Notes;

(ii) deposited with the Security Agent or the Notes Trustee for the benefit of the Noteholders; or

(iii) deposited in an account in which a security interest has been perfected for the benefit of the Noteholders.

Each Party shall promptly enter into any release and/or other document and take any action which the Security Agent may reasonably require to give effect to the preceding paragraphs and in accordance with the Intercreditor Agreement.

Release of Security

Each Secured Party and Notes Finance Party irrevocably authorises the Security Agent (and, to the extent applicable, the Note Trustee) to release in any manner whatsoever any Security and any guarantee (including any subordinated guarantee and including any Security or guarantee given by any member of the Group disposed of or sold or any subsidiary of such member of the Group) upon the sale or disposal of any asset (including shares) which is not pursuant to an Enforcement Action or Security Enforcement Action provided that such sale is in compliance with the terms of the Finance Documents and the Security Agent (and to the extent applicable the Note Trustee) shall as soon as reasonably practical execute any such release or take such other action as is reasonably required to effect any such release at the expense of the Issuer.

Refinancing

The Senior Debt may, to the extent permitted under the Senior Finance Documents, be refinanced, replaced, increased or otherwise restructured (a "Refinancing") in whole or in part on terms that do not result in a breach of any term of any agreement in respect of Junior Debt or the Indenture, and any obligations incurred by the Group on such Refinancing in respect of the Senior Debt will, to the extent designated by the Issuer, rank senior to the Junior Debt and otherwise benefit from the provisions of the Intercreditor Agreement on, mutatis mutandis, the terms set out herein (and such obligations will constitute Senior Debt).

If a Refinancing occurs in accordance with the provisions set out above, then to the extent such Refinancing is to benefit from any Security over assets secured on or shortly before the Refinancing in favour of the Notes, then such Security in favour of the Notes may be required to be released by the Senior Agent and replaced with new Security over such assets in favour of the Notes (ranking junior to any Security granted in favour of the new Senior Debt) on substantially the same terms (including as to ranking) as before the Refinancing; provided that following such release and replacement, no such new Security in favour of the Notes is subject to any new hardening period (excluding any hardening period that existed prior to any such release and replacement) which is not also applicable to the Security granted in favour of the new Senior Debt over the same assets and is otherwise in compliance with the Notes Indenture.

Debt Tender

On December 21, 2005, in conjunction with the Tender Offer, the Issuer invited, subject to certain conditions as set forth in an invitation memorandum of same date, the holders of any and all of the following EMTNs to offer to sell them to the Issuer or another entity designated by the Issuer, and to consent to certain amendments to the relevant trust deeds: (a) DEM 500,000,000 5.00% notes due 2008, (b) JPY 3,000,000,000 1.28% notes due 2008, (c) €350,000,000 5.625% notes due 2009, (d) €1,000,000,000 5.20% notes due 2010 (the "2010 EMTNs"), (e) €700,053,000 3.875% notes due 2011 (the "2011 EMTNs") and (f) €750,000,000 6.50% notes due 2012. Upon expiration of the Invitations on March 3, 2006, 53% or an equivalent of €1,615 million of the EMTNs had been validly offered for sale.

On February 6, 2006, extraordinary meetings of the holders of the 2010 EMTNs and the 2011 EMTNs resolved to disapply and delete most of the covenants and certain other terms contained in their respective trust deeds and to add a new provision giving TDC the right to redeem all of the remaining 2010 EMTNs and 2011 EMTNs at any time upon not less than 10 days' notice, at 99% of their principal amount plus accrued and unpaid interest. On March 3, 2006, TDC assumed the Issuer's obligations in respect of the Invitations and on March 10, 2006 acquired all of the EMTNs offered for sale pursuant to the Invitations. On March 20, 2006, TDC redeemed the 2010 EMTNs and the 2011 EMTNs in full.

As of March 29, 2006, TDC had the following euro medium term notes outstanding, totaling €1,284 million (the "Outstanding EMTNs"): (a) DEM 500,000,000 5.00% notes due 2008, with €194 million equivalent of notes outstanding; (b) JPY 3,000,000,000 1.28% notes due 2008, with €21 million equivalent of notes outstanding; (c) €350,000,000 5.625% notes due 2009, with €345 million equivalent of notes outstanding; (d) €750,000,000 6.50% notes due 2012, with €724 million equivalent of notes outstanding; and (e) €1,350,000,000 5.875% notes due 2006, with €685 million equivalent of notes outstanding. The €685 million of notes outstanding under the €1,350,000,000 5.875% notes due 2006 will be repaid by TDC upon maturity in April 2006. All of the Outstanding EMTNs contain provisions customary in the Eurobond market. In particular, they contain a negative pledge clause which limits our ability to secure certain types of indebtedness without also securing the relevant Outstanding EMTNs. In addition, the €350,000,000 5.625% notes due 2009, the €750,000,000 6.50% notes due 2012, and the €1,350,000,000 5.875% notes due 2006 may be redeemed at TDC's option at any time at the redemption price, as specified in the pricing supplements for the relevant notes. The DEM 500,000,000 notes due 2008 are secured by certain subsidiaries of TDC.

Danish Mortgage Loans

As of March 29, 2006, TDC had four outstanding Danish mortgage loans granted by Nykredit Realkredit A/S in April 2003 and totalling DKK 886 million, (€118.7 million). These loans, with final maturity in 2033, were taken on three properties owned by TDC Services (outstanding loans of DKK 706 million (€94.6 million) and on one property owned by TDC Solutions (outstanding loan of DKK 180 million (€24.1 million). These loans have no instalment during the first 10 years and follow an annuity repayment schedule the following 20 years. These loans carry floating interest rate.

For each of TDC Services and TDC Solutions, a compulsory prepayment clause in the mortgage loans documentation is triggered in the event that TDC does not control directly or indirectly at least 51% of the share capital and the voting rights to such company.

HTCC

On February 9, 2005, HTCC entered into a €170 million Credit Facilities Agreement with Calyon and Calyon Bank Hungary Rt. as Global Coordinators, Bookrunners and Mandated Lead Arrangers. The purpose of the Credit Facilities Agreement was to refinance existing indebtedness and finance the acquisition of Pantel Rt. The loans drawn under the Credit Facilities Agreement are to be repaid in semi-annual instalments, the last one falling due on December 31, 2011. HTCC has provided security to the lenders in the form of a fixed and floating charge over its assets, pledge of shares, receivables, properties and bank accounts. Furthermore, the Credit Facilities Agreement imposes a series of financial and negative covenants, such as restrictions on acquisitions, disposals and indebtedness. A compulsory prepayment clause in the Credit Facilities Agreement is triggered in the event that TDC disposes of HTCC. The compulsory prepayment does not apply if HTCC's Consolidated Net Debt to Consolidated EBITDA, as defined in the Credit Facilities Agreement, has been less than 2.00:1.00 during certain test periods or if TDC transfers all of its HTCC shares to an international recognised telecommunications operator of similar standing to TDC and having a rating of BBB+ or higher by S&P or Baa1 or higher by Moody's.

Hedging Agreements

In order to document interest and exchange rate hedging transactions, TDC has entered into ISDA Agreements with selected financial institutions. Such ISDA Agreements follow market standard terms and do not require TDC to provide credit support.

Contingent Liabilities Under Leasing Agreements

In connection with capital sale and leaseback agreements, TDC has provided guarantees covering intermediary leasing companies' payment of the total lease commitments. TDC has made legally releasing non-recurring payments to the intermediary leasing companies of an amount corresponding to the total lease commitments. At December 31, 2005, the guarantees amounted to DKK 3,291 million (€441 million), compared with DKK 3,030 million (€406 million) at December 31, 2004. The guarantees provided by TDC are economically defeased by means of payment instruments issued by creditworthy obligors unrelated to TDC that secure or otherwise provide for payment of the regular lease payments and purchase-option prices due from the intermediary leasing companies. These instruments are lodged as security for payment of the regular lease payments by the intermediary leasing companies.

DESCRIPTION OF THE NOTES

The Issuer will issue euro-denominated fixed rate notes ("Euro Fixed Rate Notes"), euro-denominated floating rate notes ("Euro Floating Rate Notes") and dollar-denominated fixed rate notes ("Dollar Notes," and collectively with the Euro Fixed Rate Notes and Euro Floating Rate Notes, the "Notes") under an indenture to be dated as of , 2006 (the "Indenture"), between itself, Deutsche Trustee Company Limited, as trustee (the "Trustee"), Deutsche Bank AG, London Branch, as listing agent and principal paying agent, and Deutsche Bank Luxembourg SA, as transfer agent, registrar and Luxembourg paying agent. Each of the Euro Fixed Rate Notes, Euro Floating Rate Notes and Dollar Notes constitute a separate series of Notes but will be treated as a single class of securities for all purposes under the Indenture, including for purposes of voting and taking all other actions by holders of the Notes, except as otherwise specified herein.

The Indenture is unlimited in aggregate principal amount, but this issuance of Euro Fixed Rate Notes is limited to € million, the issuance of Euro Floating Rate Notes is limited to € million and the issuance of Dollar Notes is limited to $ million. We may issue an unlimited principal amount of additional Notes having identical terms and conditions as the Notes (the "Additional Notes"). We will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture, including the covenant restricting the Incurrence of Indebtedness (as described below under "Certain Covenants — Limitation on Indebtedness"). The Notes issued in this offering and, if issued, any Additional Notes will be treated as a single class for all purposes under the Indenture, including with respect to waivers, amendments, redemptions and offers to purchase, except as otherwise specified with respect to each series of Notes. Unless the context otherwise requires, in this "Description of the Notes," references to the "Notes" include the Notes and the Additional Notes that are actually issued.

This "Description of the Notes" is intended to be an overview of the material provisions of the Notes, the Indenture and the Security Document (as defined below). Since this description of the terms of the Notes is only a summary, you should refer to the Indenture and the Security Document for complete descriptions of the obligations of the Issuer and your rights. Copies of the Indenture are available as set forth under "Available Information".

You will find definitions of certain capitalized terms used in this Description of the Notes under the heading "Certain Definitions". For purposes of this Description of the Notes, references to (i) the "Issuer", "we", "our", and "us" refer only to Nordic Telephone Company Holding ApS, (ii) "Purchaser" refers to Nordic Telephone Company ApS, (iii) "NTC Finance" refers to Nordic Telephone Company Finance ApS and (iv) "TDC" refers to TDC A/S.

General

The Notes will, upon issuance:

- be general senior obligations of the Issuer;
- have the benefit of security (as described below under "Security") in the form of a second-priority pledge of all of the shares of Purchaser, which shall be equally and ratably shared with any Indebtedness outstanding under the Bridge Facility, and which will rank behind the security granted in favor of the Senior Facilities Agreement (and may in future rank behind other security granted in favor of other Indebtedness);
- rank senior in right of payment to future Subordinated Shareholder Funding, if any;
- rank equally in right of payment with any existing and future senior indebtedness of the Issuer, including any indebtedness outstanding under the Bridge Facility, the guarantee of the Senior Credit Facilities given by the Issuer, and borrowings under the Revolving Credit Facility made by the Issuer (and the Euro Floating Rate Notes, Euro Fixed Rate Notes and the Dollar Notes rank equally with each other);
- be effectively subordinated to any existing and future secured Indebtedness of the Issuer and its Subsidiaries to the extent of the value of the assets securing such Indebtedness (unless such assets also secure the Notes on an equal and ratable basis);
- be effectively subordinated to any existing and future Indebtedness and obligations (including obligations to trade creditors) of Subsidiaries of the Issuer;
- mature on , 2016; and
- be represented by one or more registered Notes in global form, but in certain circumstances may be represented by Definitive Registered Notes. See "Book-entry, Delivery and Form."

Principal and Maturity

The Issuer will issue € million in aggregate principal amount of Euro Fixed Rate Notes, € million in aggregate principal amount of Euro Floating Rate Notes and $ million in aggregate principal amount of Dollar Notes on the Issue Date. The Notes will mature on , 2016. The Euro Fixed Rate Notes and Euro Floating Rate Notes will be issued in minimum denominations of €50,000 and in integral multiples of €1,000 in excess thereof. The Dollar Notes will be issued in minimum denominations of $75,000 and in integral multiples of $1,000 in excess thereof.

Interest

Interest on the Euro Fixed Rate Notes and Dollar Notes

Interest on the Euro Fixed Rate Notes will accrue at the rate of % per annum. Interest on the Dollar Notes will accrue at the rate of % per annum. Interest on the Euro Fixed Rate Notes and Dollar Notes will:

- accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash semi-annually in arrears on and , commencing on , 2006; and
- be payable to the holder of record of such Euro Fixed Rate Note or Dollar Notes, as applicable, on the and immediately preceding the related interest payment date; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

The rights of holders of beneficial interests in the Euro Fixed Rate Notes or Dollar Notes to receive the payments of interest on such Euro Fixed Rate Notes or Dollar Notes are subject to applicable procedures of Euroclear and Clearstream or DTC, as applicable. If the due date for any payment in respect of any Euro Fixed Rate Notes or Dollar 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.

Interest on Euro Floating Rate Notes

Interest on the Euro Floating Rate Notes will accrue at a rate per annum (the "Applicable Rate"), reset quarterly, equal to EURIBOR plus %, as determined by the calculation agent (the "Calculation Agent"), which shall initially be Deutsche Bank AG, London Branch. Interest on the Euro Floating Rate Notes will:

- accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash quarterly on , , and , commencing on , 2006; and
- be payable to the holder of record of such Euro Floating Rate Note on the , , and immediately preceding the related interest payment date.

The rights of holders of beneficial interests in the Euro Floating Rate Notes to receive the payments of interest on the Euro Floating Rate Notes are subject to applicable procedures of Euroclear and Clearstream, as applicable. If the due date for any payment in respect of any Euro Floating Rate Note 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 on 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.

Set forth below is a summary of certain of the provisions from the Indenture relating to the calculation of interest on the Euro Floating Rate Notes.

"Determination Date," with respect to an Interest Period will be the day that is two TARGET Settlement Days preceding the first day of such Interest Period.

"EURIBOR," with respect to an Interest Period, will be the rate (expressed as a percentage per annum) for deposits in euros for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date that appears on Telerate Page 248 as of 11:00 a.m. Brussels time, on the Determination Date. If Telerate Page 248 does not include such a rate or is unavailable on a Determination Date, the Calculation Agent will request the principal London office of each of four major banks in the Euro-zone inter-bank market, as selected by the Calculation Agent, to provide such bank's offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m., Brussels time, on such Determination Date, to prime banks in the Euro-zone inter-bank market for deposits in a Representative Amount in euros for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such offered quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the Calculation Agent will request each of three major banks in London, as selected by the Calculation Agent, to provide such bank's rate (expressed as a percentage per annum), as of approximately 11:00 a.m., London time, on such Determination Date, for loans in a Representative Amount in euros to leading European banks for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such rates are so provided, the rate for the Interest Period will be the arithmetic mean of such rates. If fewer than two such rates are so provided then the rate for the Interest Period will be the rate in effect with respect to the immediately preceding Interest Period.

"Euro-zone" means the region comprised of member states of the European Union that adopt the euro.

"Interest Period" means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and include , 2006.

"Representative Amount" means the greater of (i) €1,000,000 and (ii) an amount that is representative for a single transaction in the relevant market at the relevant time.

"TARGET Settlement Day" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

"Telerate Page 248" means, the display page so designated on Bridge's Telerate Service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

The Calculation Agent shall, as soon as practicable after 11:00 a.m. (Brussels time) on each Determination Date, determine the Applicable Rate and calculate the aggregate amount of interest payable in respect of the following Interest Period (the ''Interest Amount''). The Interest Amount shall be calculated by applying the Applicable Rate to the principal amount of each Euro Floating Rate Note outstanding at the commencement of the Interest Period, multiplying each such amount by the actual amounts of days in the Interest Period concerned divided by 360 and rounding the resultant figure upwards to the nearest available currency unit. The determination of the Applicable Rate and the Interest Amount by the Calculation Agent shall, in the absence of willful default, bad faith or manifest error, be final and binding on all parties. In no event will the rate of interest on the Euro Floating Rate Notes be higher than the maximum rate permitted by applicable law.

Methods of Receiving Payments on the Notes

Principal, interest and premium, if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; provided that all such payments with respect to Notes represented by one or more Global Note registered in the name of or held by a nominee of Euroclear, Clearstream or DTC, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, interest and premium, if any, on any certificated securities ("Definitive Registered Notes") will be payable at the specified office or agency of one or more Paying Agents in the City of London, the Borough of Manhattan, City of New York, and Luxembourg, in each case, maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the person entitled thereto as shown on the register for the Definitive Registered Notes. See "— Paying Agent and Registrar for the Notes".

Paying Agent and Registrar for the Notes

The Issuer will maintain a Paying Agent for the Notes in (i) the City of London, (ii) the Borough of Manhattan, City of New York, and (iii) Luxembourg, for so long as the Notes are listed on the Euro MTF and its rules so require. The Issuer will also undertake, to the extent possible, to maintain a paying agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC regarding the taxation of savings income (the "Directive"). The initial Paying Agent will be Deutsche Bank AG, London Branch.

The Issuer will also maintain one or more registrars (each, a "Registrar") with offices in the City of London and a transfer agent in each of (i) the City of London, (ii) for so long as the Notes are listed on the Euro

MTF and its rules so require, Luxembourg, and (iii) from and after the issuance of any Definitive Registered Notes, in the Borough of Manhattan, City of New York. The initial Registrar and transfer agent will be Deutsche Bank Luxembourg SA. The Registrar and the transfer agent in Luxembourg and the transfer agent in London and New York will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer. Each transfer agent shall perform the functions of a transfer agent.

The Issuer may change any Paying Agent, Registrar or transfer agent for any series of the Notes without prior notice to the Holders of such Notes. However, for so long as Notes are listed on the Euro MTF and the rules of the Euro MTF so require, the Issuer will publish notice of the change in a Paying Agent, Registrar or transfer agent in a daily newspaper with general circulation in Luxembourg (which is expected to be the d'Wort). The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of any series of Notes.

Transfer and Exchange

The Notes will be issued in the form of several registered notes in global form without interest coupons, as follows:

- Each series of Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "144A Global Notes").
  - The 144A Global Notes representing Dollar Notes (the "Dollar 144A Global Notes") will be deposited upon issuance with a custodian for The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee of DTC.
  - The 144A Global Notes representing the Euro Fixed Rate Notes and Euro Floating Rate Notes (the "Euro 144A Global Notes") will, upon issuance, be deposited with and registered in the name of the common depositary for the accounts of Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream").
- Each series of Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by one global note in registered form without interest coupons attached (the "Regulation S Global Notes" and, together with the 144A Global Notes, the "Global Notes").
  - The Regulation S Global Notes representing Dollar Notes (the "Dollar Regulation S Global Notes") and the Regulation S Global Note representing the Euro Fixed Rate Notes and Euro Floating Rate Notes (the "Euro Regulation S Global Notes", and together with the Euro 144A Global Notes, the "Euro Global Notes") will, on the closing date, be deposited with and registered in the name of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("Book-Entry Interests") will be limited to persons that have accounts with Euroclear and Clearstream or DTC, as applicable, or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "Transfer Restrictions." In addition, transfers of Book-Entry Interests between participants in Euroclear, participants in Clearstream or participants in DTC will be effected by Euroclear, Clearstream or DTC, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear, Clearstream or DTC, as applicable, and their respective participants.

Book-Entry Interests in the 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 denominated in the same currency 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 Reg S Book-Entry Interests will be limited to persons that have accounts with Euroclear, Clearstream or DTC or persons who hold interests through Euroclear, Clearstream or DTC, and any sale or transfer of such interest to US 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, Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests 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 "Transfer Restrictions" 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 €50,000 or $75,000 principal amount, as the case may be, and integral multiples of €1,000 in excess thereof or $1,000 in excess thereof, as the case may be, upon receipt by the applicable 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, Clearstream or DTC, as applicable, from the participant which 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 "Transfer Restrictions."

Subject to the restrictions on transfer referred to above, Euro Fixed Rate Notes and Euro Floating Rate Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €50,000 in principal amount and integral multiples of €1,000 in excess thereof and Dollar Notes issued as Definitive Registered Notes may be transferred or exchanged in whole or in part, in minimum denominations of $75,000 in principal amount and integral multiples of $1,000 in excess thereof. 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, Clearstream or DTC, where appropriate, 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 is not required to register the transfer or exchange of any Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of 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; 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 and the Trustee will be entitled to treat the Holder of a Note as the owner of it for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

Immediately after the issuance of the Notes, all of the Issuer's Subsidiaries will be Restricted Subsidiaries other than HTCC and its Subsidiaries. For 2005, HTCC, which prepares its financial statements in accordance with U.S. GAAP, publicly reported revenues, adjusted EBITDA, cash and cash equivalents and long-term debt of $110.2 million (€93.1 million), $50.6 million (€42.7 million), $15.1 million (€12.8 million) and $158.2 million (€133.6 million), respectively, using the December 31, 2005 exchange rate of €1.00 = $1.1842. These figures are not comparable with HTCC's contribution to TDC's results. In addition, 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.

Ranking

The Notes are general obligations of the Issuer that rank senior in right of payment to all existing and future Indebtedness that is expressly subordinated in right of payment to the Notes. The Notes rank equally in right of payment with all existing and future liabilities of the Issuer that are not so subordinated, including any indebtedness outstanding under the Bridge Facility, the guarantee of the Indebtedness under the Senior Facilities Agreement given by the Issuer, and borrowings under the Revolving Credit Facility made by the Issuer (although the Revolving Credit Facility will benefit from the right to receive certain enforcement proceeds prior to any such payment to the Holders of the Notes) (and the Euro Fixed Rate Notes, the Euro Floating Rate Notes and the Dollar Notes rank equally with each other). The Notes will be effectively subordinated to any future secured Indebtedness of the Issuer secured by a first-priority interest in the Collateral or secured by other assets of the

Issuer to the extent of the value of such other assets (unless such assets also secure the Notes on an equal and ratable basis). The Notes will also be subject to provisions of the Intercreditor Agreement described under "Description of Other Indebtedness — Intercreditor Agreement." The Notes have the benefit of the security as described below under "Security."

Security

General

The obligations of the Issuer under the Notes will be secured on a second-priority basis by a pledge of all of the shares of Purchaser (the "Pledged Shares" or the "Collateral").

The share pledge in respect of the Pledged Shares is referred to as the "Share Pledge" or the "Security Document".

Subject to certain conditions, including compliance with the covenant described under "Certain Covenants — Impairment of Security Interest," the Issuer is permitted to pledge the Collateral in connection with future issuances of its Indebtedness or Indebtedness of its Restricted Subsidiaries, including any Additional Notes, in each case, permitted under the Indenture and on terms consistent with the relative priority of such Indebtedness. In addition to the release provisions described below, the Security Interest (as defined below) in the Collateral will be released upon the defeasance or discharge of the Notes as provided in "Defeasance" or "Satisfaction and Discharge," in each case, in accordance with the terms and conditions of the Indenture.

Priority

The relative priority between the lenders under the Senior Facilities Agreement and the Bridge Facility Agreement and the Trustee and the Holders under the Indenture with respect to the Collateral and the security interest securing obligations under the Notes created by the Security Document (the "Security Interest") is established by the terms of the Intercreditor Agreement, the Indenture, the Security Document and the security documents relating to the Senior Facilities Agreement, which provide that the obligations under the Senior Facilities Agreement are secured by a first-priority interest in the Collateral and the obligations under the Bridge Facility and the Notes are secured by a second-priority interest in the Collateral.

Please see the sections entitled "Description of Other Indebtedness — Intercreditor Agreement." In addition, pursuant to Additional Intercreditor Agreements entered into after the Issue Date, the Collateral may be pledged to secure other Indebtedness. See "Certain Covenants — Impairment of Security Interest."

Security Document

Under the Security Document, the Collateral will be pledged by the Issuer to secure the payment when due of its payment obligations under the Notes and the Indenture. The Security Document will be entered into among the Issuer and the Security Agent. When entering into the Security Document, the Security Agent will act in its own name, but for the benefit of the Holders from time to time. Under the Intercreditor Agreement, the Security Agent will also act on behalf of the lenders under the Senior Facilities Agreement and the Bridge Facility Agreement in relation to the security interest in favor of such lenders.

The Indenture will provide that, subject to the terms thereof and of the Security Document 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 and the Indenture have been discharged. However, please see the section entitled "Risk Factors — Risks Related to the Notes and the Offering".

The Security Document provides that the rights with respect to the Notes and the Indenture must be exercised by the Security Agent. Since the Holders are not a party to the Security Document, Holders may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Document. The Holders may only act through the Security Agent.

In the event that the Issuer or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interest created under the Security Document could be subject to potential challenges. If any challenge to the validity of the Security Interest was successful, the Holders may not be able to recover any amounts under the Security Documents. Please see the section entitled "Risk Factors — Risks Related to the Notes and the Offering."

In the event that the Issuer or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interest created under the Security Document could be subject to potential challenges. If any challenge to the validity of the Security Interest was successful, the Holders may not be able to recover any amounts under the Security Documents. Please see the section entitled "Risk Factors — Risks Related to the Notes and the Offering."

The Security Interest created by the Security Document will be released (a) so long as there is no Default outstanding under the Indenture or a default outstanding under any other Indebtedness secured by the Collateral, in the event and for so long as all holders of Senior Indebtedness (including the lenders under the Senior Facilities Agreement) have released their lien on the applicable Collateral or (b) following a Default under the Indenture or a default under any other Indebtedness secured by the applicable Collateral, pursuant to an Enforcement Sale meeting certain criteria, including as to public auction or the following of specified procedures for the Enforcement Sale. See "Description of Other Indebtedness — Intercreditor Agreement — Limitations on Enforcement." In addition, the Security Interest created by the Security Document will be released (a) in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement, (b) if the applicable Subsidiary of which such Capital Stock is pledged is redesignated as an Unrestricted Subsidiary in compliance with the covenant entitled "Certain Covenants — Limitations on Restricted Payments," (c) to permit the conversion of any Subsidiary of the Issuer into a different corporate form or any reorganization or restructuring of the Issuer and its Subsidiaries, in each case, not prohibited by the Indenture and (d) to the extent required to enter into any Additional Intercreditor Agreement. The Security Agent will agree to any release of the Security Interest created by the Security Documents that is in accordance with the Indenture and the Intercreditor Agreement without requiring any consent of the Holders.

In addition, if Indebtedness permitted by the Indenture to be secured by the Collateral is incurred by the Issuer or a Restricted Subsidiary and in order to secure such Indebtedness on a first ranking basis or equally with the Notes, on the date on which such Incurrence occurs, the Security Agent is authorized by the Holders to release (and the Security Agent will release) the Security Interest in the Collateral and will, immediately after such Liens are granted in respect of the new Indebtedness, re-take the Security Interest; *provided* that following such release and retaking the Security Interest is not subject to any new hardening period or limitation (excluding any such hardening period or limitation that existed prior to such release and retaking) which is not also applicable to the Lien granted in favor of the new Indebtedness.

Enforcement of Security Interest

The Indenture and the Intercreditor Agreement restrict the ability of the Holders or the Trustee to enforce the Security Interest and provide for the release of the Security Interest created by the Security Document in certain circumstances upon enforcement by the lenders under the Senior Facilities Agreement. Under the Intercreditor Agreement, the lenders under the Bridge Facility are also restricted from taking enforcement action in relation to the Collateral to a similar extent to the holders of the Notes. These limitations are described under "Description of Other Indebtedness — Intercreditor Agreement."

In general, the rights of the Security Agent or the Holders to take enforcement action under the Security Document with respect to the Collateral are subject to certain standstill provisions and other limitations on enforcement. The Security Agent is also limited from taking enforcement actions that would otherwise be permitted under the Intercreditor Agreement with respect to the Collateral if the security agent under the Senior Facilities Agreement has given notice to the Trustee that it is enforcing the Security Interest over the Collateral. Until the security agent for the Senior Facilities Agreement ceases to use all reasonable commercial steps to enforce the security interest in favor of the lenders under the Senior Facilities Agreement having regard for the circumstances (and the security agent for the Senior Facilities Agreement will give prompt written notice to the Trustee of its ceasing so to enforce): (a) the Security Agent may not enforce the Security Interest in a manner that would adversely affect the enforcement process instituted by the security agent for the Senior Facilities Agreement pursuant to instructions of the Majority Senior Creditors; and (b) neither the Holders nor the Trustee may give any instruction to the Security Agent to take any enforcement action prohibited by clause (a) above.

If the Trustee or any Holder receives proceeds of any enforcement of the Security Interest while the obligations under the Senior Facilities Agreement are outstanding, the Trustee or such Holder, as applicable, will, subject to certain exceptions, turn over such amounts to the Security Agent to be applied in the order described under "Description of Other Indebtedness — Intercreditor Agreement — Turnover of Non-Permitted Payments."

Similar provisions may be included in any Additional Intercreditor Agreement entered into in compliance with "Additional Intercreditor Agreements."

The Indenture will also provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement and any Additional Intercreditor Agreement.

Optional Redemption

Optional Redemption of Euro Fixed Rate Notes and Dollar Notes

Except as described below and under "Redemption for Taxation Reasons," the Euro Fixed Rate Notes and Dollar Notes are not redeemable until , 2011. On and after , 2011 the Issuer may redeem all or, from time to time, part of the Euro Fixed Rates Notes and Dollar Notes upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest to, but not including, the applicable 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), if redeemed during the twelve-month period beginning on of the years indicated below:

Year	Redemption Price Euro Fixed Rate Note	Redemption Price Dollar Note
2011	%	%
2012	%	%
2013	%	%
2014 and thereafter	100.000%	100.000%

Any such redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

Prior to , 2009, the Issuer may on any one or more occasions redeem up to 40% of the original principal amount of the Euro Fixed Rate Notes and Dollar Notes (including the principal amount of any Additional Notes of such series) with funds in an aggregate amount (the "Redemption Amount") not exceeding the Net Cash Proceeds of one or more Equity Offerings at a redemption price of % of the principal amount thereof for the Euro Fixed Rate Notes and % of the principal amount thereof for the Dollar Notes, plus accrued and unpaid interest to, but not including, the applicable 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); *provided* that:

(1) at least 60% of the original principal amount of the Notes of the series being redeemed (including the principal amount of any Additional Notes of such series) remains outstanding after each such redemption; and

(2) the redemption occurs within 180 days after the closing of such Equity Offering.

Any redemption notice given in respect of the redemption referred to in the preceding paragraph may be given prior to completion of the related Equity Offering, and any such redemption or notice may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent, including the completion of the related Equity Offering.

In addition, prior to , 2011, the Issuer may redeem all or, from time to time, a part of the Euro Fixed Rate Notes or Dollar Notes of any series upon not less than 30 nor more than 60 days' notice at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium and accrued and unpaid interest to, but not including, the applicable 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). Any such redemption and notice may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

"Applicable Premium" means the greater of (A) 1% of the principal amount of such Note and (B):

with respect to any Euro Fixed Rate Note on any redemption date, the excess (to the extent positive) of:

(1) the present value at such redemption date of (i) the redemption price of such Euro Fixed Rate Note at , 2011 (such redemption price (expressed in percentage of principal amount) being set forth in the table above under the first paragraph of this section (excluding accrued and unpaid interest)), plus (ii) all required interest payments due on such Euro Fixed Rate Note to and including , 2011 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points; over

(2) the outstanding principal amount of such Euro Fixed Rate Note,

and, with respect to any Dollar Note on any redemption date, the excess (to the extent positive) of:

(1) the present value at such redemption date of (i) the redemption price of such Dollar Note at , 2011) such redemption price (expressed in percentage of principal amount) being set forth in the table above under the first paragraph of this section (excluding accrued but unpaid interest)), plus (ii) all required interest payments due on such Dollar Note to and including 2011 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Treasury Rate at such redemption date plus 50 basis points; over

(2) the outstanding principal amount of such Dollar Note.

in each case, as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

"Bund Rate" means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Bunds* or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to , 2011; *provided*, *however*, that if the period from the redemption date to , 2011 is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to , 2011 is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

"Treasury Rate" means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to , 2011; *provided*, *however*, that if the period from the redemption date to , 2011 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 the redemption date to , 2011 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.

Optional Redemption of Euro Floating Rate Notes

Except as described below and under "Redemption for Taxation Reasons", the Euro Floating Rate Notes are not redeemable until , 2007. On and after , 2007, the Issuer may redeem all or, from time to time, a part of the Euro Floating Rate Notes upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest to, but not including, the applicable 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), if redeemed during the twelve-month period beginning on of the years indicated below:

Year	Redemption Price Euro Floating Rate Notes
2007	102.000%
2008	101.000%
2009 and thereafter	100.000%

In addition, prior to , 2007, the Issuer may redeem all or, from time to time, part of the Euro Floating Rate Notes upon not less than 30 nor more than 60 days' notice at a redemption price equal to 100% of the principal amount thereof plus the Floating Rate Applicable Premium and accrued and unpaid interest to, but not including, the applicable 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). Any such redemption notice may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

"Floating Rate Applicable Premium" means the greater of (A) 1% of the principal amount of such Euro Floating Rate Note and (B):

with respect to any Euro Floating Rate Note on any redemption date, the excess (to the extent positive) of:

(1) the present value at such redemption date of (i) 102.000% of the principal amount of the Euro Floating Rate Note, plus (ii) the Deemed Interest Payments due on the Euro Floating Rate Note from the commencement of the current Interest Period to and including , 2007 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate (as defined above) at such redemption date plus 50 basis points; over

(2) the outstanding principal amount of such Euro Floating Rate Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

"Deemed Interest Payments" means, with respect to any Euro Floating Rate Note, the amount of interest payments, as determined by the Issuer (in consultation with the Paying Agent) as of the relevant date, using an interest rate equal to % plus the six-month forward EURIBOR for Euros as reported by Bloomberg.

Any such redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

General

Notice of redemption will be provided as set forth under "Selection and Notice" below.

If the Issuer effects an optional redemption of Notes of a series, it will, for so long as the Notes are listed on the Euro MTF, inform the Euro MTF of such optional redemption and confirm the aggregate principal amount of the Notes of that series that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related Interest Payment Date, the accrued and unpaid interest will be paid to the Person 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.

Sinking Fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Redemption at Maturity

On , 2016, the Issuer will redeem the Notes that have not been previously redeemed or purchased and canceled at 100% of their principal amount plus accrued and unpaid interest thereon, if any, to 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).

Selection and Notice

If less than all of any series of the Notes is to be redeemed at any time, the Trustee will select Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which that series of Notes is listed, and in compliance with the requirements of DTC, Euroclear or Clearstream, 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, Clearstream or DTC, as applicable, or Euroclear, Clearstream or DTC, as applicable, prescribes no method of selection, on a pro rata basis; *provided, however*, that no Note of €50,000 (in the case of Euro Fixed Rate Notes or Euro Floating Rate Notes) or $75,000 (in the case of Dollar Notes) in aggregate principal amount or less shall be redeemed in part.

For so long as the Notes are listed on the Euro MTF and the rules of the Euro MTF so require, the Issuer shall publish notice of redemption in a daily newspaper with general circulation in Luxembourg (which is expected to be the d'Wort) and in addition to such publication, not less than 30 nor more than 60 days prior to the redemption date, mail such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar.

If any Note is 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 the case of 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, 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 may redeem any series of Notes in whole as to such series, but not in part, at any time upon giving not less than 30 nor more than 60 days' notice to the Holders of the relevant series of Notes (which notice will be irrevocable) 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 determines in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any change in 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) (each of the foregoing in clauses (1) and (2), a "Change in Tax Law"),

the Issuer is, or on the next interest payment date in respect of the relevant series of Notes would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuer (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable). Such Change in Tax Law must become effective on or after the date of this offering memorandum. 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 (a) earlier than 90 days prior to the earliest date on which the Payor (as defined below) would be obliged to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of any series of Notes pursuant to the foregoing, the 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 (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuer has 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.

Withholding Taxes

All payments made by the Issuer or a successor of the Issuer (each, a "Payor") on the Notes 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) Denmark or any political subdivision or governmental authority thereof or therein having power to tax;

(2) any jurisdiction from or through which payment on any such Note is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which the Payor is organized 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), (2) and (3), a "Relevant Taxing Jurisdiction"),

will at any time be required from any payments made with respect to any Note, including payments of principal, redemption price, interest or premium, if any, 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 in respect of such payments by the Holders or the Trustee, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments on any such Note 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 that would not have been so imposed but for the existence of any present or former connection between the relevant Holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder 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 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 or the receipt of any payment in respect thereof;

(2) any tax, assessment or other governmental charge that is 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 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, which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such tax, assessment or other governmental charge;

(3) any Taxes that are payable otherwise than by withholding from a payment of the principal of, premium, if any, or interest, if any, on the Notes;

(4) any estate, inheritance, gift, sales, excise, transfer, personal property or similar tax, assessment or other governmental charge;

(5) any Taxes that are required to be deducted or withheld on a payment to an individual pursuant to the Directive or any law implementing, or introduced in order to conform to, such Directive;

(6) except in the case of the liquidation, dissolution or winding-up of the Payor, any Taxes imposed in connection with a Note presented for payment by or on behalf of a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant Note to, or otherwise accepting payment from, another paying agent in a member state of the European Union; or

(7) any combination of the above.

Such Additional Amounts will also 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) 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 (7) inclusive above.

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 and will provide such certified copies to the Trustee. Such copies shall be made available to the Holders upon request and will be made available at the offices of the Luxembourg Paying Agent if the Notes are then listed on the Euro MTF. The Payor will attach to each certified copy a certificate stating (x) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (y) the amount of such withholding Taxes paid per €1,000 principal amount of the Euro Fixed Rate Notes or Euro Floating Rate Notes or per $1,000 principal amount of the Dollar Notes, as the case may be.

If any Payor will be obligated to pay Additional Amounts under or with respect to any payment made on any Note, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee 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 less than 45 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 30 days prior to the payment date).

Wherever in the Indenture, the Notes or this Description of the 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 Issuer will pay any present or future stamp, court or documentary taxes, or any other excise, property or similar taxes, charges or levies that arise in any jurisdiction from the execution, delivery, registration or enforcement of any Notes, the Indenture, the Security Document or any other document or instrument in relation thereto (other than a transfer of the Notes) excluding any such taxes, charges or similar levies imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction, and the Issuer agrees to indemnify the Holders for any such taxes paid by such Holders. The foregoing obligations of this paragraph will survive any termination, defeasance or discharge of the Indenture and will apply mutatis mutandis to any jurisdiction in which any successor to the Issuer is organized or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms of the covenant described under this heading "Change of Control," each Holder will have the right to require the Issuer to repurchase all 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 Notes of any series as described under this heading, "Change of Control," 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 of a series 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 30 days nor later than 60 days from the date such notice is mailed) (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 the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered; and

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the Notes or portions of the Notes 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 principal 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, the Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder of Definitive Registered Notes a new Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; provided that each such new Note will be in a principal amount that is at least €50,000 or $75,000, as the case may be, and integral multiples of €1,000 in excess thereof or $1,000 in excess thereof, as the case may be.

For so long as the Notes are listed on the Euro MTF and the rules of such exchange so require, the Issuer will publish a public announcement with respect to the results of the Change of Control Offer in a newspaper with general circulation in Luxembourg (which is expected to be the d'Wort).

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 in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of the conflict.

The Issuer's ability to repurchase Notes issued by it pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would require a mandatory prepayment of Indebtedness under the Senior Facilities Agreement and would require the Issuer to repay amounts outstanding under the Bridge Facility. In addition, certain events that may constitute a change of control under the Senior Facilities Agreement and require a mandatory prepayment of Indebtedness under such agreement may not constitute a Change of Control under the Indenture. Future Indebtedness of the Issuer or its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the Issuer's ability to pay cash to the Holders upon a repurchase 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 any required repurchases.

Even if sufficient funds were otherwise available, the terms of the Senior Facilities Agreement and the Intercreditor Agreement may (and other Indebtedness and any Additional Intercreditor Agreement may) prohibit the Issuer's prepayment of the Notes or the ability of the Issuer or the Issuer's Subsidiaries to fund any such payments before the scheduled maturity of the Notes. Consequently, if the Issuer or the Issuer's Subsidiaries are not able to prepay the Indebtedness outstanding under the Senior Facilities Agreement and any such other Indebtedness containing similar restrictions or obtain requisite consents, the Issuer will be unable to fulfill its repurchase obligations if Holders of Notes exercise their repurchase rights following a Change of Control, resulting in a default under the Indenture. A payment default under the Indenture would result in a cross-default under the Senior Facilities Agreement.

The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. 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 principal amount of the Notes.

Certain Covenants

Limitation on Indebtedness

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Issuer and any of its 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 Leverage Ratio for the Issuer and its Restricted Subsidiaries is less than 6.00 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 in respect of letters of credit or bankers' acceptances issued or created thereunder), 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 (i) €8,000 million (or if the Facility A2 Amount is not drawn on or prior to July 30, 2006, €7,750 million), plus (ii) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees,

underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing, less (iii) the aggregate amount of all Net Available Cash from Asset Dispositions since the Issue Date applied by the Issuer or any Restricted Subsidiary pursuant to the covenant described under "Certain Covenants — Limitation on Sale of Assets and Subsidiary Stock" to repay any Indebtedness under any Credit Facility (and in respect of any revolving credit facility, to permanently reduce commitments thereunder);

(2) (a) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture; or

(b) without limiting the covenant described under "Certain Covenants — Limitation on Liens," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided, however*, that:

(a) 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 Issuer or a Restricted Subsidiary of the Issuer; and

(b) 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 by the Issuer or such Restricted Subsidiary, as the case may be;

(4) Indebtedness represented by (a) the Notes (other than any Additional Notes), (b) any Indebtedness (other than Indebtedness described in clauses (1) and (3)) outstanding on the Issue Date, (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) (other than the 2006 TDC Bonds) or clauses (5), (7), (11), (13) and (16) of this paragraph or Incurred pursuant to the first paragraph of this covenant, (d) Management Advances and (e) any loan of the proceeds of the Notes;

(5) Indebtedness of any Person Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary of the Issuer or another Restricted Subsidiary of the Issuer or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary (other than Indebtedness Incurred (i) 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 Issuer or a Restricted Subsidiary or (ii) otherwise in connection with or contemplation of such acquisition); *provided, however*, with respect to this clause (5), 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 the first paragraph of this covenant after giving effect to the Incurrence of such Indebtedness pursuant to this clause (5) or (y) the Consolidated Leverage Ratio would not be greater than it was immediately prior to giving effect to such acquisition or other transaction;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for bona fide hedging purposes of the Issuer or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or senior management of the Issuer or TDC);

(7) Indebtedness represented by Capitalized Lease Obligations or Purchase Money Obligations, and in each case any Refinancing Indebtedness in respect thereof, in an aggregate outstanding principal amount which, when taken together with 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 2.34% of Total Assets and €250 million;

(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 guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities,

obligations or guarantees 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, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earnouts 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 Issuer 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 Issuer and its Restricted Subsidiaries in connection with such disposition;

(10) 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 within five Business Days of Incurrence;

(11) 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 (11) and then outstanding, will not exceed the greater of 3.74% of Total Assets and €400 million;

(12) Indebtedness Incurred by a Receivables Subsidiary in a Qualified Receivables Financing;

(13) 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 (13) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or an Excluded Contribution) of the Issuer, in each case, subsequent to the Issue Date; *provided*, *however*, that (i) 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 (10) of the third paragraph of the covenant described below under "Certain Covenants — Limitation on Restricted Payments" to the extent the Issuer and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (13) to the extent the Issuer or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1), (6) and (10) of the third paragraph of the covenant described below under "Certain Covenants — Limitation on Restricted Payments" in reliance thereon;

(14) Indebtedness of the Issuer to the extent the net proceeds thereof are promptly:

    (a) used to repurchase or repay the Notes or any Indebtedness under the Bridge Facility tendered or repayable in an offer to purchase, as a result of a Change of Control; or

    (b) irrevocably and unconditionally deposited to repurchase or repay the Notes or any Indebtedness under the Bridge Facility or to discharge or defease the Notes or any Indebtedness under the Bridge Facility;

(15) Indebtedness under daylight borrowing facilities incurred in connection with the Transactions or any refinancing (including by way of set-off or exchange) so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness is Incurred; and

(16) Indebtedness of the Issuer Incurred to finance the acquisition of TDC Shares not held by Issuer and its Affiliates in an aggregate amount not to exceed €300 million.

Notwithstanding anything to the contrary in this covenant, no Restricted Subsidiary which is a Significant Subsidiary shall Guarantee any Indebtedness of the Issuer (other than (a) Indebtedness pursuant to the Senior Facilities Agreement and any Refinancing Indebtedness in respect thereof, (b) any Bank Indebtedness Incurred for the purposes of acquiring TDC Shares owned by Persons other than any Permitted Holders or (c) any

Guarantee of the Issuer) unless such Restricted Subsidiary also Guarantees the Notes on the same basis; *provided, however*, that such Restricted Subsidiary shall not be obligated to become such a guarantor to the extent and for so long as the Incurrence of such Guarantee could reasonably be expected to give rise to or result in: (1) any violation of applicable law, rule 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); or (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) undertaken in connection with, such Guarantee, which in any case under any of clauses (1), (2) and (3) cannot be avoided through measures reasonably available to the Issuer or the Restricted Subsidiary.

Future Guarantees granted pursuant to this provision shall be released (1) upon the sale of all the Capital Stock of the applicable Guarantor pursuant to an Enforcement Sale in accordance with the Intercreditor Agreement; (2) upon the sale or other disposition (including through merger or consolidation) in compliance with the Indenture of the Capital Stock of the relevant Guarantor (or any parent company of such Guarantor other than the Issuer or a Parent) following which such Guarantor is no longer a Restricted Subsidiary; or (3) upon the defeasance or discharge of the Notes as provided in "Defeasance" or "Satisfaction and Discharge," in each case, in accordance with the terms and conditions of the Indenture. In addition, if a Guarantor is redesignated as an Unrestricted Subsidiary in compliance with the covenant entitled "Certain Covenants — Limitation on Restricted Payments," the relevant Guarantor will be released from all its obligation under its Guarantee. A Guarantee of a future Guarantor may also be released at the option of the Issuer if at the date of such release either (i) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture if such Guarantor had not been designated as a Guarantor, or (ii) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. The Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement, to effectuate any release in accordance with these provisions, subject to customary protections and indemnifications.

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) 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;

(2) all Indebtedness outstanding on the Issue Date under the Senior Facilities Agreement shall be deemed initially Incurred on the Issue Date under clause (1) of the second paragraph of the description of this covenant and not the first paragraph or clause (4)(b) of the second paragraph of the description of this covenant, and may not be reclassified pursuant to clause (1) of this paragraph;

(3) 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;

(4) 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), (7), (11) or (13) 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;

(5) the principal amount of any Disqualified Stock of the Issuer 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;

(6) 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

(7) 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 GAAP.

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 GAAP, including a change of GAAP to U.S. GAAP, will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "Certain Covenants — Limitation on Indebtedness." The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other 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 Issuer as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this "Certain Covenants — Limitation on Indebtedness," the Issuer shall be in Default of this covenant).

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent of the 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 first committed, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euros, 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 principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; (b) the Euro Equivalent of the 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 (c) if and for so long as any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated in euros, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the Euro Equivalent of such amount plus the Euro Equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer 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.

Limitation on Restricted Payments

The Issuer 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 Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:

   (a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer or in Subordinated Shareholder Funding; and

   (b) dividends or distributions payable to the Issuer 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 Issuer or another 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 Issuer or any direct or indirect Parent of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary of the Issuer (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

(3) 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 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 "Certain Covenants — Limitation on Indebtedness") or any Subordinated Shareholder Funding; or

(4) make any Restricted Investment in any Person;

(any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) are referred to herein as a "Restricted Payment"), if at the time the Issuer 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 first paragraph under the "Certain Covenants — 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 (6), (10), (11) and (12) 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 Consolidated Net Income for the period (treated as one accounting period) from the first day of the first fiscal quarter commencing after 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 Issuer are available (or, in the case such Consolidated Net Income 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 Issuer 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 Issuer subsequent to the Issue Date (other than (x) 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 Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) 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 (6) of the second succeeding paragraph and (z) Excluded Contributions);

(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 Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (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 Issuer or any Restricted Subsidiary upon such conversion or exchange);

(iv) the amount equal to the net reduction in Restricted Investments made by the Issuer 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 Issuer 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 Issuer 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; *provided, however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included under this clause (iv); and

(v) the amount of the cash and fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or of marketable securities received by the Issuer or any of its Restricted Subsidiaries in connection with:

(A) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary of the Issuer; and

(B) any dividend or distribution made by an Unrestricted Subsidiary to the Issuer or a Restricted Subsidiary;

provided, however, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included under this clause (v); *provided further, however*, that such amount shall not exceed the amount included in the calculation of the amount of Restricted Payments.

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 Operational Board of Directors.

The foregoing provisions will not prohibit any of the following (collectively, "Permitted Payments"):

(1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Designated Preference Shares, Subordinated Shareholder Funding or Subordinated Indebtedness 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 Issuer (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 Excluded Contribution) of the Issuer; *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 or Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the preceding paragraph;

(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 "Certain Covenants — Limitation on Indebtedness" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "Certain Covenants — 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, with respect to sub-clause (a) below, any Subordinated Indebtedness existing on the Issue Date (or incurred as a result of the conversion of any equity existing on the Issue Date)):

(a) (i) from Net Available Cash to the extent permitted under "Certain covenants — Limitation on Sales of Assets and Subsidiary Stock" below, but only if the Issuer shall have first complied with the terms described under "Certain Covenants — 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 Issuer 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 60 days after the date of declaration if at such date of declaration such dividend would have complied with this provision;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Issuer to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or 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 Issuer, any Restricted Subsidiary 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 or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (1) €30 million, plus (2) €15 million multiplied by the number of the calendar years that have commenced since the Issue Date, plus (3) the Net Cash Proceeds received by the Issuer 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 (3), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer 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;

(7) 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 "Certain Covenants — Limitation on Indebtedness" above;

(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 other payments by the Issuer 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 disclosed in the Offering Memorandum or (ii) to the extent specified in clauses (2), (3), (5), (7), (12) and (13) of the second paragraph under "Certain Covenants — Limitation on Affiliate Transactions;"

(10) so long as no Default or Event of Default has occurred and is continuing (or would result from), 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 Issuer or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 6% of the Net Cash Proceeds received by the Issuer from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer and (b) following the Initial Public Offering, an amount equal to the greater of (i) the greater of (A) 7% of the Market Capitalization and (B) 7% of the IPO Market Capitalization; *provided* that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio shall be equal to or less than 4.00 to 1.00 and (ii) the greater of (A) 5% of the Market Capitalization and (B) 5% of the IPO Market Capitalization; *provided* that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio shall be equal to or less than 4.50 to 1.00;

(11) 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 2.10% of Total Assets and €225 million;

(12) payments by the Issuer, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Issuer 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);

(13) Investments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (13);

(14) [Reserved];

(15) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing;

(16) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date; and (ii) 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 (i) and (ii), the amount of all dividends declared or paid pursuant to clause (16) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designed Preference Shares by Parent or an Affiliate the issuance of Designated Preference Shares) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer, as applicable, from the issuance or sale of such Designated Preference Shares;

(17) the payment of one or more dividends not to exceed €350 million in the aggregate funded entirely from Specified Asset Proceeds, *provided* that:

(a) at least €1.0 billion of Specified Asset Proceeds (or the Euro Equivalent of such proceeds) have been used to repay Indebtedness of the Issuer and its Restricted Subsidiaries (and in respect of any revolving facility, to permanently reduce commitments thereunder);

(b) (i) the aggregate amount of all dividends made pursuant to this clause (17) shall not exceed 20% of the aggregate amount of all Specified Asset Proceeds received by the Issuer or its Restricted Subsidiaries and (ii) at least 80% of the aggregate amount of such Specified Asset Proceeds shall have been used to repay Indebtedness of the Issuer and its Restricted Subsidiaries (including any Indebtedness referred to in sub-clause (a) of this sentence); and

(c) no Default or Event of Default has occurred and is continuing;

(18) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries (other than of HTCC or any of its Subsidiaries); and

(19) any dividend, distribution, loan or other payment to any Parent to be used solely to fund (a) cash interest when due on Indebtedness issued by any Parent (other than with respect to any Indebtedness issued by any Parent prior to the Issue Date and other than, in respect of clause (i) below, Indebtedness owed directly or indirectly to any Permitted Holder); *provided, however*, that (i) at the time of any such dividend, distribution, loan or other payment the aggregate proceeds of such Indebtedness have been contributed to the Issuer as equity or in the form of Indebtedness subject to subordination provisions no less favorable in any material respect to the Holders than those applicable to Subordinated Shareholder Funding or (ii) the Consolidated Leverage Ratio does not exceed 3.50 to 1.00 on a *pro forma* basis after giving effect to any such dividend, distribution, loan or other payment and (b) any ordinary course fees, costs and expenses Incurred in connection with any Indebtedness referred to in clause (a).

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer 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 of the Issuer acting in good faith.

Limitation on Liens

The Issuer 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 Issuer), 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"), unless contemporaneously with the Incurrence of such Initial Lien effective provision is made to secure the Indebtedness due under the Indenture and the Notes, 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 thereby created in favor of the Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, (ii) any sale, exchange or transfer to any Person other than the Issuer or any Subsidiary of the Issuer of the property or assets secured by such Initial Lien or (iii) upon the defeasance or discharge of the Notes in accordance with the Indenture.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer 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 or any Restricted Subsidiary;

(B) make any loans or advances to the Issuer or any Restricted Subsidiary; or

(C) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary;

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 Finance Documents or the Bridge Facility) 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 Issuer or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Issuer 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 Issuer or was merged, consolidated or otherwise combined with or into the Issuer 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 Issuer 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 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 Issuer);

(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 or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer 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 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 Issuer or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, 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 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;

(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 Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "Certain Covenants — 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 of the Notes than (i) the encumbrances and restrictions contained in the Senior Facilities Agreement and the Bridge Facility, together with the security documents associated therewith, and the Intercreditor Agreement, in each case, as in effect on the Issue Date or (ii) in comparable financings (as determined in good faith by the Issuer) and where, in the case of clause (ii), the Issuer determines at the time of issuance of such Indebtedness that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes or (b) constituting an Additional Intercreditor Agreement;

(12) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors of the Issuer, are necessary or advisable to effect such Qualified Receivables Financing; or

(13) any encumbrance or restriction existing by reason of any lien permitted under "— Limitation on Liens."

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Issuer 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 of the Issuer, 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 Issuer 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 Issuer or such Restricted Subsidiary, as the case may be:

(a) to the extent the Issuer 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 Restricted Subsidiary (in each case, other than Indebtedness owed to the Issuer or any Restricted Subsidiary) or Indebtedness under the Senior Facilities Agreement, the Bridge Facility (or any Refinancing Indebtedness in respect thereof (other than any Additional Notes that are Dollar Notes or Euro Fixed Rate Notes)) and any Euro Floating Rate Notes within 365 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 Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; (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; *provided* that the Issuer shall redeem, repay or repurchase Pari Passu Indebtedness pursuant to this clause (ii) only if the Issuer 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 or (iii) to pay to the Bond Redemption Account; or

(b) to the extent the Issuer 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 365 days from the later of (i) the date of such Asset Disposition and

(ii) 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 of the Issuer that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 365th day;

provided that, pending the final application of any such Net Available Cash in accordance with clause (a) or clause (b) 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.

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." On the 366th day after an Asset Disposition, if the aggregate amount of Excess Proceeds exceeds €100 million, the Issuer will be required to make an offer ("Asset Disposition Offer") to all holders of Notes and, to the extent the Issuer elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum 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 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 the Pari Passu Indebtedness, as applicable, and in case of the Euro Fixed Rate Notes or Euro Floating Rate Notes in minimum denominations of €50,000 and in integral multiples of €1,000 in excess thereof or, in the case of Dollar Notes, $75,000 and in integral multiples of $1,000 in excess thereof.

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 Issuer 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 principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into their Euro Equivalent determined as of a date selected by the Issuer 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.

Any Net Available Cash payable in respect of the Notes pursuant to this covenant will be apportioned between the Euro Notes and the Dollar Notes in proportion to the respective aggregate principal amounts of Euro Notes and Dollar Notes validly tendered and not withdrawn, based upon the Euro Equivalent of such principal amount of Dollar Notes determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period.

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 Business Days after the termination of the Asset Disposition Offer Period (the "Asset Disposition Purchase Date"), the Issuer will purchase the principal amount of Notes and, to the extent it elects, Pari Passu Indebtedness required to be purchased by it 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 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 the case of Euro Fixed Rate Notes or Euro Floating Rate Notes, minimum denominations of €50,000 and in integral multiples of €1,000 in excess thereof or, in the case of Dollar Notes, in minimum denominations of $75,000 and in integral multiples of $1,000 in excess thereof. The Issuer will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the

Issuer in accordance with the terms of this covenant. The Issuer or the Paying Agent, as the case may be, will promptly (but in any case not later than five 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 Issuer for purchase, and the Issuer will promptly issue a new Note (or amend the applicable Global Note), and the Trustee, upon delivery of an Officer's Certificate from the Issuer, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount with a minimum denomination of €50,000 in the case of Euro Floating Rate Notes or Euro Fixed Rate Notes and $75,000 in the case of Dollar Notes. 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 Issuer (other than Subordinated Indebtedness of the Issuer) or Indebtedness of a Restricted Subsidiary and the release of the Issuer 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 Issuer or any Restricted Subsidiary of the Issuer from the transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 180 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) 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 1.87% of Total Assets and €200 million (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).

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 in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations 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 €20 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer 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 €50 million, the terms of such transaction have been approved by a majority of the members of the Operational Board of Directors.

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 Issuer 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 Issuer or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Issuer or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer 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 "Certain Covenants — Limitation on Restricted Payments," any Permitted Payments (other than pursuant to clause (9)(b)(ii) of the fourth paragraph of the covenant described under "Certain Covenants — Limitations on Restricted Payments") or any Permitted Investment (other than Permitted Investments as defined in paragraphs (l)(b), (2), (11) and (15) 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 Issuer, 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 Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Receivables Subsidiary;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer, any Restricted Subsidiary of the Issuer or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) the Transactions and the entry into and performance of obligations of the Issuer 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 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 and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;

(7) execution, delivery and performance of 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;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Operational Board of Directors or the senior management of the Issuer 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 Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer 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 Issuer 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 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, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable;

(11) without duplication in respect of payments made pursuant to clause (12) hereof, (a) payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed €7.5 million per year and (b) customary 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 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 Issuer and its Subsidiaries; and

(13) any transaction effected as part of a Qualified Receivables Financing.

Reports

For so long as any Notes are outstanding, the Issuer will provide to the Trustee the following reports:

(1) within 120 days after the end of the Issuer's fiscal year beginning with the first fiscal year ending after the Issue Date, annual reports containing, to the extent applicable, and in a level of detail that is comparable in all material respects to this Offering Memorandum, the following information: (a) audited consolidated balance sheets of the Issuer 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 Issuer or its predecessor for the three most recent fiscal years, including complete 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 Issuer (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; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of the Issuer, and a discussion of material commitments and contingencies and critical accounting policies; (d) description of the business, management and shareholders of the Issuer, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments; and (e) a description of material risk factors and material recent developments;

(2) within 60 days (or in the case of the quarter ending March 31, 2006, 90 days) following the end of the first three fiscal quarters in each fiscal year of the Issuer beginning with the quarter ending March 31, 2006 all quarterly reports of the Issuer 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 Issuer (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; (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, EBITDA 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 any material changes to the risk factors disclosed in the most recent annual report; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring or any senior executive officer changes at the Issuer or change in auditors of the Issuer or any other material event that the Issuer or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

Notwithstanding the foregoing, the Issuer may, at its election, satisfy its reporting obligations pursuant to clause (2) above for the periods ended March 31, 2006 and (so long as TDC is listed on the Copenhagen Stock Exchange on such date) June 30, 2006 by providing the Trustee with the report that TDC is required to provide (or otherwise distribute) to the Copenhagen Stock Exchange in connection with its listing on the Copenhagen Stock Exchange, *provided* that such reports are in substantially the same form as the reports provided by TDC for the period ended September 30, 2005.

All financial statement and *pro forma* financial information shall be prepared in accordance with GAAP as in effect on the date of such report or financial statement (or otherwise on the basis of GAAP 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 GAAP, present earlier periods on a basis that applied to such periods; *provided, further, however*, that such financial statements for the fiscal year ending immediately prior to the first fiscal year for which financial statements have been reported pursuant to a change in applicable GAAP to U.S. GAAP shall be restated to report consistent with the applicable U.S GAAP. Except as provided for above, no report need include separate financial statements for the Issuer or Subsidiaries of the Issuer or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum and in no event shall U.S. GAAP information (except if there has been a change in applicable GAAP to U.S. GAAP) or reconciliation to U.S. GAAP be required.

At any time that any of the Issuer'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 Issuer, then the annual and quarterly financial information required by the first two clauses 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 Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer or (ii) stand-alone 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 Issuer and its Subsidiaries, which reconciliation shall include the following items: revenue, 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 (1), (2) and (3) above, the Issuer 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 Issuer and its Subsidiaries or (ii) otherwise to provide substantially comparable public availability of such reports (as determined by the Issuer in good faith) or (b) to the extent the Issuer 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 their request, prospective purchasers of the Notes. In the event that (i) the Issuer becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) the Issuer elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Issuer) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirement, the Issuer will be deemed to have complied with the provisions contained in the preceding four paragraphs.

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.

Merger and Consolidation

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 Company") will be a Person organized and existing under the laws of any member state of the European Union on January 1, 2004, 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 Company (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 Intercreditor Agreement and the Security Document;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company 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 Company would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "Certain Covenants — Limitation on Indebtedness" or (b) the Consolidated Leverage Ratio 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 Company (in each case, in form and substance 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.

Any Indebtedness that becomes an obligation of the Issuer or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "Certain Covenants — Limitation on Indebtedness."

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 Company 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 the Indenture or the Notes.

Notwithstanding the preceding clauses (2) and (3) (which do not apply to transactions referred to in this sentence) and, other than with respect to the second preceding paragraph, clause (4) of the first paragraph of this covenant, (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, (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 and (c) the Issuer and its Restricted Subsidiaries may undertake the Transactions. Notwithstanding the preceding clause (3) (which does 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.

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 "Merger and Consolidation" covenant) shall not apply to (i) any transactions which constitute an Asset Disposition if the Issuer has complied with the covenant described under "Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock" or (ii) the creation of a new subsidiary as a Restricted Subsidiary of the Issuer.

Suspension of Covenants 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 and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (the "Reversion Date"), the provisions of the Indenture summarized under the following captions will not apply to the Notes: "Certain Covenants — Limitation on Restricted Payments," "Certain Covenants — Limitation on Indebtedness," "Certain Covenants — Limitation on Restrictions on Distributions from Restricted Subsidiaries," "Certain Covenants — Limitation on Affiliate Transactions," "Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock," and under "Change of Control," the provisions of clause (3) of the first paragraph of the covenant described under "Certain Covenants — Merger and Consolidation", "Certain Covenants — Impairment of Security Interest" and "Certain Covenants — Minority Gross-Up" and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer 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 Issuer 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 Issuer's option, as having been Incurred pursuant to the first paragraph of the covenant described under "Certain Covenants — 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 "Certain Covenants — 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 "Certain Covenants — Limitation on Indebtedness".

Impairment of Security Interest

The Issuer 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, subject to the proviso below, that the Incurrence of Permitted Collateral 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 Document, any interest whatsoever in any of the Collateral, except that the Issuer and its Restricted Subsidiaries may Incur Permitted Collateral Liens and the Collateral may be discharged and released in accordance with the Indenture or the Intercreditor Agreement; *provided*, *however*, that, except with respect to any discharge or release in accordance with the Indenture or the Intercreditor Agreement, the Incurrence of Permitted Collateral Liens or any action expressly permitted by the Indenture or the Intercreditor Agreement, the Security Document may not be amended, extended, renewed, restated, supplemented or otherwise modified or replaced, unless contemporaneously with any such action, the Issuer delivers to the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the Issuer and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, or (2) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens created under the Security Document, so amended, extended, renewed, restated, supplemented, modified or replaced are valid 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. In the event that the Issuer complies with the requirements of this covenant, the Trustee shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Issuer, in connection with the Incurrence by the Issuer or its Restricted Subsidiaries of any (1) Indebtedness permitted pursuant to the first paragraph of the covenant described under "Certain Covenants — Limitation on Indebtedness" or clause (1), (4), (5), (6), (7) (other than with respect to Capitalized Lease Obligations), (11), (13) or (16) of the second paragraph of the covenant described under "Certain Covenants — Limitation on Indebtedness" and (2) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (1), the Issuer, the relevant Restricted Subsidiaries and the Trustee shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement (an "Additional Intercreditor Agreement") on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including containing substantially the same terms with respect to the subordination, payment blockage, limitation on enforcement and release of Guarantees, priority and release of the Security Interest; *provided* that only one Stop Notice can be given in any 365-day period or in respect of the same event or circumstances regardless of the number of Credit

Facilities or instruments relating to Indebtedness or the number of intercreditor deeds (except that, if any Stop Notice is given within any such 365-day period by or on behalf of any holders of Indebtedness other than Indebtedness under the Senior Facilities Agreement, the facility agent under the Senior Facilities Agreement may give another Stop Notice within such period; *provided* that in no event may the total number of days for which a Stop Notice is in effect exceed 179 days in the aggregate during any consecutive 365-day period); *provided*, *further*, that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture or the Intercreditor Agreement.

The Indenture also will provide that, at the direction of the Issuer and without the consent of Holders, the Trustee 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 agreement that may be Incurred by the Issuer that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes), (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional 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 to implement any Permitted Collateral Liens or (6) make any other change to any such agreement that does not adversely affect the Holders in any material respect. The Issuer shall not otherwise direct the Trustee to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "Amendments and Waivers, " and the Issuer may only direct the Trustee to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture or any Intercreditor Agreement.

The Indenture shall also provide that, in relation to any 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 under "Certain Covenants — Limitation on Restricted Payments."

The Indenture also will provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of any Intercreditor Agreement, (whether then entered into or entered into in the future pursuant to the provisions described herein). A copy of the Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at the offices of the Trustee and, for so long as any Notes are listed on the Euro MTF, at the offices of the Paying Agent in Luxembourg.

Minority Gross-Up

For purposes of calculating compliance with, or availability under, clauses (11) and (15) of the definition of "Permitted Investments" or under the first paragraph and clauses (1), (7) and (11) of the second paragraph of the covenant described under "Certain Covenants — Limitation on Indebtedness" and the first paragraph and clause (11) of the third paragraph of the covenant described under "Certain Covenants — Limitations on Restricted Payments," any amounts Incurred or utilized or to be Incurred or utilized by the Issuer and its Restricted Subsidiaries, other than by (X) TDC and its Restricted Subsidiaries or (Y) any Guarantee of obligations of TDC and its Restricted Subsidiaries, shall (to the extent that this would not otherwise result in double-counting) be grossed-up in an amount equal to the product of (i) such availability or utilization and (ii) 100/A, where "A" is the percentage of TDC Shares owned by Purchaser or its Affiliates (on a *pro forma* basis after giving effect to such proposed utilization and related transactions and other previously announced or pending transactions); *provided*, *however*, that any such gross up in respect of clauses (11) and (15) of the definition of "Permitted Investments" or the first paragraph and clause (11) of the third paragraph of the covenant described under "Certain Covenants — Limitations on Restricted Payments" shall only be grossed up pursuant to this covenant to the extent of any leakage to the minority equity holders of TDC as a result of dividends or other payments to fund such Investments.

Events of Default

Each of the following is an Event of Default under the Indenture:

(1) default in any payment of interest on any Note issued under the Indenture 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 to comply for 30 days after notice by the Trustee or the Holders of 25% in principal amount of the outstanding Notes with any of its obligations under the covenants described under "Change of Control" above or under the covenants described under "Certain Covenants" above (in each case, other than a failure to purchase Notes which will constitute an Event of Default under clause (2) above);

(4) failure to comply for 60 days after notice by the Trustee or the Holders of 25% in principal amount of the outstanding Notes with its other agreements contained in the Indenture;

(5) 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 Issuer or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Issuer or any of its Restricted Subsidiaries) other than Indebtedness owed to the Issuer 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 of, or interest or premium, if any, on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("payment default"); or

(b) results in the acceleration of such Indebtedness prior to its maturity (the "cross acceleration provision");

and, in each case, the principal amount of any such Indebtedness, together with the 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*; provided*, that no Event of Default will have occurred if such default is in respect of the TDC Bonds or the 2006 TDC Bonds prior to May 30, 2006 or, if after such date but prior to July 30, 2006, the aggregate amount of Indebtedness falling due is less than or equal to the sum of the Facility A2 Available Commitments under the Senior Facilities Agreement at such time and the sole reason why such default occurred was as a result of Transaction Documents being entered into and the making of the Offer, and the performance of obligations arising as a result thereof and such default has ceased no later than May 30, 2006 or, as the case may be, July 30, 2006, as applicable;

(6) 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");

(7) failure by the Issuer or any 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 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"); and

(8) any security interest under the Security Document 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) for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Document or any such security interest created thereunder shall be declared invalid or unenforceable or the Issuer shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days (the "security default provisions").

However, a default under clauses (3), (4), (5) or (7) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 25% in principal amount of the outstanding Notes under the Indenture notify the Issuer of the default and, with respect to clauses (3), (4), (5) and (7) the Issuer does not cure such default within the time specified in clauses (3), (4), (5) or (7), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (6) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 25% in principal amount of the outstanding Notes under the Indenture 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 on all the

Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest 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 (5) 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 (5) 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 nonpayment of principal, premium or interest 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 (6) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest 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 principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium or interest) 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 indemnity or security reasonably 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 notice that an Event of Default is continuing;

(2) Holders of at least 25% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee reasonable security or indemnity against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a 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 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 provides 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 satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

The Indenture provides 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 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 to it, and it will be for Holders to take action directly.

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 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 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); *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% of the then outstanding principal amount of Notes, an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed, in each case as described above under "Optional Redemption";

(5) make any Note payable in money other than that stated in the Note;

(6) impair the right of any Holder to receive payment of principal of and interest on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment 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 the security interest granted for the benefit of the Holders in the Collateral other than pursuant to the terms of the Security Document, the Intercreditor Agreement or as otherwise permitted by the Indenture;

(9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest (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

(10) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee and the other parties thereto, as applicable, may amend or supplement any Note Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency;

(2) provide for the assumption by a successor Person of the obligations of the Issuer 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 163(f)(2)(B) of the Code);

(4) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer 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 Issuer'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 Issuer) for the issuance of Additional Notes;

(8) to provide for any Restricted Subsidiary to provide a Guarantee in accordance with the Covenant described under "Certain Covenants-Limitation on Indebtedness," to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien (including the Collateral and the Security Document) with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(9) to provide that any Indebtedness that becomes or will become an obligation of a Successor Company pursuant to a transaction governed by the provisions described under "Certain Covenants — Merger and Consolidation" (that is not a Subordinated Obligation) is Senior Indebtedness for the purposes of the Indenture;

(10) to evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement of a successor Trustee pursuant to the requirements thereof or to provide for the accession by the Trustee to any Note Document;

(11) in the case of the Security Document, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of parties to the Senior Facilities Agreement, in any property which is required by the Senior 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 or the Intercreditor Agreement and the covenant described under "Certain Covenants — Impairment of Security Interest" is complied with; or

(12) to limit or terminate the benefits available to any holder of Senior Indebtedness.

The Issuer will, for so long as the Notes are listed on the Euro MTF, to the extent required by the rules of the Euro MTF, inform the Euro MTF of any of the foregoing amendments, supplements and waivers and provide, if necessary, a supplement to this prospectus setting forth reasonable details in connection with any such amendments, supplements or waivers.

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.

For so long as the Notes are listed on the Euro MTF and the rules of such exchange so require, the Issuer will publish notice of any amendment, supplement and waiver in Luxembourg in a daily newspaper with general circulation in Luxembourg (which is expected to be the d'Wort).

Acts by Holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Issuer or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer 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, registration 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 Document and the rights of the Trustee and the Holders under the Intercreditor Agreements in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its obligations under the covenants described under "Certain Covenants" (other than clauses (1) and (2) of "Certain Covenants — Merger and Consolidation") and "Change of Control" and the default provisions relating to such covenants described under "Events of Default" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to the Issuer and 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 such 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) and (2) of the covenant described under "Certain Covenants — Merger and Consolidation"), (4), (5), (6) (with respect only to the Issuer and Significant Subsidiaries), (7), (8) or (9) 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 cash in euros or euro-denominated European Government Obligations or a combination thereof (in the case of the Euro Floating Rate Notes or Euro Fixed Rate Notes) or in dollars or U.S. Government Obligations or a combination thereof (in case of the Dollar Notes) for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and 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 relevant 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);

(2) an Opinion of Counsel to the effect that, as of the date of such opinion and subject to customary assumptions and exclusions, following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, liquidation, reorganization, administration, moratorium, receivership or similar laws affecting creditors' rights generally under any applicable U.S. federal or state law and that the Trustee has a perfected security interest in such trust funds for the ratable benefit of the Holders;

(3) 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;

(4) 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;

(5) 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; and

(6) the Issuer delivers to the Trustee 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 and any Additional Intercreditor Agreement and Security Document 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, money or euro-denominated European Government Obligations (in the case of Euro Floating Rate Notes or Euro Fixed Rate Notes), U.S. Government Obligations (in the case of Dollar Notes), 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; and (4) 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)).

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer or any of their respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer 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 provides 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 Indenture imposes certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The Indenture sets 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, (b) fails to meet certain minimum limits regarding the aggregate of its capital and surplus or (c) 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 6 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 contains provisions for the indemnification of the Trustee for any loss, liability, taxes expenses incurred without gross negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

All notices to Holders of each series of Notes will be validly given if mailed to them at their respective addresses in the register of the Holders of such Notes, if any, maintained by the Registrar. In addition, for so long as any of the Notes are listed on the Euro MTF and the rules of the Euro MTF so require, notices with respect to the Notes listed on the Euro MTF will be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the d'Wort) or if, in the opinion of the Trustee such publication is not practicable, in an English language newspaper having general circulation in Europe. In addition, for so long as any Notes are represented by Global Notes, all notices to Holders of the Notes will be delivered to Euroclear, Clearstream and DTC, each of which will give such notices to the holders of Book-Entry Interests.

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 him 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. 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 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 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

In the case of the Euro Floating Rate Notes or Euro Fixed Rate Notes, the euro, and in the case of the Dollar Notes, the dollar, is respectively the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Euro Floating Rate Notes, the Euro Fixed Rate Notes and the Dollar Notes, as the case may be, including damages. Any amount received or recovered in a currency other than euro (in the case of Euro Floating Rate Notes or Euro Fixed Rate Notes) or the dollar (in the case of Dollar Notes), 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 or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer will only constitute a discharge to the Issuer to the extent of the euro amount or the dollar amount, as the case may be, 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 euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Euro Floating Rate Note or Euro Fixed Rate Note, or if that dollar amount is less than the dollar amount expressed to be due to the recipient or the Trustee under any Dollar Note, the Issuer will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer will indemnify the recipient or the Trustee 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 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 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 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.

Enforceability of Judgments

Since substantially all the assets of the Issuer are held by Subsidiaries located outside the United States, any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, premium, interest, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

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, the Issuer 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.

Governing Law

The Indenture and the Notes and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of England and Wales. The Security Document will be governed by and construed in accordance with the laws of Denmark.

Certain Definitions

"*2006 TDC Bonds*" means the 5.875% Notes due 2006, issued by TDC pursuant to the terms and conditions of the Offering Circular for the US$3,000,000,000 Euro Medium Term Notes dated 9 April 2001.

"*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 the 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.

"*Additional Assets*" means:

(1) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Issuer, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in 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 Issuer or a Restricted Subsidiary of the Issuer; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary of the Issuer.

"*ADRs*" means American Depositary Receipts in respect of ordinary shares of TDC.

"*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.

"*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 Issuer 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 Issuer or by the Issuer 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, 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 Issuer and its Restricted Subsidiaries;

(5) transactions permitted under "Certain Covenants — Merger and Consolidation" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors;

(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 Issuer) of less than €40 million;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "Certain 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) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) sales or dispositions of receivables in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business;

(15) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary (with the exception of Investments in Unrestricted Subsidiaries acquired pursuant to clause (15) of the definition of Permitted Investments);

(16) 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;

(17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(18) 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 Issuer or any Restricted Subsidiary to such Person; *provided, however*, that the Operational Board of Directors shall certify that in the opinion of the Operational Board of Directors, the outsourcing transaction will be economically beneficial to the Issuer 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 (18), does not exceed the greater of 1.87% of Total Assets and €200 million; and

(19) any disposition with respect to property built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture.

"*Associate*" means (i) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Issuer or any Restricted Subsidiary of the Issuer.

"*Bank Indebtedness*" means any and all amounts, whether outstanding on the Issue Date or Incurred after the Issue Date, payable under or in respect of any Credit Facility and any related notes, collateral documents, letters of credit and Guarantees and any Hedging Obligations entered into in connection with any Credit Facility, including principal, premium, if any, interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization at the rate specified therein whether or not a claim for post filing interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, Guarantees and all other amounts payable thereunder or in respect thereof.

"*Board of Directors*" means (1) with respect to 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; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of this Indenture 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).

"*Bond Redemption Account*" means an interest bearing account:

(1) held in London or Copenhagen by the Issuer or its Subsidiaries with the Security Agent;

(2) identified in a letter between the Issuer and the Facility Agent as the Bond Redemption Account (as the same may be redesignated, substituted or replaced from time to time); and

(3) subject to first ranking fixed security interest in favor of the Security Agent for the benefit of the lenders under the Senior Facilities Agreement.

"*Bridge Facility*" means the bridge facility made available under the Bridge Facility Agreement.

"*Bridge Facility Agreement*" means the €2,275,000,000 bridge facility agreement dated November 30, 2005 for the Issuer arranged by Barclays Capital, Credit Suisse First Boston International, Deutsche Bank AG, London Branch, J.P. Morgan plc, The Royal Bank of Scotland plc, with J.P. Morgan Europe Limited, acting as Bridge Facility Agent, and J.P. Morgan Europe Limited, acting as Security Agent, as amended on April 10, 2006 and as may be amended thereafter from time to time.

"*Bridge Finance Documents*" means the Bridge Facility Agreement and such other documents identified as "Bridge Finance Documents" pursuant to the Bridge Facility Agreement.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in Luxembourg, Copenhagen, the Kingdom of Denmark, London, United Kingdom, or New York, 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 day on which the Trans-European Automated Real-time Gross Settlement Express Transfer ("TARGET") payment system is open for the settlement of payments.

"*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 GAAP. 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 GAAP, 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 Equivalent*s" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a member state of the European Union, 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 party to the Senior Facilities Agreement or by any bank or trust company (a) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" 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 €500 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 member of the European Union, 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, Canada, a member state of the European Union, 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) for purposes of clause (2) of the definition of "Asset Disposition", the marketable securities portfolio owned by the Issuer and its Subsidiaries on the Issue Date.

"*Change of Control*" means:

(1) 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, (x) no Change of Control shall be deemed to occur by reason of the Issuer becoming a Subsidiary of a Successor Parent and (y) 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 the sole voting power with respect to that Voting Stock;

(2) following the first Public Offering by the IPO Entity, during any period of two consecutive years, individuals who at the beginning of such period constituted the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of the IPO Entity (together with any new directors whose election by the majority of such directors on such Board of Directors of the IPO Entity or whose nomination for election by shareholders of the IPO Entity, as applicable, was approved by a vote of the majority of such directors on the Board of Directors of the IPO Entity then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) ceased for any reason to constitute the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of the IPO Entity, then in office; or

(3) 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.

"*Clearstream*" means Clearstream Banking, a société anonyme as currently in effect or any successor securities clearing agency.

"*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), 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 expense;

(5) any expenses, charges or other costs related to any Equity Offering, Investment, acquisition (including 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 at the time of 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 (whether or not successful) (including any such fees, expenses or charges related to the Transactions (including any expenses in connection with related due diligence activities)), in each case, as determined in good faith by an Officer of the Issuer;

(6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, associated company or undertaking;

(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 of Affiliate Transactions"; and

(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 special items (or which could have been so classified under the definition used by TDC at the Issue Date) 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).

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 and only if a corresponding amount would be permitted at the date of determination to be distributed to the Issuer by such Restricted Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, governmental rules and regulations applicable to such Restricted Subsidiary or its shareholders (other than any restriction specified in sub-clauses (a) through (d) of clause (2) of the definition of "Consolidated Net Income").

"*Consolidated Income Taxes*" means taxes or other payments, including deferred Taxes, based on income, profits or capital of any of the Issuer 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 GAAP), the consolidated net interest income/expense of the Issuer and its Restricted Subsidiaries, whether paid or accrued, 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 Issuer 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 consolidated interest expense that was capitalized during such period; and

(8) interest actually paid by the Issuer on any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person.

"*Consolidated Leverage*" means the sum of the aggregate outstanding Indebtedness of the Issuer and its Restricted Subsidiaries (excluding (1) Hedging Obligations except to the extent provided in clause (c) of the penultimate paragraph of the covenant described under "Certain Covenants — Limitation on Indebtedness" and

(2) Indebtedness incurred under US cross-border sale and lease-back transactions relating to "Qualified Technological Equipment Leases" and any Guarantees in respect thereof as in effect on the Issue Date; as of the relevant date of calculation on a consolidated basis on the basis of GAAP, less, at the Issuer's election, the aggregate amount held in the Bond Redemption Account as of the relevant date of calculation (*provided* that if any Indebtedness has been Incurred or other transaction completed utilizing a calculation of the Consolidated Leverage Ratio that is only complied with by deducting amounts in the Bond Redemption Account, then such amounts must be ultimately utilized to repay Indebtedness of the Issuer and its Restricted Subsidiaries).

"*Consolidated Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated 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 Issuer are available; *provided, however*, 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 Issuer 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 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 the then applicable GAAP, 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 Issuer 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 Issuer 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) calculations will be as determined in good faith by a responsible financial or accounting officer of the Issuer (including in respect of anticipated expense and cost reductions and synergies) 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.

"*Consolidated Net Income*" means, for any period, the net income (loss) of the Issuer and its Restricted Subsidiaries determined on a consolidated basis on the basis of GAAP; *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 Issuer'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 Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment (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);

(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 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 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, (c) contractual restrictions in effect on the Issue Date (or with respect to the Senior Facilities Agreement upon the Debt Pushdown) with respect to a Restricted Subsidiary (including pursuant to the Senior Facilities Agreement, the Intercreditor Agreement and the Bridge Facility Agreement), and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders than such restrictions in effect on the Issue Date or the date of the Debt Pushdown, and (d) restrictions specified in clause (11) of the second paragraph of the covenant described under "Certain Covenants — Limitation on Restrictions on Distributions from Restricted Subsidiaries", except that the Issuer'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 Issuer 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 Issuer 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 Issuer);

(4) any extraordinary, exceptional, unusual or nonrecurring gain, loss or charge or any charges or reserves in respect of any restructuring, redundancy or severance or any expenses, charges, reserves or other costs related to the Transactions;

(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;

(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 or 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 Issuer or any Restricted Subsidiary;

(11) any one-time non-cash charges or any increases in amortization or depreciation resulting from purchase accounting, in each case, in relation to the Transactions or any acquisition of another Person or business or resulting from any reorganization or restructuring involving the Issuer or its Subsidiaries;

(12) any goodwill or other intangible asset impairment charge or write-off; and

(13) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

"*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 ("*primary obligations*") 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.

"*Credit Facility*" means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities or arrangements (including the Senior Facilities Agreement and the Bridge Facility Agreement or commercial paper facilities and overdraft facilities) with banks or other institutions providing for revolving credit loans, term loans, 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 or institutions and whether provided under the original Senior Facilities Agreement or the original Bridge Facility 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 Issuer 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.

"*Debt Pushdown*" means the adoption by TDC of the Senior Facilities Agreement as a borrower and the completion of the steps pursuant to which Indebtedness thereunder is pushed down to TDC, including the payment by TDC of a dividend to its shareholders.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Issuer) of non-cash consideration received by the Issuer 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 Issuer or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Issuer 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 second 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 Issuer 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 Issuer shall be deemed not to have such a financial interest by reason of such member's holding Capital Stock of the Issuer 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 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 Depository Trust Company or any successor securities clearing agency.

"*Enforcement Sale*" means (1) any sale or disposition of the Collateral pursuant to enforcement action taken by the Security Agent in accordance with the provisions of the Intercreditor Agreement, including on behalf of the Senior Indebtedness Incurred under the Senior Facilities Agreement, to the extent such sale or disposition is effected in compliance with the provisions of the Intercreditor Agreement, or (2) any sale or disposition of the Collateral pursuant to the enforcement of security in favor of other Senior Indebtedness of the Issuer or its Restricted Subsidiaries which complies with the terms of an Additional Intercreditor Agreement (or if there is no such intercreditor agreement, would substantially comply with the requirements of clause (1) hereof).

"*Equity Offering*" means (x) a sale of Capital Stock of the Issuer (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 (y) the sale of Capital Stock or other securities, the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Issuer or any of its Restricted Subsidiaries.

"*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.

"*Euroclear*" means Euroclear Bank S.A./N.V., as operator of the Euroclear Clearance System as currently in effect or any successor securities clearing agency.

"*Euro Equivalent*" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Issuer 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 Issuer) on the date of such determination.

"*European Government Obligations*" means any security that is (1) a direct obligation of Ireland, Belgium, the Netherlands, France, Germany or any country that is a member of the European Monetary Union on the date of the Indenture, 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.

"*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 Net Cash Proceeds or property or assets received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer 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 Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer.

"*Facility A2 Amount*" means an amount of up to €250 million for drawing under Facility A of the Senior Facilities Agreement until July 30, 2006 for the purpose of financing the payment of principal and accrued interest in respect of the purchase of redemption of any TDC Bonds.

"*Facility Agent*" means J.P. Morgan Europe Limited, the Facility Agent under the Senior Facilities Agreement.

"*fair market value*" wherever such term is used in the Indenture or this "Description of the Notes" (except in relation to an Enforcement Sale and except as otherwise specifically provided in this "Description of the Notes" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*Finance Subsidiary*" means a Wholly Owned Subsidiary of the Issuer (1) whose sole operations are comprised of Incurring or issuing Indebtedness from time to time to finance, directly or indirectly, the operations of the Issuer or its Restricted Subsidiaries (including future acquisitions) and (2) which conducts no business and owns no material assets other than any intercompany Indebtedness.

"*GAAP*" means International Financial Reporting Standards (formerly International Accounting Standards) ("IFRS") as in effect on the date of any calculation or determination required hereunder. Except as otherwise set forth in the Indenture, all ratios and calculations based on GAAP contained in the Indenture shall be computed in accordance with GAAP. At any time after the Issue Date, the Issuer may elect to apply generally accepted accounting principles in the U.S. ("U.S. GAAP") in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean U.S. GAAP as in effect (except as otherwise provided in the Indenture) on the date of any calculation or determination required hereunder; *provided* that any such election, once made, shall be irrevocable. In addition, at any time after the Issue Date, the Issuer may elect (whether then reporting pursuant to IFRS or U.S. GAAP) to establish that GAAP shall mean the GAAP as in effect on or prior to the date of such election, *provided* that any such election, once made, shall be irrevocable. The Issuer shall give notice of either such election to the Trustee and the Holders.

"*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 any Restricted Subsidiary 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.

"*Holder*" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the respective nominee of DTC, Euroclear or Clearstream, as applicable.

"*HTCC*" means Hungarian Telephone and Cable Corp. and its successors.

"*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" 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);

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), 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 Issuer) 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 Currency Agreements and Interest Rate Agreements (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).

The term "Indebtedness" shall not include Subordinated Shareholder Funding or any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under GAAP as in effect on the Issue Date or prepayments of deposits received from clients or customers in the ordinary course of business, or obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business.

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) prepared on the basis of GAAP.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(i) Contingent Obligations Incurred in the ordinary course of business and obligations under or in respect of Qualified Receivables Financings;

(ii) in connection with the purchase by the Issuer 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 days thereafter; or

(iii) 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.

"*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 Issuer.

"*Initial Investors*" means:

(1) funds or partnerships managed or advised by Apax Partners Worldwide LLP or an Affiliate thereof;

(2) Blackstone Capital Partners (Cayman) IV L.P., Blackstone Capital Partners (Cayman) IV-A L.P., Blackstone Family Investment Partnership (Cayman) IV-A L.P., Blackstone FI Communications Partners (Cayman) L.P., Blackstone Family Communications Partnership (Cayman) L.P., Blackstone Participation Partnership (Cayman) IV L.P. and funds or partnerships related, managed or advised by any of them or any Affiliate of them or by The Blackstone Group International Limited;

(3) KKR Millennium Fund (Overseas), Limited Partnership, KKR European Fund II, Limited Partnership and funds or partnerships related, managed or advised by Kohlberg Kravis Roberts & Co. Ltd. or any of them or any Affiliate of any of them;

(4) funds advised by Permira Advisers KB or an Affiliate thereof; and

(5) Providence Equity Offshore Partners V L.P., Providence Equity Operating Partners V L.P., Providence Equity Offshore Partners IV L.P., Providence Equity Operating Partners IV L.P. and funds or partnerships related, managed or advised by any of them or any Affiliate of them.

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Issuer or any Parent or any successor of the Issuer or any Parent (the "IPO 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 IPO 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 November 30, 2005, among the Issuer, J.P.Morgan Europe Limited, as senior agent and in certain other capacities, and certain other parties thereto, as amended as of April 10, 2006 and as further amended from time to time and as acceded to by the Trustee.

"*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 GAAP; *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 Issuer 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 Issuer 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 Issuer'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 Issuer 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 Issuer will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Issuer's "Investment" in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors of the Issuer in good faith) 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 of the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer'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 member of the European Union, 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 Ratings 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 the 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 Ratings Organization.

"Investor Documents" means any document pursuant to which the Initial Investors have made an equity contribution directly or indirectly to the Issuer, including equity commitment letters and the constitutional documents of the Issuer and its Parents, as amended from time to time.

"*IPO Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Issue Date*" means , 2006.

"*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).

"*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;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding €20 million in the aggregate outstanding at any time.

“*Management Investors*” means the officers, directors, employees and other members of the management of or consultants to any Parent, the Issuer or any of their respective Subsidiaries, or spouses, family members or 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 foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer, any Restricted Subsidiary or any Parent.

“*Market Capitalization*” means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) 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.

“*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 436 under the Securities 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 Incurred, and all Taxes paid or required to be paid or accrued as a liability under GAAP (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 must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, 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 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 GAAP, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

“*Net Cash Proceeds*,” with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means 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 Document, the Intercreditor Agreement and any Additional Intercreditor Agreements.

“*Offer*” means the offer made by Purchaser to acquire the TDC Shares substantially on the terms and conditions set out in the Offer Documents.

“*Offer Advertisement*” means an advertisement published through the Copenhagen Stock Exchange A/S and published, issued or otherwise placed in one or more daily Danish national newspapers by or on behalf of Purchaser announcing or otherwise setting out the terms and conditions of the Offer in accordance with Section 9 of the Danish Takeover Order.

“*Offer Documents*” means the Offer Advertisement and the Offering Circular, and any amendments or supplements thereto.

“*Offering Circular*” means the public offer document approved by the Copenhagen Stock Exchange A/S setting out the terms of the Offer.

"*Offering Memorandum*" means the offering memorandum in relation to the Notes.

"*Officer*" means, with respect to any Person, (1) the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (a) of such Person (or, in the case of the Issuer, also TDC) 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.

"*Operational Board of Directors*" means the Board of Directors of any entity where representatives of the Initial Investors are sitting.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. 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 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 Issuer 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 Issuer 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 Issuer 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, of TDC by any Parent;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Issuer 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 Issuer, 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:

  (x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary,

  (y) 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

  (z) 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 Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Pari Passu Indebtedness*" means (1) Senior Indebtedness of the Issuer (other than Indebtedness of the Issuer pursuant to the Senior Facilities Agreement), and (2) Indebtedness of any Finance Subsidiary which is Guaranteed by the Issuer, if such Guarantee ranks equally in right of payment to the Notes.

"*Paying Agent*" means 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.

"*Permitted Asset Swap*" means the 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 Issuer 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 Collateral Liens*" means (x) Liens on the Collateral arising by operation of law that are described in one or more of clauses (3), (4) and (9) of the definition of "Permitted Liens" and that, in each case, would not materially interfere with the ability of the Security Agent to enforce the Security Interest in the Collateral and (y) Liens on the Collateral to secure (1) any Additional Notes, (2) Indebtedness of the Issuer or a Restricted Subsidiary that is permitted to be Incurred under the first paragraph of the covenant described under "Certain Covenants — Limitation on Indebtedness" or clauses (1), (2) (in the case of (2), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (4), (6), (7) (other than with respect to Capitalized Lease Obligations), (11), (13) or (16) of the second paragraph of the covenant described under "Certain Covenants — Limitation on Indebtedness" and (3) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (1) or (2); *provided*, *however*, that such Lien ranks (a) equal to all other Liens on such Collateral securing Senior Indebtedness of the Issuer (other than the Notes or the Bridge Facility) or such Restricted Subsidiary, as applicable, if such Indebtedness is Senior Indebtedness of the Issuer or such Restricted Subsidiary, as applicable, (except that (i) a Lien in favor of Senior Indebtedness ("Refinancing Senior Debt") need not rank equally with Liens in favor of other Senior Indebtedness, if such Refinancing Senior Debt was Incurred to refinance Indebtedness described in this clause (a) and (ii) lenders under any Credit Facility may provide for an ordering of payments under the various tranches of that Credit Facility) or (b) equal to or junior to the Liens securing the Notes.

"*Permitted Holders*" means, collectively, (1) the Initial Investors and any one or more Persons whose beneficial ownership constitutes or results in a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture, (2) Senior Management and (3) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Issuer, acting in such capacity.

"*Permitted Investment*" means (in each case, by the Issuer or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer 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 Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business;

(5) Investments in payroll, travel 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 Issuer 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, 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;

(10) Currency Agreements, Interest Rate Agreements, Commodity 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 3.74% of Total Assets and €400 million; *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) 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;"

(13) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(14) 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), (8), (9) and (12) of that paragraph);

(15) Investments in Associates or Unrestricted Subsidiaries taken together with all other Investments made pursuant to this clause (15) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed the greater of 0.47% of Total Assets and €50 million and, in each case, in a Person engaged in a Similar Business; *provided* that, if an Investment is made pursuant to this clause (15) in a Person 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;

(16) Guarantees not prohibited by the covenant described under "Certain Covenants — Limitation on Indebtedness" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business; and

(17) Investments in the Notes, any Additional Notes and any TDC Bonds.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary securing Indebtedness of a Restricted Subsidiary or a Guarantee of any such Indebtedness by the Issuer;

(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 contested taxes or 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 like 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 GAAP have been made in respect thereof;

(5) Liens in favor of issuers 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 Issuer 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 Issuer 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 Issuer and its Restricted Subsidiaries;

(7) Liens on assets or property of the Issuer 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 Issuer or any Restricted Subsidiary for the purpose of 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; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (b) any such Lien may not extend to any assets or property of the Issuer 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, 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 Issuer and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date, including pursuant to the Intercreditor Agreement and the senior security documents entered into pursuant to the Senior Facilities Agreement;

(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 Issuer 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 Issuer 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 Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer 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; *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 Issuer or any Restricted Subsidiary of the Issuer 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 encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(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 Receivables Assets Incurred in connection with a Qualified Receivables Financing;

(22) 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;

(23) 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;

(24) 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;

(25) Liens securing Indebtedness or other obligations of a Receivables Subsidiary;

(26) Liens Incurred in the ordinary course of business with respect to obligations (other than Indebtedness for borrowed money) which do not exceed €50 million at any one time outstanding;

(27) Permitted Collateral Liens;

(28) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary; and

(29) any security granted over the marketable securities portfolio described in clause (9) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party.

"*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.

"*PIK Facility Agreement*" means the €245 million subordinated PIK Facility Agreement dated January 25, 2006 among NTC Finance, Deutsche Bank AG, London, as PIK facility agent, and certain other financial institutions named therein.

"*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 Market*" means any time after:

(1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO 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).

"*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 of the Issuer 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 Issuer 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 Issuer), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Issuer or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility shall not be deemed a Qualified Receivables Financing.

"*Receivable*" means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined on the basis of GAAP.

"*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 Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary (in the case of a transfer by the Issuer or any of its Subsidiaries), or (b) 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 Issuer 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 and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Issuer 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 Issuer (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Issuer 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 Issuer (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any other Restricted Subsidiary of the Issuer (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Issuer or any other Restricted Subsidiary of the Issuer, (iii) is recourse to or obligates the Issuer or any other Restricted Subsidiary of the Issuer in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Issuer or any other Restricted Subsidiary of the Issuer, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings,

(2) with which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer, and

(3) to which neither the Issuer nor any other Restricted Subsidiary of the Issuer 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 Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer 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 Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer 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);

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes 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 Issuer 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.

"*Related Person*" with respect to any Permitted Holder means:

(1) any controlling equityholder or majority (or more) owned Subsidiary of such Person; or

(2) in the case of an individual, any spouse, 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, 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) in the case of the Initial Investors 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 Issuer or any of the Issuer's Subsidiaries);

(b) issuing or holding Subordinated Shareholder Funding;

(c) being a holding company parent, directly or indirectly, of the Issuer or any of the Issuer's Subsidiaries;

(d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries; or

(e) having made any payment in respect to any of the items for which the Issuer 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 Issuer 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 with respect to such Taxes the amount of any such Taxes that the Issuer and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its Subsidiaries.

"*Representative*" means any trustee, agent or representative (if any) for an issue of Senior Indebtedness or the provider of Senior Indebtedness (if provided on a bilateral basis), as the case may be.

"*Responsible Officer*" means, when used with respect to the Trustee, any officer within the Corporate Trust Administration of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"*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.

"*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 Agent*" means J.P.Morgan Europe Limited acting as security agent pursuant to the Intercreditor Agreement or such successor Security Agent as may be appointed thereunder.

"*Senior Facilities Agreement*" means the €9,600,000,000 senior facilities agreement dated on or about November 30, 2005 between the Issuer, certain of the Issuer's Subsidiaries as borrowers and guarantors, the senior lenders (as named therein), and J.P. Morgan Europe Limited, as facility agent and security agent, as further amended on April 10, 2006 and as thereafter amended, supplemented or otherwise modified from time to time.

"*Senior Finance Documents*" means the Senior Facilities Agreement and such other documents identified as "Senior Finance Documents" pursuant to the Senior Facilities Agreement.

"*Senior Indebtedness*" means, whether outstanding on the Issue Date or thereafter issued, created, Incurred or assumed, the Bank Indebtedness and all amounts payable by the Issuer under or in respect of all Indebtedness of the Issuer, including premiums and accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Issuer at the rate specified in the documentation with respect thereto whether or not a claim for post filing interest is allowed in such proceeding) and fees relating thereto; *provided*, *however*, that Senior Indebtedness will not include:

(1) any Indebtedness Incurred in violation of the covenant described under "Certain Covenants — Limitation on Indebtedness";

(2) any obligation of the Issuer to any Restricted Subsidiary;

(3) any liability for national, local or other taxes owed or owing by the Issuer;

(4) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including Guarantees thereof or instruments evidencing such liabilities);

(5) any Indebtedness of the Issuer that is expressly subordinate in right of payment to any other Indebtedness of the Issuer, including any Subordinated Indebtedness; or

(6) any Capital Stock.

"*Senior Management*" means the officers, directors, and other members of senior management of the Issuer or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer or any Parent.

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Issuer's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer'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 Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer'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 Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates on the Issue Date and (b) any businesses, services and activities engaged in by the Issuer 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.

"Specified Asset" means any asset (including share capital) of the Issuer or a Restricted Subsidiary that does not consist of:

(a) any Restricted Subsidiary that as of the Issue Date is incorporated in Denmark, other than TDC Services A/S;

(b) the companies and businesses trading as or known as TDC Song; and

(c) the Purchaser,

and any other Restricted Subsidiary to which a substantial portion of the assets of any entity referred to above has been transferred after the Issue Date.

"Specified Asset Proceeds" means the Net Available Cash arising from the disposal of any Specified Asset.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which the Issuer 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 security, the date specified in such security as the fixed date on which the payment of principal of such security 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 pursuant to a written agreement, including any Subordinated Shareholder Funding (and, for the avoidance of doubt, excluding any Indebtedness under the Bridge Facility).

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Issuer 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 any of the foregoing Persons, 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 Issuer or any funding meeting the requirements of this definition) or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(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 or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control 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 or the payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries;

(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 "Investor Debt" (as defined therein);

"*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 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).

"*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.

"*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.

"*TDC*" means TDC A/S and its successors.

"*TDC Bonds*" means:

(a) the DEM 500,000,000 5.00% Notes due 2008, (ISIN: XS0088684849) issued by TDC;

(b) the JPY 3,000,000,000 1.28% Notes due 2008, (ISIN: XS0131967613) issued by TDC;

(c) the €350,000,000 5.625% Notes due 2009, (ISIN: XS0142545796) issued by TDC;

(d) the €1,000,000,000 5.20% Notes due 2010, (ISIN: XS0161466254) issued by TDC;

(e) the €700,053,000 3.875% Notes due 2011, (ISIN: XS0207600528) issued by TDC; and

(f) the €750,000,000 6.50% Notes due 2012, (ISIN: XS0146556385) issued by TDC.

"*TDC Shares*" means all of the issued shares in the capital of TDC (including any treasury stock and any shares represented by ADRs).

"*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 European Union member state, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer 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 lender under the Senior Facilities Agreement or the PIK Facility Agreement,

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above, or

(c) 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 Issuer 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 European Union member state or Switzerland, Norway 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 member state of the European Union, 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.

"*Total Assets*" means the consolidated total assets of the Issuer, its Restricted Subsidiaries and HTCC and its Subsidiaries in accordance with GAAP as shown on the most recent balance sheet of such Person.

"*Transaction Documents*" means:

(a) the Offer Documents;

(b) the Senior Finance Documents;

(c) the Bridge Finance Documents;

(d) Note Documents; and

(e) the Investor Documents.

"*Transactions*" means:

(1) the Offer, the acquisition of TDC Shares and the transactions pursuant to or contemplated by the Transaction Documents, including any open market purchases of securities of TDC;

(2) the borrowing of funds under the Senior Facilities Agreement, the Bridge Facility Agreement and the PIK Facility Agreement, and the contribution of equity to the Issuer and Purchaser (and the repayment or other return of any equity over-funding in excess of that described in the Offering Memorandum);

(3) the offering of the Notes and the application of the proceeds therefrom in accordance with the provisions of the Transaction Documents;

(4) the Debt Pushdown, the offer to purchase TDC Bonds and the related consent solicitation and the other related transactions described in the Offering Memorandum;

(5) the amendment of any of the Transaction Documents, including the Senior Facilities Agreement and the Bridge Facility, and the repayment of all amounts outstanding under the PIK Facility Agreement;

(6) any corporate reorganizations (including any squeeze-out merger) or other transactions in connection with the foregoing in accordance with, and as permitted under, the terms of the Transaction Documents, including any merger or other business combination between TDC and the Purchaser;

(7) all other transactions related to the foregoing (including the payment of any fees and expenses related to any of the foregoing); and

(8) the issuance of Notes to Refinance all or a portion of the Bridge Facility.

"*Unrestricted Subsidiary*" means HTCC (unless otherwise redesignated as a Restricted Subsidiary) and:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (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) 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 Issuer or any other Subsidiary of the Issuer 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 Issuer in such Subsidiary complies with "Certain Covenants — Limitation on Restricted Payments."

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Issuer 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 Issuer 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 Issuer could Incur at least €1.00 of additional Indebtedness under paragraph (a) of the "Limitation on Indebtedness" covenant or (y) the Consolidated 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 shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*U.S. Government Obligations*" means securities that are (1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally Guaranteed as a full faith and credit obligation of the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such U.S. Government Obligations or a specific payment of principal of or interest on any such U.S. Government Obligations held by such custodian for the account of the holder of such depositary receipt, *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligations or the specific payment of principal of or interest on the U.S. Government Obligations evidenced by such depositary receipt.

"*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 Capital 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 Issuer or another Wholly-Owned Subsidiary) is owned by the Issuer or another Wholly-Owned Subsidiary.

BOOK-ENTRY, SETTLEMENT AND CLEARANCE

General

The notes offered hereby are denominated in euro and in dollars.

Each series of notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "144A Global Notes"). The 144A Global Note representing the Dollar Notes (the "Dollar 144A Global Note") will be deposited upon issuance with a custodian for The Depositary Trust Company ("DTC") and registered in the name of Cede & Co., as nominee of DTC. The 144A Global Notes representing the Euro Notes (the "Euro 144A Global Note") and the Floating Rate Notes (the "Floating Rate 144A Global Note") respectively, will be deposited, on the closing date, with, or on behalf of, a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

Each series of notes sold outside the United States pursuant to Regulation S under the U.S. 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 144A Global Notes, the "Global Notes"). The Regulation S Global Notes representing the Dollar Notes (the "Dollar Regulation S Global Note"), the Euro Notes (the "Euro Regulation S Global Note") and the Floating Rate Notes (the "Floating Rate Regulation S Global Note"), respectively, will be deposited, on the closing date, with, or on behalf of, a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

Ownership of interests in the 144A Global Notes ("144A Book-Entry Interests") and ownership of interests in the Regulation S Global Notes (the "Regulation S Book-Entry Interests" and, together with the 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with DTC, Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book entry form by DTC, Euroclear and Clearstream and their participants.

The Book-Entry Interests will not be held in definitive form. Instead, DTC, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. 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 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 be considered the owners or "holders" of notes for any purpose.

So long as the notes are held in global form, DTC, Euroclear and/or Clearstream, as applicable (or their respective nominees), will be considered the sole holders of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of DTC, Euroclear and/or Clearstream, as the case may be, 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 in order to exercise any rights of holders under the Indenture.

Neither we nor the Trustee nor any of our respective agents will have any responsibility or be liable for any aspect of the records in relation to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive notes in registered form ("Definitive Registered Notes"):

- if DTC (with respect to the Dollar 144A Global Note), Euroclear or Clearstream (with respect to the Dollar Regulation S Global Note, the Euro 144A Global Note, the Euro Regulation S Global Note, the Floating Rate 144A Global Note and the Floating Rate Regulation S Global Note) notify us that it is unwilling or unable to continue to act and a successor is not appointed by us within 120 days;
- in whole, but not in part, if we, DTC, Euroclear or Clearstream so request following a default under the Indenture; or
- if the owner of a Book-Entry Interest requests such exchange in writing delivered through DTC, Euroclear and/or Clearstream or the Issuer following an Event of Default under the Indenture.

In such an event, the registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of DTC, Euroclear and/or Clearstream or the Issuer, 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 referred to in "Notice to Investors," unless that legend is not required by the Indenture or applicable law.

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, DTC, Euroclear and/or Clearstream (or their respective nominees), 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 or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that under 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; provided, however, that no Book-Entry Interest of less than €50,000 or $75,000, as applicable, principal amount may be redeemed in part.

Payments on Global Notes

Payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts) will be made by us to the Principal Paying Agent. The Principal Paying Agent will, in turn, make such payments to DTC or its nominee (in the case of the Dollar 144A Global Notes) and to the common depository or its nominee for Euroclear and Clearstream (in the case of the Dollar Regulation S Global Note, the Euro 144A Global Note, the Euro Regulation S Global Note, the Floating Rate 144A Global Note and the Floating Rate Regulation S Global Note), which will distribute such payments to participants in accordance with their respective procedures. We will make payments for 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 required by law.

Under the terms of the Indenture, we and the Trustee will treat the registered holder 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, neither we nor the Trustee or any of our respective agents has or will have any responsibility or liability for:

- any aspects 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, for any such 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 or payments made on account of a Book-Entry Interest; or
- 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 and we expect that they will be governed by standing customer instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in "street name."

Currency and Payment for the Global Notes

Except as may otherwise be agreed between DTC and any holder, the principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Dollar 144A Global Notes will be paid to holders of interests in such notes through DTC in dollars. Except as may otherwise be agreed between Euroclear and/or Clearstream and any holder, the principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Euro 144A Global Note, the Euro Regulation S Global Note, the Floating Rate 144A Global Note and the Floating Regulation S Global Note will be paid to holders of interests in such notes through Euroclear and/or Clearstream in euro, and the principal of, premium if any, and interest on, and all other amounts payable in respect of the Dollar Regulation S Global Note, will be paid to holders of interest in such notes through Euroclear and/or Clearstream in dollars.

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 in the

Global Notes 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. However, if there is an event of default under the notes, each of DTC, Euroclear and Clearstream reserves the right to exchange the Global Notes for definitive registered notes in certificated form (the "Definitive Registered Notes"), and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers of beneficial interest in the Global Notes between participants in DTC, Euroclear and Clearstream will be done in accordance with DTC, Euroclear and Clearstream's 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 of Investors." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "Notice to Investors."

Book-Entry Interests in the 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 denominated in the same currency 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 U.S. Securities Act. Prior to 40 days after the date of initial issuance of the notes, ownership of Regulation S Book-Entry Interests will be limited to persons that have accounts with DTC, Euroclear or Clearstream or persons who hold interests through DTC, Euroclear or Clearstream, 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. Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests 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.

Definitive Registered Notes may be transferred and exchanged by Book-Entry Interests in a Global Note only as described under "Description of the Notes — Transfer and Exchange" and, if required, only if the transferor first delivers to the registrar and the transfer agent 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."

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 we nor the Initial Purchasers are responsible for those operations or procedures.

DTC has advised us that it is:

- a limited purpose trust company organized under New York Banking Law;
- a "banking organization" under 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 under Section 17A of the U.S. Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of transactions among its participants. It does this through electronic book-entry changes in the accounts of securities participants, eliminating the need for physical movement of securities certificates, DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC's owners are the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. and a number of its direct participants. Others, such as banks, brokers and dealers and trust companies that clear through or maintain a custodial relationship with a direct participant also have access to the DTC system and are known as indirect participants.

Like DTC, 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 the 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 and Clearstream participant, either directly or indirectly.

Because DTC 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 system, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some states 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 system will receive distributions attributable to the 144A Global Notes only through DTC participants.

Global Clearance and Settlement under the Book-Entry System

The notes represented by the Global Notes are expected to be listed on the Euro MTF, the alternative market of the Luxembourg Stock Exchange and, except for trades involving only Euroclear and Clearstream, participants, interests in the Dollar 144A Global Note will trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such notes will, therefore, be required by DTC to be settled in immediately available funds. Transfers of interests in the Euro 144A Global Note, the Euro Regulation S Global Note, the Floating Rate 144A Global Note, the Floating Rate Regulation S Global Note and the Dollar Regulation S Global Note between participants in Euroclear and Clearstream will be affected in the ordinary way in accordance with their respective rules and operating procedures. Subject to compliance with the transfer restrictions applicable to the Global Notes, cross-market transfers with respect to interests in Dollar 144A Global between participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be done through DTC in accordance with DTC's rules on behalf of each of Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. Cash received in Euroclear and Clearstream as a result of a sale of an interest in a Global Note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement 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 the Issuer, the Trustee or the Principal Paying Agent 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 and the Floating Rate Notes will be made in euros and for the Dollar Notes in 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 of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and DTC 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.

CERTAIN TAX CONSIDERATIONS

United States Federal Income Tax Consequences

To ensure compliance with Internal Revenue Service Circular 230, you are hereby notified that any discussion of tax matters set forth in this offering memorandum was written in connection with the promotion or marketing of the transactions or matters addressed herein and was not intended or written to be used, and cannot be used by any prospective investor, for the purpose of avoiding tax-related penalties under federal, state or local tax law. Each prospective investor should seek advice based on its particular circumstances from an independent tax advisor.

The following is a summary of certain United States federal income tax consequences of the purchase, ownership and disposition of notes as of the date hereof. Except where noted, this summary deals only with notes that are held as capital assets by a U.S. holder (as defined below) who acquired our notes upon original issuance at their initial offering price.

A "U.S. holder" means a person that is for United States federal income tax purposes any of the following:

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below. This summary does not address all aspects of United States federal income taxes or all tax considerations that may be relevant to U.S. holders in light of their personal circumstances. In addition, it does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws. For example, this summary does not address:

- tax consequences to holders who may be subject to special tax treatment, such as dealers in securities or currencies, traders in securities that elect to use the mark-to-market method of accounting for their securities, financial institutions, regulated investment companies, real estate investment trusts, investors in partnerships or other pass-through entities for United States federal income tax purposes, tax-exempt entities or insurance companies;
- tax consequences to persons holding the notes as part of a hedging, integrated, constructive sale or conversion transaction or a straddle;
- tax consequences to holders of the notes whose "functional currency" is not the United States dollar;
- alternative minimum tax consequences, if any; or
- any state, local or foreign tax consequences.

If a partnership holds our notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our notes, you should consult your tax advisors.

This summary does not contain a detailed description of all the United States federal income tax consequences to you in light of your particular circumstances and does not address the effects of any state, local or non-United States tax laws. **If you are considering the purchase of notes, you should consult your own tax advisors concerning the particular United States federal income tax consequences to you of the ownership of the notes, as well as the consequences to you arising under the laws of any other taxing jurisdiction.**

Payments of Interest

Interest on a note will generally be taxable to you as ordinary income at the time it is paid or accrued in accordance with your method of accounting for tax purposes. Subject to the discussion of exchange gain and loss below, interest income on a note generally will constitute foreign source income and for purposes of the United States foreign tax credit, generally will be considered passive income. You will generally be denied a foreign tax credit for foreign taxes imposed with respect to the notes where you do not meet a minimum holding period requirement during which you are not protected from risk of loss. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

If you receive interest payments made in a foreign currency and you use the cash basis method of accounting, you will be required to include in income the U.S. dollar value of the amount received, determined by translating the foreign currency received at the "spot rate" for such foreign currency on the date such payment is received regardless of whether the payment is in fact converted into U.S. dollars. You will not recognize exchange gain or loss with respect to the receipt of such payment.

If you use the accrual method of accounting, you may determine the amount of income recognized with respect to such interest in accordance with either of two methods. Under the first method, you will be required to include in income for each taxable year the U.S. dollar value of the interest that has accrued during such year, determined by translating such interest at the average rate of exchange for the period or periods during which such interest accrued. Under the second method, you may elect to translate interest income at the spot rate on:

- the last day of the accrual period,
- the last day of the taxable year if the accrual period straddles your taxable year, or
- the date the interest payment is received if such date is within five days of the end of the accrual period.

Upon receipt of an interest payment on such note (including, upon the sale of a note, the receipt of proceeds which include amounts attributable to accrued interest previously included in income), you will recognize ordinary gain or loss in an amount equal to the difference between the U.S. dollar value of such payment (determined by translating the foreign currency received at the spot rate for such foreign currency on the date such payment is received) and the U.S. dollar value of the interest income you previously included in income with respect to such payment.

Sale, Exchange and Retirement of Notes

Your tax basis in a note will, in general, be your U.S. dollar cost for that note. Upon the sale, exchange, retirement or other taxable disposition of a note, you will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange, retirement or other disposition of a note (less an amount equal to any accrued interest that you did not previously include in income, which will be taxable as interest income) and your adjusted tax basis in the note. If you purchased a note with foreign currency, your cost will be the U.S. dollar value of the foreign currency amount paid for such note determined at the time of such purchase. If your note is sold, exchanged or retired for an amount denominated in foreign currency, then your amount realized generally will be based on the spot rate of the foreign currency on the date of sale, exchange or retirement. If you are a cash method taxpayer and the notes are traded on an established securities market, foreign currency paid or received is translated into U.S. dollars at the spot rate on the settlement date of the purchase or sale. An accrual method taxpayer may elect the same treatment with respect to the purchase and sale of notes traded on an established securities market, provided that the election is applied consistently.

Subject to the foreign currency rules discussed below, your gain or loss will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange, retirement or other disposition, you have held the note for more than one year. Capital gains of individuals derived in respect of capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Gain or loss realized by you on the sale, exchange or retirement of a note would generally be treated as U.S. source gain or loss.

A portion of your gain or loss with respect to the principal amount of a note may be treated as exchange gain or loss. Exchange gain or loss will be treated as ordinary income or loss and generally will be U.S. source gain or loss. For these purposes, the principal amount of the note is your purchase price for the note calculated in the foreign currency on the date of purchase, and the amount of exchange gain or loss recognized is equal to the difference between (i) the U.S. dollar value of the principal amount determined on the date of the sale, exchange, retirement or other disposition of the note and (ii) the U.S. dollar value of the principal amount determined on the date you purchased the note. The amount of exchange gain or loss will be limited to the amount of overall gain or loss realized on the disposition of the note.

Exchange Gain or Loss with Respect to Foreign Currency

Your tax basis in the foreign currency received as interest on a note will be the U.S. dollar value thereof at the spot rate in effect on the date the foreign currency is includible in income. Your tax basis in foreign currency received on the sale, exchange or retirement of a foreign currency note will be equal to the U.S. dollar value of the foreign currency, determined at the time of the sale, exchange or retirement. Any gain or loss recognized by you on a sale, exchange or other disposition of the foreign currency will be ordinary income or loss and generally will be United States source gain or loss.

Reportable Transactions

Treasury Regulations issued under the Code meant to require the reporting of certain tax shelter transactions could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the Treasury Regulations, certain transactions are required to be reported to the Internal Revenue Service ("IRS") including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a euro note or foreign currency received in respect of a euro note to the extent that such sale, exchange, retirement or other taxable disposition results in a tax loss in excess of a threshold amount. If you are considering the purchase of the notes, you should consult with your own tax advisors to determine the tax return obligations, if any, with respect to an investment in the notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Backup Withholding and Information Reporting

Generally, information reporting requirements will apply to all payments we make to you and the proceeds from a sale of a note paid to you, unless you are an exempt recipient such as a corporation. Additionally, if you fail to provide your taxpayer identification number, or in the case of interest payments, fail either to report in full dividend and interest income or to make certain certifications, you may be subject to backup withholding.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is furnished to the IRS.

Danish Income Tax Consequences

The following summary on Danish tax issues relating to holding and disposal of the notes is of a general nature and is based on Danish tax legislation as at the date hereof. This legislation may subsequently change. The summary below does not purport to be a comprehensive summary of all tax aspects regarding the holding and disposal of the notes. Particular attention should be paid to the fact that the summary does not address investors to whom special tax rules apply, such as traders in securities (including but not limited to banks, stock brokers and insurance companies) and investors subject to tax on return on pension investments.

Taxation of Investors Subject to Full Tax Liability in Denmark

Investors subject to full tax liability in Denmark include, but are not limited to, individuals resident in Denmark, individuals who spend a minimum of six consecutive months in Denmark, companies incorporated in Denmark and certain companies whose place of effective management is located in Denmark.

Interest

Individuals

Interest deriving from the notes is taxable and included in the capital income. Net capital income is taxed progressively and at a maximum rate of 59% (2006).

Companies

Interest deriving from the notes is taxable and included in the general income. Net general income is subject to a flat tax rate of 28% (2006).

Capital Gains and Losses

Individuals

Capital gains and losses deriving from notes issued in currencies other than Danish kroner (or notes issued in Danish kroner where redemption is linked to one or more foreign currencies) are included in the capital income, disregarding, however, gains and losses below DKK 1,000 (€134.0). Net capital income is taxed progressively and at a maximum rate of 59% (2006).

Companies

Capital gains deriving from the notes are taxable and included in the general income subject to a flat tax rate of 28% (2006). Losses can be offset.

Taxation of Investors Not Subject to Full Tax Liability in Denmark

Generally, investors which are not related to or affiliated with the Issuer and which are not subject to full tax liability in Denmark are not subject to Danish taxation with respect to interest income or capital gains deriving from the notes.

If notes are held in connection with a permanent establishment in Denmark, interest or capital gains deriving from such notes are subject to limited taxation in Denmark according to the same rules that apply to holders of notes subject to full tax liability.

Stamp duty and transfer taxes

The purchase, disposal or sale of notes is not subject to stamp duty, transfer tax or value added tax in Denmark.

E.U. Income Tax Consequences

E.U. Proposed Savings Directive

On 3 June 2003 the European Council of Economics and Finance Ministers agreed on the EU Savings Directive under which EU member states will generally be required to provide to the tax authorities of another EU member state details of payment of interest paid by a paying agent (as defined in the directive) within its jurisdiction to an individual in another EU member state.

Noteholders resident in EU member states should therefore anticipate that details regarding interest paid on such notes will be provided by the interest paying agent or the state in which the paying agent resides to the relevant tax authorities.

NOTICE TO INVESTORS

The Issuer has not registered the notes under the U.S. Securities Act or any state securities laws and, therefore, the notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the notes are only to be offered and sold to:

- qualified institutional buyers ("QIBs") (as defined in Rule 144A) in compliance with Rule 144A; and
- in offers and sales that occur outside the United States to foreign purchasers, that is, purchasers who are not U.S. persons in reliance upon Regulation S under the U.S. Securities Act.

The term "foreign purchasers" includes dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners, other than an estate or trust, in offshore transactions meeting the requirements of Rule 903 of Regulation S. We use the terms "offshore transaction," "U.S. person" and "United States" with the meanings given to them in Regulation S.

If you purchase notes, you will be deemed to have represented and agreed as follows:

(1) You understand and acknowledge that the notes have not been registered under the U.S. Securities Act or any other applicable securities laws 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, 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 or any other applicable securities laws, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.

(2) You are not our "affiliate" (as defined in Rule 144), you are not acting on our behalf and you are either:

(a) a QIB and are aware that any sale of these notes to you will be made in reliance on Rule 144A and such acquisition will be for your own account or for the account of another QIB; or

(b) not a "U.S. person" as defined in Regulation S or purchasing for the account or benefit of a U.S. person (other than a distributor) and you are purchasing notes in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that neither the Issuer, the Initial Purchasers nor any other person has made any representation to you with respect to the Issuer or the offer or sale of any of the notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the notes. You acknowledge that no person other than the Issuer makes any representation or warranty as to the accuracy or completeness of this offering memorandum. You have had access to such financial and other information concerning us and the notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.

(4) You are purchasing notes for your own account, or for one or more investor accounts for which you are 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, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such notes pursuant to Rule 144A, Regulation S or any other available exemption from registration available under the U.S. Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing the notes, and each subsequent holder of these notes by its acceptance thereof will agree, to offer, sell or otherwise transfer such notes prior to (x) the date which is two years (or such shorter period of time as permitted by Rule 144(k) under the U.S. Securities Act or any successor provision thereunder) after the later of the date of the original issue of these notes and the last date on which the Issuer or any of its affiliates were the owner of such notes (or any predecessor thereto) or (y) such later date, if any, as may be required by applicable law (the "Resale Restriction Termination Date") only:

(a) to us;

(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, to a person you reasonably believe is a QIB that purchases for its own account or for the account of another QIB to whom you give notice that the transfer is being made in reliance on Rule 144A;

(d) pursuant to offers and sales to non-U.S. persons occurring outside the United States within the meaning of Regulation S; or

(e) 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 the seller's property or the property of an investor account or accounts be within the seller or account's control, and in compliance with any applicable state securities laws.

The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. You acknowledge that the Issuer, the Trustee, the registrar and the transfer agent reserve the right prior to any offer, sale or other transfer of the notes pursuant to clause (d) above prior to the end of the 40-day distribution compliance period within the meaning of Regulation S or pursuant to clause (e) above prior to the Resale Restriction Termination Date of the notes to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to us, the Trustee, the registrar and the transfer agent.

Each purchaser acknowledges that each note will contain a legend substantially in the following form:

"THIS NOTE HAS NOT BEEN 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.

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 PRIOR TO (X) THE DATE WHICH IS TWO YEARS (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144(k) UNDER THE U.S. SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR OF ANY PREDECESSOR OF THIS NOTE) OR THE LAST DAY ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WERE THE OWNERS OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE) 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 ANOTHER 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 WITHIN THE MEANING OF 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; PROVIDED THAT THE ISSUER, THE TRUSTEE AND THE REGISTRAR SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) PRIOR TO THE END OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD WITHIN THE MEANING OF REGULATION S UNDER

THE U.S. SECURITIES ACT OR PURSUANT TO CLAUSE (E) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THAT AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO THE ISSUER, THE TRUSTEE AND THE REGISTRAR IS COMPLETED AND DELIVERED BY THE TRANSFEROR. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE U.S. SECURITIES ACT."

If you purchase notes, you 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.

(1) You acknowledge that the registrar will not be required to accept for registration of transfer any notes acquired by you, except upon presentation of evidence satisfactory to us and the registrar that the restrictions set forth herein have been complied with.

(2) You acknowledge that:

    (a) the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations and agreements set forth herein and you agree that, if any of your acknowledgements, representations or agreements herein cease to be accurate and complete, you will notify us and the Initial Purchasers promptly in writing; and

    (b) if you are acquiring any notes as fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:

        (i) you have sole investment discretion; and

        (ii) you have full power to make the foregoing acknowledgements, representations and agreements.

(3) You agree that you will give to each person to whom you transfer these notes notice of any restrictions on the transfer of the notes.

(4) If you are a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, you acknowledge that until the expiration of the "distribution compliance period" (as defined below), you shall not make any offer or sale of these 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.

(5) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would permit a public offering of the notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer or the notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of the notes will be subject to the selling restrictions set forth under "Plan of Distribution."

PLAN OF DISTRIBUTION

The Issuer and the Initial Purchasers have entered into a purchase agreement dated , 2006, with respect to the notes. Subject to certain conditions contained in the purchase agreement, the Initial Purchasers have agreed, severally and not jointly, to purchase, and the Issuer has agreed to sell, all of the notes. The purchase agreement with respect to the notes provides that the obligation of the Initial Purchasers to purchase and accept delivery of the notes is subject to the approval by its counsel of certain legal matters and to certain other conditions.

The Initial Purchasers have agreed to purchase all of the notes being sold pursuant to the purchase agreement if any of the notes are purchased. The purchase price for the notes will be the initial offering price set forth on the cover page of this offering memorandum less an Initial Purchasers' discount. The Initial Purchasers propose to offer the notes at the initial offering price. After the notes are released for sale, the Initial Purchasers may change the offering price and other selling terms.

The notes have not been and will not be registered under the U.S. Securities Act. The Initial Purchasers have agreed that they will only offer or sell the notes (1) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and (2) in the United States to QIBs in reliance on Rule 144A. The terms used above have the meanings given to them by Regulation S and Rule 144A.

In connection with the sales outside the United States, the Initial Purchasers have agreed that they will not offer, sell or deliver the notes to, or for the account or benefit of, U.S. persons (1) as part of the Initial Purchasers' distribution at any time or (2) otherwise until 40 days after the later of the commencement of this offering or the date the notes were originally issued. Each Initial Purchaser will send to each dealer to whom it sells such notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the notes within the United States by a dealer or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of any notes within the United States by any 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 or pursuant to another exemption from registration under the U.S. Securities Act.

Delivery of the notes will be made against payment therefore on or about the **[ ]** business day following the date of pricing of the notes (such settlement being referred to as "T+[ ]"). Under Rule 15(c)6-1 under the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes on the date of pricing or the next **[ ]** succeeding business days will be required, by virtue of the fact that the notes will initially settle in T+**[ ]**, to specify an alternative settlement cycle at the time of such trade to prevent failed settlement. Purchasers of the notes who wish to trade the notes on the date of pricing or the next **[ ]** succeeding business days should consult their own advisors.

In connection with the offering, the Initial Purchasers (or persons acting on their behalf) may purchase and sell notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Initial Purchasers of a greater number of notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress.

These activities by the Initial Purchasers (or persons acting on their behalf) may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Initial Purchasers at any time. These transactions may be effected in the over-the-counter market or otherwise.

Each of the Initial Purchasers also agrees that: (1) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "FSMA") with respect to anything done by it in relation to the notes in, from, or otherwise involving the United Kingdom; and (2) it 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 of the notes in circumstances in which Section 21(1) of the FSMA does not apply to us.

No action has been taken in any jurisdiction, including the United States, by us or the Initial Purchasers that would permit 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 this purpose is required. Accordingly, the notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to purchase or a solicitation of an offer to sell in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the notes, the distribution of this offering memorandum and resale of the notes. See "Notice to Investors."

The Issuer has agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act. The Issuer will pay the fees and expenses related to this offering.

The Issuer has agreed in the purchase agreement that, for a period of 90 days from the date of the final offering memorandum, it will not, nor will any of its subsidiaries or affiliates: (i) offer for sale, sell, contract to sell, grant an option for the sale of, or otherwise dispose of, directly or indirectly, any other debt securities issued or granted by the Issuer or any of its subsidiaries or affiliates (other than the notes) or securities of the Issuer or any of its subsidiaries that are convertible into, or exchangeable with the notes or such other debt securities.

Certain of the Initial Purchasers and/or their respective affiliates have from time to time performed certain investment banking and other financial services for us and our affiliates. Affiliates of the Initial Purchasers are lenders to us, including, under indebtedness that will be repaid out of the proceeds of the offering. Each Initial Purchaser is also a lender and mandated lead arranger under our Senior Credit Facilities and is a lender under the Bridge Facility. The Initial Purchasers have agreed to credit against the fees payable to them under the purchase agreement certain amounts paid to them or their affiliates in connection with the Bridge Facility. Each Initial Purchaser (other than Nordea Bank Danmark A/S) also underwrote the sale of equity interests to be syndicated to certain co-investors in combination with loans under our PIK Facility, which equity interests were not repurchased when the PIK Facility was repaid. In addition, each Initial Purchaser and its affiliates may in the future provide investment banking or other financial services to us. J.P. Morgan plc, Deutsche Bank AG, London Branch and Nordea Bank Danmark A/S also acted as advisors to the Purchaser in relation to the Tender Offer. An affiliate of Deutsche Bank AG, London Branch, will act as the trustee under the Indenture and an affiliate of J.P. Morgan Securities Ltd. is acting as security agent under the Senior Credit Facility, the Bridge Facility and the Indenture.

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for us by Simpson Thacher & Bartlett LLP, as to matters of United States Federal and New York law, and by Bech-Bruun, as to matters of Danish law. Certain legal matters in connection with this offering will be passed upon for the Initial Purchasers by Cravath, Swaine & Moore LLP, London, England, as to matters of United States Federal and New York law, and by Plesner Svane Grønborg, as to matters of Danish law. An investment vehicle comprised of selected partners of Simpson Thacher & Bartlett LLP, members of their families, related persons and others own an interest representing less than 1% of the capital commitments of funds affiliated with The Blackstone Group International Limited and Kohlberg Kravis Roberts & Co. L.P. In addition, Simpson Thacher & Bartlett LLP has in the past provided and may continue to provide, legal services to The Blackstone Group International Limited and Kohlberg Kravis Roberts & Co. L.P. and their affiliates, including Blackstone Family Communications Partnership (Cayman) L.P., Blackstone Capital Partners (Cayman) IV-A L.P., Blackstone Family Investment Partnership (Cayman) IV-A L.P., Blackstone Participation Partnership (Cayman) IV L.P., Blackstone NSS Communications Partners (Cayman) L.P., Blackstone Capital Partners (Cayman) IV L.P., KKR Millennium Fund (Overseas), Limited Partnership, KKR European Fund II, Limited Partnership and KKR Partners (International), Limited Partnership.

WHERE YOU CAN FIND OTHER INFORMATION

Each purchaser of the notes from the Initial Purchasers will be furnished with 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 us, 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 any of the Initial Purchasers or any person affiliated with any of 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 (1) above, no person has been authorized to give any information or to make any representation concerning the notes 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 us or any of 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 neither subject to Section 13 or 15(d) of 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 Nordic Telephone Company Holding ApS, Langelinie Allé 35, DK-2100, Copenhagen Ø, Denmark.

INDEPENDENT AUDITORS

The consolidated financial statements of TDC at December 31, 2005 and December 31, 2004 included in the offering memorandum have been audited by PricewaterhouseCoopers, independent auditors, as stated in their report appearing herein. The auditors’ address is Strandvejen 44, DK 2900 Hellerup, Denmark.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is incorporated under the laws of Denmark and none of our directors or executive officers are residents of the United States. Furthermore, a substantial portion of the Issuer's assets and a substantial portion of the assets of such persons are located outside 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 or those 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.

If a judgment is obtained in a U.S. court against the Issuer or any such persons, investors will need to enforce such judgment in jurisdictions where the Issuer or such person has assets. Under applicable Danish law, a judgment by a state or Federal court of the United States in respect of the notes or the Indenture will neither be recognized nor enforced by the courts of Denmark without a review of the merits underlying the judgment. You should consult with your own advisers in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

LISTING AND GENERAL INFORMATION

Listing

Application will be made for the notes to be admitted to the Euro MTF, the alternative market of the Luxembourg Stock Exchange in accordance with the rules of that exchange.

The listing of the notes on the Euro MTF operated by the Luxembourg Stock Exchange will be expressed in euro. Transactions will normally be effected for settlement on the third business day after the day of the transaction.

For so long as the notes are listed on the Euro MTF and the rules of that exchange require, copies of the following documents may be inspected during usual business hours on any weekday at the registered offices of the Issuer and the paying agent in Luxembourg:

(i) the Memorandum and Articles of Association of the Issuer;

(ii) the most recent consolidated audited financial statements of the Issuer;

(iii) any interim financial statements published by the Issuer; and

(iv) the following documents:

  (a) the Indenture; and

  (b) the Intercreditor Agreement.

Clearing Information

The Euro Notes sold pursuant to Regulation S and the Euro Notes sold pursuant to Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream under common codes and , respectively. The ISIN number for the Euro Notes sold pursuant to Regulation S is and the ISIN number for the Euro Notes sold pursuant to Rules 144A is .

The Floating Rate Notes sold pursuant to Regulation S and the Floating Rate Notes sold pursuant to Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream under common codes and , respectively. The ISIN number for the Floating Rate Notes sold pursuant to Regulation S is and the ISIN number for the Floating Rate Notes sold pursuant to Rule 144A is .

The Dollar Notes sold pursuant to Regulation S have been accepted for clearance through the facilities of Euroclear and Clearstream, and the Dollar Notes sold pursuant to Rule 144A have been accepted for clearance through the facilities of DTC. The ISIN number for the Dollar Notes sold pursuant to Regulation S is and the ISIN number for the Dollar Notes sold pursuant to Rule 144A is . The common code for the Dollar Notes sold pursuant to Regulation S is and the CUSIP for the Dollar Notes sold pursuant to Rule 144A is .

Legal Information

Nordic Telephone Company Holding ApS

The Issuer is a private limited liability company incorporated under the laws of Denmark. The share capital of the Issuer is DKK 136,000.00 (€18,226.9).

The registered office of the Issuer is Langelinie Allé 35, 2100, Copenhagen Ø, Denmark.

The register of members and other statutory books of the Issuer are kept at its registered office, Langelinie Allé 35, 2100, Copenhagen Ø, Denmark.

The creation and issuance of the notes has been authorized by a resolution of the Board of Directors of the Issuer dated , 2006.

The financial statements of the Issuer will be available free of charge to any holder and any prospective purchasers of the notes upon written request to our registered office.

Offering Memorandum

Except as disclosed in this offering memorandum:

- there has been no material adverse change in our consolidated financial position since December 31, 2005; and
- neither the Issuer nor any of its subsidiaries has been involved in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the issue of the notes, and, so far as the Issuer is aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

The Issuer accepts responsibility for the information contained in this offering memorandum. To the best knowledge of the Issuer, except as otherwise noted, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of this offering memorandum.

GLOSSARY OF TECHNICAL TERMS

"2G" refers to second generation mobile networks, including GSM networks, that are able to deliver high speed voice and limited data communications including fax and SMS.

"3G" refers to third generation mobile networks, being able to deliver voice, data and multimedia content at high speed.

"ADSL2+" refers to a type of DSL technology that is expected to increase transmission speeds over copper wires up to 18Mbps.

"AMOU" refers to Average Minutes of Usage.

"ARPU" refers to Average Revenue per User.

"ATM" or *"Asynchronous Transfer Mode"* refers to a dedicated connection switching technology for LANs and WANs that supports real time voice and video as well as data.

"*bitstream access*" refers to the situation where the incumbent installs a high speed access link to the customer premises (e.g. by installing its preferred DSL equipment and configuration in its local access network) and then makes this access link available to third parties, to enable them to provide high speed services to customers.

"Broadband" refers to a type of connection to exchange data at a higher speed than through analog lines. The most common broadband technologies are cable modem, DSL, wireless and optical fiber.

"CAGR" refers to compounded annual growth rate over the indicated period.

"Carrier Selection" enables a fixed line customers to choose another operators' fixed line voice services as an alternative to the incumbent for a particular call by dialing-in a predefined code.

"CDMA/450 MHz" or *"Code Division Multiple Access on 450 MHz frequency band"* refers to the use of CDMA technology (as used for UMTS) on the 450 MHz frequency band (as opposed to the 2.1 GHz band for UMTS). Fewer base stations are required to make geographical coverage with this frequency. However, the capacity of this frequency is low compared to the UMTS band. The 450 MHz frequency band has not been in use since the closure of the first generation analog mobile network.

"Churn rate" refers to customer turnover, e.g. wireless subscribers are said to "churn" when they cancel their mobile service with their current wireless provider (and either move to a different provider or simply chose not to have wireless service). TDC calculates churn by dividing the gross decrease in the number of customers for a period by the average number of customers for such period. The average number of customers for a period is calculated by adding the number of customers at the beginning of such period to the number of customers at the end of such period and dividing by two. In general, we calculate churn using external gross decrease. However, internal migration between TDC Mobile A/S and Telmore is included in churn figures. Hence, internal migration will be recorded as higher churn. Different telecommunications companies calculate churn in different manners.

"CPS" refers to Carrier Pre-Selection, which enables a fixed line customer to pre-select another operator as an alternative to the incumbent without dialing an identifying code — or just calls of a particular type, for example, all international calls.

"Dial-up" refers to a data connection using a traditional landline connection.

"DSL" or "Digital Subscriber Line" refers to a technology enabling local loop copper pair to transport high-speed data between the central office and the customers' premises.

"DSLAM" or "*Digital Subscriber Line Access Multiplexer*" refers to a network device, usually at a telecommunications company central office or one of its nodes, that receives signals from multiple customer DSL connections and puts the signals on a high-speed backbone line using multiplexing techniques.

"DTH" refers to Direct-to-home Satellite Television distribution platform.

"DTT" refers to Digital Terrestrial Television which is a digital signal broadcast to standard aerials, that is being utilized to replace the current analog signal.

"*DVB-H*" or "*Digital Video Broadcasting—Handheld*" refers to a standard specifically for the broadcasting of TV-like content and data to handheld devices, such as mobile phones. DVB-H is based closely on DCB-T, which is the standard for broadcast digital TV in most of Europe.

"*DWDM*" or "*Dense Wavelength Division Multiplexing*" refers to an optical technology used to increase bandwidth over existing fiber optic backbones.

"EDGE" or "Enhanced Data rates for GSM Evolution" refers to coding of the GSM network that enables data to be sent and received seven times faster than over GSM, which allows interactive transmitting of pictures, wireless pictures and video postcards via e-mail and other airborne multimedia.

"Ethernet" refers to a type of networking technology for LANs.

"Fixed-to-mobile" refers to fixed line telephony being substituted by mobile phone usage.

"FTTH" or "Fiber To The Home" refers to the fiber-optic technology linking residential customers directly to the fiber network.

"FTTN" or *"Fiber To The Neighbourhood or Node"* refers to the fiber-optic technology linking the fiber network to nodes that serve several hundred homes through copper wires.

"*Gbps*" refers to gigabits per second.

"GPRS" or "General Packet Radio Services" refers to a packet-based telecommunications service designed to send and receive data at rates from 56 Kbps to 114 Kbps that allows continuous connection to the internet for mobile phone and computer users. GPRS is a specification for data transfer over GSM networks.

"GSM" or "Global System for Mobile Communications" refers to a comprehensive digital network for the operation of all aspects of a cellular telephone system.

"HDTV" refers to High Definition TV.

"HFC" or "Hybrid Fibers and Coaxial" is the cable utilized in an upgraded cable TV network.

"HSDPA" or "High Speed Downlink Packet Access" refers to an enhancement to UMTS 3G technology that is expected to increase the available download speeds by 5 times or more, potentially reaching up to 14 Mbps.

"*IN*" or " *Intelligent Network*" refers to a service-independent telecommunications network.

"Incumbent" refers to the telephone carrier company which once had a monopoly on the market, and now has a dominating position in a free market.

"Interconnection" refers to the process of connecting a telephone call to another operator's network. This connection is accompanied by an interconnect rate which must be paid to the operator for the use of that operator's network.

"IP" or "Internet Protocol" refers to a standard procedure whereby internet-user data is divided into packets to be sent onto the correct network pathway. In addition, IP gives each packet an assigned number so that the message completion can be verified. Before packets are delivered to their destination, the protocol carries unifying procedures so that they are delivered in their original form.

"IP-VPN" or "IP-based Virtual Private Networks" refers to a network that enables organizations to use a shared network to connect remote sites or users together. Instead of using only dedicated connections (such as a leased line), a VPN makes use of "virtual" connections routed across a shared network to remote sites or employees.

"ISDN" or "Integrated Services Digital Network" refers to a way to move more data over existing regular phone lines. It can provide speeds of about two 64 Kbps-channels, therefore providing integrated digital transmission of data and voice at a higher speed and broader band over regular phone lines. An ISDN-modem is necessary to connect to the network.

"*ISP*" or "*Internet Service Provider*" refers to a company that provides access to the internet.

"Kbps" refers to kilobits per second.

"LAN" or "Local Area Network" refers to a short-distance data communications network (typically within a company) used to link computers, which allows data and printer sharing.

"Local loop" refers to a telephone line going from the switching center of the former monopoly operator to the end user.

"LRAIC" or "Long Run Average Incremental Cost Model" refers to a system where SMP (Significant Market Power) operators' interconnect prices must be based on what the cost would be to produce these interconnect products (switched interconnect, ULL and co-location) in a modern telecommunications network, which does not bear the burden of historically related investments and the lack of up-to-date technology. Danish LRAIC prices are calculated in a model maintained and updated by NITA.

"MAN" or "Metropolitian Area Network" refers to a city-wide data communications network.

"Mbps" refers to megabits per second.

"MMS" or "Multimedia Messaging Service" refers to a store and forward messaging service that allows mobile subscribers to exchange multimedia messages with other mobile subscribers. As such it can be seen as an evolution of SMS, with MMS supporting the transmission of additional media types: texts, picture, audio, video and combinations of such.

"MNO" refers to Mobile Network Operator.

"MOU" or Minutes of Usage refers to minutes used per subscriber.

"MPLS" or "Multiprotocol Label Switching" refers to a versatile solution to address the problems faced by present-day networks such as speed, scalability, quality of service management and traffic engineering. MPLS has emerged as a solution to meet the bandwidth management and service requirements for next generation IP-based backbone networks.

"MVNO" or "Mobile Virtual Network Operators" refers to a mobile operator that does not own its own spectrum and usually does not have its own network infrastructure. MVNOs have business arrangements with traditional mobile operators to buy MOU for sale to their own customers.

"Naked Bitstream Access" refers to the ability of a customer to subscribe for data services from the service provider via the customer's telephone link without being required to subscribe for traditional landline services.

"Naked DSL" refers to the ability for the customer to subscribe for DSL service from a service provider via the customer's telephone link without being required to subscribe for traditional landline services.

"*Near Video On Demand*" refers to a pay per view facility offered by digital television providers where a subscriber can request from a list of videos a movie with staggered start times (usually half to quarter-hour intervals). This avoids the cost of using video on demand technology.

"NGN" or *"Next Generation Network"* is an evolution of the existing telephony networks to a single converged network. The old circuit-switched model is replaced by a packet-oriented multiservice (voice, video, data) network that supports Quality of Service.

"NITA" refers to the Danish National IT and Telecom Agency.

"Off-net" refers to a telephone call which is carried in part on a network but are destined for a phone not on the network (i.e. some part of the conversation's journey will be over the public switched network or over someone else's network).

"On-net" refers to a telephone call originated, transmitted and terminated on the same operator's network.

"PABC" or *"Privat Automatisk Bi-Central"* refers to a Danish translation of the English term PABX (Private Automatic Branch Exchange) which is an automatic telephone switching system within a private enterprise. Originally, such systems - called private branch exchanges (PBX) - required the use of a live operator. Since almost all private branch exchanges today are automatic, the abbreviation PBX has been extended to PABX.

"Penetration" refers to the measurement, usually in percentage, of the take-up of services. As of any date, the penetration is calculated by dividing the number of subscribers by the population of households to which the service is available.

"PoP" or *"Point of Presence"* refers to a local access point to a communication network, e.g. the internet.

"Pre-paid" refers to where the customer pays for a specified amount of credit for services upfront, the credit then diminishes as the customer uses the service.

"PSTN" or "Public Switched Telephone Network" refers to the telecommunications network based on copper wires carrying analog voice data — the traditional landline telephony.

"PVR" refers to a personal video recorder which enables digital television customers to record programs out of internal hard disk to enable viewing at the customers convenience.

"*Quality of Service*" refers to a collective measure of the level of service delivered to the customer, and reflects the network's transmission quality and service availability.

"SDH" or *"Synchronous Digital Hierarchy"* refers to a standard technology for synchronous data transmission on optical media and provides faster and less expensive network interconnection than traditional

PDH (Plesiochronous Digital Hierarchy) equipment. In digital telephone transmission, synchronous means the bits from one call are carried within one transmission frame. Plesiochronous means "almost synchronous" or a call that must be extracted from more than one transmission frame.

"SHDSL" or *"Symmetric High-speed Digital Subscriber Line"* refers to a DSL technology with symmetric data transmission.

"SIM" or "Subscriber Identify Module" refers to a small, stamp-size "smart card" used in a mobile phone.

"SIP" or "Session Initiated Protocol" refers to a signaling protocol for internet telephony that can establish sessions for features such as audio/videoconferencing, interactive gaming, and call forwarding to be deployed over IP networks, thus enabling service providers to integrate basic IP telephony services with internet, e-mail and chat services. In addition to user authentication, redirect and registration services, SIP server supports traditional telephony features such as personal mobility, time-of-day routing and call forwarding based on the geographical location of the person being called.

"SMS" or "Short Message Service" refers to short text messages that can be sent or received on mobile phones.

"triple play" refers to offering subscriber telephony, internet and TV services through one access channel only.

"TVoIP" refers to television programming provided over the internet.

"*TvoDSL*" refers to Television over DSL.

"ULL" refers to the existing access network that is historically the property of the incumbent. It is not economically possible for a new operator to duplicate the entirety and especially the final connection between the local exchanges and the subscriber. To enhance competition, it has been decided by the regulator that the incumbent operator must provide alternative operators with direct access to the local loop and connect them to the direct own network.

"UMTS" or "Universal Mobile Telecommunications Systems" refers to a 3G network designed to provide a wide range of voice, high-speed (up to 2 Mbps) data and multimedia services.

"VDSL2" or *"Very-High-Bit-Rate Digital Subscriber Line 2"* refers to an enhancement to VDSL standard that permits the transmission of asymmetric and symmetric data rates up to 200 Mbps on twisted pairs on short distances (for subscribers close to the access module on the central or in a remote access node). VDSL permits up to 52 Mbps.

"VoD" or "Video on Demand" refers to transmission delivery of video via broadband at the time requested by the customer.
"VoIP" or "Voice over Internet Protocol" refers to a telephone call over the internet.

"VPN" or "Virtual Private Network" refers to a large network that operates in the same way as a LAN allowing geographically spread offices or computers to communicate with the same protection, speed and accessibility of a local area network.

"*WAN*" or "*Wide Area Network*" refers to a geographically dispersed telecommunications network. The term distinguishes a broader telecommunication structure from a local area network (LAN).

"*WAP*" or "*Wireless Application Protocol*" refers to a set of standards that enable wireless devices to access internet services, such as the World Wide Web and email.

"*WiFi*" or "*Wireless Fidelity*" refers to certain types of wireless local area networks. WiFi is a certification mark managed by a trade group called the Wi-Fi Alliance. Wi-Fi certification encompasses numerous different standards, and equipment must pass compatibility testing to receive the Wi-Fi mark.

"WiMAX" or "World interoperability for Microwave Access" refers to wireless broadband service with a range of one to five kilometers.

"WLAN" or "Wireless Local Area Networks" refers to a type of local-area network that uses high-frequency radio waves rather than wires to communicate between nodes.

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CONSOLIDATED FINANCIAL STATEMENTS OF TDC A/S

MANAGEMENT STATEMENT

On February 21, 2006 the Board of Directors and the Executive Committee considered and approved the Annual Report of TDC A/S for 2005. The consolidated financial statements of TDC A/S presented on the pages F-4 - F-57 as of and for the years ended 31 December 2005 and 2004 have been derived from the Annual Report of TDC A/S for 2005 and prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for listed companies.

We consider the accounting policies applied to be appropriate. In our opinion, the consolidated financial statements gives a true and fair view of the Group's financial position at December 31, 2005 and 2004 and the Group's results of operations and cash flows for each of the years then ended.

Copenhagen, February 21, 2006

Executive Committee

Henning Dyremose	Hans Munk Nielsen

Board of Directors

Thorleif Krarup	Niels Heering	Jan Bardino
Christine Bosse	Preben Damgaard	Leif Hartmann
Steen Jacobsen	Bo Magnussen	Kurt Anker Nielsen
Per-Arne Sandström		

Auditors' Report

To the shareholders of TDC A/S

We have audited the consolidated financial statements of TDC A/S as presented on the pages F-4 - F-57 as of and for the years ended 31 December 2005 and 2004 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for listed companies.

These financial statements are the responsibility of the Board of Directors and Executive Committee. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies applied and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provide a reasonable basis for our opinion.

Our audit has not resulted in any qualifications.

In our opinion, the financial statements give a true and fair view of the Group's financial position at 31 December 2005 and 2004 and of the Group's results of operations and cash flows for each of the years then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for listed companies.

Copenhagen, February 21, 2006

PricewaterhouseCoopers
Statsautoriseret Revisionsinteressentskab

Fin T. Nielsen
State Authorized Public Accountant

BALANCE SHEETS AS OF DECEMBER 31

	Note	2005	2004
			DKKm
Assets			
Non-current assets			
Intangible assets	*15*	33,118	33,495
Property, plant and equipment	*16*	26,054	26,252
Investments in associates and joint ventures	*17*	2,126	1,579
Minority passive investments		9	44
Deferred tax assets	*12*	784	993
Pension assets	*29*	5,645	5,435
Receivables	*18*	464	1,190
Derivative financial instruments	*28*	90	470
Pre-paid expenses	*20*	325	407
Total non-current assets		**68,615**	**69,865**
Current assets			
Inventories	*21*	650	534
Receivables	*18*	8,617	8,472
Income tax receivable	*12*	9	19
Derivative financial instruments	*28*	1,042	474
Pre-paid expenses	*20*	654	650
Marketable securities		3,687	3,412
Cash		10,063	6,838
Assets held for sale	*13*	187	0
Total current assets		**24,909**	**20,399**
Total assets		**93,524**	**90,264**
Equity and liabilities			
Equity			
Common shares		992	1,082
Reserves		78	261
Retained earnings		42,450	35,044
Proposed dividends		0	2,436
Equity attributable to Company shareholders		**43,520**	**38,823**
Minority interests		275	27
Total equity	*22*	**43,795**	**38,850**
Non-current liabilities			
Deferred tax liabilities	*12*	3,494	4,677
Provisions	*25*	1,274	1,190
Pension liabilities, etc.	*29*	332	264
Loans	*23*	24,890	29,142
Deferred income	*24*	1,141	1,052
Total non-current liabilities		**31,131**	**36,325**
Current liabilities			
Loans	*23*	5,425	1,337
Trade and other payables	*26*	9,210	9,535
Income tax payable	*12*	295	675
Derivative financial instruments	*28*	500	531
Deferred income	*24*	2,661	2,573
Provisions	*25*	436	438
Liabilities concerning assets held for sale	*13*	71	0
Total current liabilities		**18,598**	**15,089**
Total liabilities		**49,729**	**51,414**
Total equity and liabilities		**93,524**	**90,264**

STATEMENTS OF INCOME

	Note	2005	2004
			DKKm
Revenue	4, 5	**46,588**	**42,339**
Transmission costs and cost of goods sold		(17,104)	(15,630)
Other external expenses		(9,110)	(8,117)
Wages, salaries and pension costs	6	(7,628)	(6,833)
Total operating expenses before depreciation, etc.		**(33,842)**	**(30,580)**
Other income and expenses	7	257	237
Income before depreciation, amortization and special items		**13,003**	**11,996**
Depreciation, amortization and impairment losses		(6,790)	(6,661)
Special items	8	(968)	385
Operating income		**5,245**	**5,720**
Income from associates	17	334	5,632
Fair value adjustments	9	(184)	178
Financial income	10	2,454	2,547
Financial expenses	11	(3,326)	(3,441)
Net financials		**(1,056)**	**(716)**
Income before income taxes		**4,523**	**10,636**
Income taxes	12	(1,026)	(1,041)
Net income from continuing operations		**3,497**	**9,595**
Net income from discontinued operations	13	3,953	315
Net income		**7,450**	**9,910**
Attributable to:			
Shareholders of the Parent Company		7,474	9,912
Minority interests		(24)	(2)
Total		7,450	9,910
Earnings per share (DKK)	14		
Earnings per share, basic		38.3	48.4
Earnings per share, diluted		38.1	48.3
Earnings per share from continuing operations, basic		18.0	46.9
Earnings per share from continuing operations, diluted		17.9	46.8
Earnings per share from discontinued operations, basic		20.3	1.5
Earnings per share from discontinued operations, diluted		20.2	1.5

STATEMENTS OF CASH FLOW

	Note	2005	2004
			DKKm
Income before depreciation, amortization and special items		13,003	11,996
Reversal of items without cash flow effect	*37*	(618)	(781)
Cash flow from special items for the year		(171)	(306)
Change in working capital	*38*	(527)	1,212
Cash flow from operating activities before net financials and tax		**11,687**	**12,121**
Interest received		2,325	2,493
Interest paid		(3,268)	(3,723)
Realized currency adjustments		77	108
Cash flow from operating activities before tax		**10,821**	**10,999**
Corporate income tax paid		(2,296)	(364)
Cash flow from operating activities in continuing operations		**8,525**	**10,635**
Cash flow from operating activities in discontinued operations		166	449
Total cash flow from operating activities		**8,691**	**11,084**
Investment in subsidiaries	*39*	(514)	(4,761)
Investment in property, plant and equipment		(4,460)	(4,426)
Investment in intangible assets		(1,087)	(909)
Investment in marketable securities		(1,022)	(2,442)
Investment in other non-current assets		(10)	(80)
Divestment of subsidiaries	*40*	48	1,152
Sale of property, plant and equipment		120	117
Divestment of associates		5	867
Sale of marketable securities		596	1,084
Sale of other non-current assets		18	820
Change in loans to associates		189	(32)
Dividends received from associates		156	11,525
Cash flow from investing activities in continuing operations		**(5,961)**	**2,915**
Cash flow from investing activities in discontinued operations	*41*	4,735	(26)
Total cash flow from investing activities		**(1,226)**	**2,889**
Proceeds from long-term loans		1	55
Repayments of long-term loans		(871)	(6,707)
Change in short-term bank loans		(693)	151
Change in interest-bearing receivables		80	398
Change in minority interests		16	14
Dividends paid		(2,440)	(2,555)
Acquisition and disposal of treasury shares, net		(194)	(3,531)
Cash flow from financing activities in continuing operations		**(4,101)**	**(12,175)**
Cash flow from financing activities in discontinued operations		(128)	(398)
Total cash flow from financing activities		**(4,229)**	**(12,573)**
Total cash flow		**3,236**	**1,400**
Cash and cash equivalents at January 1	*42*	6,827	5,438
Cash and cash equivalents at December 31		**10,063**	**6,838**

STATEMENT OF CHANGES IN EQUITY

DKKm

	Equity attributable to Company shareholders						
	Common shares	**Reserve for currency translation adjustments**	**Retained earnings**	**Proposed dividends**	**Total**	**Minority interests**	**Total**
Equity at January 1, 2004	1,082	0	29,331	2,560	32,973	2	32,975
Adjustment relating to changes in accounting policies	—	0	2,956	0	2,956	0	2,956
Adjusted equity at January 1, 2004 after changes in accounting policies	1,082	0	32,287	2,560	35,929	2	35,931
Changes in accounting policies at January 1, 2004 regarding pensions	—	—	(1,137)	—	(1,137)	0	(1,137)
Adjusted equity at January 1, 2004	1,082	0	31,150	2,560	34,792	2	34,794
Changes in equity in 2004							
Currency translation adjustment, foreign enterprises	—	193	(96)	—	97	0	97
Tax related to changes in equity	—	68	(12)	—	56	0	56
Net gain/(loss) recognized directly in equity	—	261	(108)	—	153	0	153
Net income	—	—	7,476	2,436	9,912	(2)	9,910
Total comprehensive income	—	261	7,368	2,436	10,065	(2)	10,063
Distributed dividends	—	—	0	(2,598)	(2,598)	—	(2,598)
Dividends, treasury shares	—	—	5	38	43	—	43
Acquisition of treasury shares	—	—	(3,573)	—	(3,573)	—	(3,573)
Disposal of treasury shares	—	—	42	—	42	—	42
Share-based payment	—	—	52	—	52	—	52
Additions during the year, minority interests	—	—	—	—	—	27	27
Total changes in equity in 2004	—	261	3,894	(124)	4,031	25	4,056
Equity at December 31, 2004	1,082	261	35,044	2,436	38,823	27	38,850
Changes in equity in 2005							
Currency translation adjustment, foreign enterprises	—	(176)	0	—	(176)	(8)	(184)
Reversal of currency translation adjustment, foreign enterprises	—	27	0	—	27	0	27
Tax related to changes in equity	—	(34)	0	—	(34)	0	(34)
Net gain/(loss) recognized directly in equity	—	(183)	0	—	(183)	(8)	(191)
Net income	—	—	7,474	0	7,474	(24)	7,450
Total comprehensive income	**—**	**(183)**	**7,474**	**0**	**7,291**	**(32)**	**7,259**
Distributed dividends	—	—	0	(2,706)	(2,706)	—	(2,706)
Dividends, treasury shares	—	—	(4)	270	266	—	266
Cancellation of treasury shares	(90)	—	90	—	0	—	0
Acquisition of treasury shares	—	—	(310)	—	(310)	—	(310)
Disposal of treasury shares	—	—	116	—	116	—	116
Share-based payment	—	—	40	—	40	—	40
Additions during the year, minority interests	—	—	—	—	—	280	280
Total changes in equity in 2005	**(90)**	**(183)**	**7,406**	**(2,436)**	**4,697**	**248**	**4,945**
Equity at December 31, 2005	**992**	**78**	**42,450**	**0**	**43,520**	**275**	**43,795**

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

NOTES

Overview

Note 1 Significant Accounting Policies

The Consolidated Financial Statements 2005 of TDC have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional Danish disclosure requirements for annual reports of listed companies. The additional Danish disclosure requirements are provided in the IFRS Executive Order issued by the Danish Commerce and Companies Agency in pursuance of the Danish Financial Statements Act. The Consolidated Financial Statements of TDC have also been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by IASB.

These Consolidated Financial Statements are the first to be prepared in accordance with IFRS. When adopting these standards we have applied IFRS 1 on the presentation of first-time financial statements under IFRS.

The Consolidated Financial Statements have been based on the historical cost convention. When preparing the Consolidated Financial Statements, Management makes assumptions that affect the reported amount of assets and liabilities at the balance sheet date and the reported revenue and expenses during the accounting period. The accounting estimates and judgments considered material to the preparation of the Consolidated Financial Statements appear from note 2 below.

Changes in accounting policies

In accordance with IFRS 1, the opening balance sheets at January 1, 2004 and comparative figures for 2004 have been prepared in accordance with IFRSs/IASs and IFRICs/ SICs effective at December 31, 2005. The opening balance sheets at January 1, 2004 have been prepared as if these standards and interpretations had always been applied, except for the specific transition and implementation provisions described below. Comparative figures and selected financial and operational data for previous years have been restated accordingly.

The accounting policies have been changed in relation to:

- **Goodwill** — Goodwill is no longer amortized. Previously, goodwill was amortized over the estimated economic life. Goodwill amortization was discontinued with retroactive effect from January 1, 2002. Since this date, TDC has performed impairment tests annually and if events or changes in circumstances indicate that an asset is impaired
- **Pensions** — Pension costs relating to defined benefit plans are now calculated in accordance with IAS 19. Previously, such costs were calculated in accordance with US GAAP FAS Nos. 87-88. The recognition of pensions has been changed with retroactive effect from January 1, 2004. In accordance with IFRS 1, unrecognized actuarial losses are recognized directly in equity. TDC still applies the corridor method for recognizing actuarial gains and losses incurred after January 1, 2004. In addition, in the Opening Balance Sheets at January 1, 2004, unrecognized transition obligation arising in connection with the implementation of FAS 87 and unrecognized prior service cost have been recognized. Previously, these liabilities were recognized in the Statements of Income by amortization over the average expected remaining service lives of the employees concerned
- **Share-based payment** — The value of services received from employees as compensation for incentives is recognized in the Statements of Income over the vesting period and is measured at the fair value at the grant date of the share options. Previously, no expenses relating to share-based payment were recognized, except for any differences between the market price of TDC A/S's shares at the grant date and the exercise price of the share-based incentives recognized over the vesting period as wages, salaries and pension costs
- **Indirect production costs related to development projects** — Certain indirect production costs related to development projects, including computer software, are expensed. Previously, such costs were capitalized and amortized over their estimated economic lives
- **Jubilee benefits** — Jubilee benefits provided for employees are recognized in the Statements of Income over the vesting period. Previously, such benefits were expensed as paid
- **Sale and leaseback agreements with pension funds** — Gains from the sale of property to pension funds related to TDC and subsequent lease expenses resulting from such agreements are not

Note 1 Significant Accounting Policies (continued)

recognized. The properties are recognized in the Balance Sheets as assets and the amount payable to the pension funds as liabilities. Previously, the resulting gains were recognized in the Statements of Income at the date of the sales agreement, and the lease payments were expensed

- **Currency adjustments regarding translation of foreign enterprises' financial statements —** Currency adjustments regarding translation of foreign enterprises' statements of income and balance sheets are as previously recognized directly in equity under a separate reserve. In accordance with IFRS 1, currency translation adjustments occurring before January 1, 2004 are not recognized in this reserve

Besides changes in accounting policies, the following reclassifications and changes of reporting format have been made:

- **Statements of Income** — 'Work performed for own purposes and capitalized' is no longer included as revenue. The related cost items are reduced correspondingly. Previously, Work performed for own purposes and capitalized was included as income at an amount corresponding to the costs incurred. These costs were included under the respective items in the Statements of Income. A new item 'Other income and expenses' includes income, which was previously included under 'Other operating income', as well as losses from e.g. the sale of non-current assets, which were previously included under 'Other external expenses'. And 'Income from associates' is now shown net after corporate income taxes and comprises special items related to associates. Previously, income taxes in associates were included under 'Income taxes' and special items concerning associates were included under the separate item 'Special items'
- **Balance Sheets** — The classification of assets and liabilities as non-current or current assets, as well as non-current or current liabilities, respectively, has been changed in some respects. Deferred tax liabilities, pensions and similar liabilities as well as provisions are no longer presented as a separate main category in the Balance Sheets, but are included under current or non-current liabilities
- **Statements of Cash Flow** — 'Cash and cash equivalents' now comprises only cash and marketable securities with an insignificant risk of changes in value. An insignificant risk is assumed to exist when the remaining life does not exceed three months at the time of purchase. Therefore, purchase and sale of securities with a remaining life exceeding 3 months at the time of purchase are reclassified to cash flow from investing activities. Previously, cash and cash equivalents included all securities

Except for the changes mentioned above, accounting policies are unchanged from last year.

Note 1 Significant Accounting Policies (continued)

Impact on Consolidated Financial Statements 2004

DKKm

	Previous accounting policies	Reclassifications	Effect of change in accounting policies	IFRS
Income before depreciation, amortization and special items	**12,432**	**(468)[2]**	**32**	**11,996**
Pensions			128	
Indirect production costs			(61)	
Share-based payment			(52)	
Jubilee benefits			4	
Sale and leaseback agreements			13	
Net income	**8,742**	**(2)**	**1,170**	**9,910**
Goodwill			1,507	
Pensions			130	
Indirect production costs			(5)	
Share-based payment			(62)	
Jubilee benefits			5	
Sale and leaseback agreements			8	
Divestment of enterprises [1]			(413)	
Net income, excluding special items and fair value adjustments	**2,411**	**(2)**	**1,534**	**3,943**
Goodwill			1,507	
Pensions			92	
Indirect production costs			(5)	
Share-based payment			(62)	
Jubilee benefits			3	
Sale and leaseback agreements			8	
Divestment of enterprises [1]			(9)	

[1] Indirect effect of the other changes.

[2] Related primarily to the reclassification of the TDC Directories Group as discontinued operations.

Note 1 Significant Accounting Policies (continued)

Impact on Consolidated Financial Statements 2004

				DKKm
	Previous accounting policies	**Reclassifications**	**Effect of change in accounting policies**	**IFRS**
Total assets at December 31, 2004	**87,546**	**0**	**2,718**	**90,264**
Goodwill			4,088	
Pensions			(1,296)	
Indirect production costs			(109)	
Sale and leaseback agreements			35	
Total equity at December 31, 2004	**35,963**	**27**	**2,860**	**38,850**
Goodwill			4,082	
Pensions			(1,009)	
Indirect production costs			(78)	
Share-based payment			31	
Jubilee benefits			(73)	
Sale and leaseback agreements			(93)	
Total liabilities at December 31, 2004	**51,583**	**(27)**	**(142)**	**51,414**
Goodwill			6	
Pensions			(287)	
Indirect production costs			(31)	
Share-based payment			(31)	
Jubilee benefits			73	
Sale and leaseback agreements			128	
Cash flows				
Cash flow from operating activities	11,134	0	(50)	11,084
Cash flow from investing activities	4,243	(1,415)	61	2,889
Cash flow from financing activities	(12,562)	0	(11)	(12,573)
Increase/(decrease) in cash and cash equivalents	**2,815**	**(1,415)**	**0**	**1,400**

Consolidation policies

The Consolidated Financial Statements include the Financial Statements of the Parent Company and subsidiaries in which TDC A/S has a direct or indirect controlling influence. Associates in which the Group has a significant influence are recognized using the equity method.

The Consolidated Financial Statements have been prepared on the basis of the Financial Statements of TDC A/S and its consolidated enterprises, which have been restated to Group accounting policies combining items of a uniform nature.

On consolidation, intra-group income and expenses, shareholdings, dividends, internal balances and realized and unrealized profits and losses on transactions between the consolidated enterprises have been eliminated.

On acquisition of subsidiaries and associates, the purchase method is applied, and acquired assets, liabilities and contingent liabilities are measured on initial recognition at fair values on the date of acquisition. Identifiable intangible assets are recognized if they can be separated and the fair value can be reliably measured. Deferred tax of the revaluation made is recognized.

Any remaining positive differences between cost and fair value of the assets, liabilities and contingent liabilities acquired on acquisition of subsidiaries are recognized in the Balance Sheets under Intangible assets as goodwill. Positive differences on acquisition of associates are recognized in the Balance Sheets under Investments in associates. Goodwill is not amortized, but tested annually for impairment.

Acquired enterprises are recognized in the Consolidated Financial Statements from the time of acquisition, whereas divested enterprises are recognized up to the time of disposal. However, enterprises that meet the criteria for discontinued operations are presented separately.

Note 1 Significant Accounting Policies (continued)

Gains and losses related to disposal of subsidiaries and associates are recognized as the difference between the proceeds and the carrying value of net assets with the addition of goodwill and accumulated currency translation adjustments recognized in equity at the time of disposal with the addition of disposal expenses.

Foreign currency translation

A functional currency is determined for each of the Group's enterprises. The functional currency is the currency applied in the primary economic environment of each enterprise's operations. Transactions in currencies other than the functional currency are transactions in foreign currencies. The Consolidated Financial Statements are presented in Danish kroner (DKK), which is the Parent Company's functional and presentation currency.

Transactions in foreign currencies are translated at the transaction-date rates of exchange. Foreign exchange gains and losses arising from differences between the transaction-date rates and the rates at the date of settlement are recognized as net financials in the Statements of Income.

Cash, marketable securities, loans and other amounts receivable or payable in foreign currencies are translated into Danish kroner at the official rates of exchange quoted at the balance sheet date. Currency translation adjustments are recognized as net financials in the Statements of Income.

The balance sheets and group goodwill of consolidated foreign enterprises are translated into Danish kroner at the official rates of exchange quoted at the balance sheet date, whereas the statements of income of the enterprises are translated into Danish kroner at monthly average rates of exchange. Currency translation adjustments arising from the translation of equity at the beginning of the year into Danish kroner at the official rates of exchange quoted at the balance sheet date are recognized directly in equity under a separate reserve for currency translation adjustments. This also applies to adjustments arising from the translation of the statements of income from the monthly average rates of exchange to the rates of exchange quoted at the balance sheet date.

Currency translation adjustments of receivables from foreign subsidiaries and associates that are considered to be part of the overall investment in the enterprise are recognized directly in equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognized in the Balance Sheets on inception at fair values and subsequently remeasured also at fair values. Quoted market prices are used for derivative financial instruments traded in an active market. A number of different, recognized measurement methods, depending on type of instrument, are applied for derivative financial instruments not traded in an active market. Measurement of financial assets is based on bid prices, and offer prices are applied for financial liabilities.

Changes in the fair values of derivative financial instruments that qualify as hedges of future cash flows are recognized directly in equity net of tax. Gains and losses from hedges of future cash flows are transferred from equity and are as a general rule recognized in the same item as the hedged transaction when the cash flow is realized (for example when the hedged sale has been effected). If the hedged transaction results in recognition of a non-monetary item (such as inventories) or a liability, gains or losses from equity are, however, included in the cost of the asset or liability.

Fair value changes of derivative financial instruments that do not qualify for hedge accounting are recognized immediately in the Statements of Income.

Changes in the fair values of derivative financial instruments that qualify as net investment hedges in foreign subsidiaries or associates, and that effectively hedge exchange rate changes in these enterprises, are recognized directly in equity net of tax.

Revenue recognition

Revenue comprises goods and services provided during the year after deduction of VAT and rebates relating directly to sales.

The significant sources of revenue are recognized in the Statements of Income as follows:

- Revenue from telephony is recorded at the time the call is made
- Sales related to pre-paid products are deferred, and revenue is recognized at the time of use

Note 1 Significant Accounting Policies (continued)

- Revenue from leased lines is recognized over the rental period
- Revenue from subscription fees is recognized over the subscription period
- Revenue from non-refundable up-front connection fees is deferred and amortized over the expected term of the related customer relationship
- Revenue from printed directories is recognized when the directory is distributed. Revenue from online directory services is recognized over the period during which the services are provided
- Revenue from the sale of equipment is recognized on delivery. Revenue from the maintenance of equipment is recognized over the contract period

Revenue arrangements with multiple deliverables are recognized as separate units of accounting, independent of any contingent element related to the delivery of additional items or other performance conditions.

Revenue is recognized gross when TDC acts as principal in a transaction. For agreements involving the resale of third-party services in which TDC acts as agent, revenue is recognized net of direct costs.

The percentage of completion method is used to recognize revenue from contract work in process based on an assessment of the stage of completion.

Share options

The value of services received from employees as compensation for incentives is measured at the grant date at the fair value of the share options granted and is recognized over the vesting period in the Statements of Income under wages, salaries and pension costs. The set-off item is recognized directly in equity.

For initial recognition of share options, the number of options that employees are expected to be entitled to is based on an estimate. Changes in the estimated number of legally acquired options are subsequently adjusted so that the total recognition is based on the actual number of legally acquired options.

Calculations of fair values of share options granted have been based on the Black-Scholes option-pricing model, taking into account the terms and conditions attached to the granted share options.

Employee shares

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

Special items

Special items include significant amounts that cannot be attributed to normal operations such as large gains and losses related to divestment of subsidiaries, which do not qualify as discontinued operations in accordance with IFRS 5, special write-downs for impairment of intangible assets and property, plant and equipment as well as provisions for restructuring etc. and any reversals of such.

Research

Research costs are expensed as incurred. Contributions received from third parties in connection with research projects are recognized as income concurrently with the incurrence of related expenses.

Intangible assets

Goodwill is recognized at cost less accumulated write-downs. As of January 1, 2002, goodwill is no longer amortized. The carrying value of goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying value may not be recoverable, and is subsequently written down to the recoverable amount in the Statements of Income if exceeded by the carrying value.

Licenses, customer-related assets, proprietary rights, patents, etc. are measured at cost less accumulated amortization and impairment losses and are amortized on a straight-line basis over their estimated economic lives.

Note 1 Significant Accounting Policies (continued)

Development projects, including costs of computer software purchased or developed for internal use, are recognized as intangible assets if the cost can be calculated reliably and if they are expected to generate future economic benefits. Costs of development projects include wages, external charges, depreciation and amortization that are directly attributable to the development activities as well as interest expenses in the production period. Development projects that do not meet the criteria for recognition in the Balance Sheets are expensed as incurred in the Statements of Income.

The main amortization periods are as follows:

UMTS licenses	12-16 years
Other licenses	3-10 years
Customer-related assets	3-5 years
Other rights, etc.	2-26 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 amount in the Statements of Income.

Intangible assets are recorded at the lower of recoverable amount or carrying value.

Property, plant and equipment

Property, plant and equipment, including improvements, are measured at cost less accumulated depreciation and write-down for impairment.

Cost comprises purchase price and costs directly attributable to the acquisition until the date on which the asset is ready for use. The cost of self-constructed assets includes direct and indirect payroll costs, materials, parts purchased and services rendered by sub-suppliers or contractors, indirect production costs as well as interest expenses in the construction period. Cost also includes estimated asset retirement costs if the related obligation meets the conditions for recognition as a provision.

Indirect production costs comprise wages, salarie and pension costs together with other external expenses calculated in terms of time consumed on self-constructed assets in the relevant departments.

The depreciation base is measured while observing the asset's residual value less any write-downs. The residual value is reviewed regularly. If the residual value exceeds the asset's carrying value, depreciation is discontinued. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The main depreciation periods are as follows:

Buildings	20 years
Telecommunications installations	5-20 years
Other installations	3-8 years

Non-current assets that have been disposed of or scrapped are eliminated from accumulated cost and accumulated depreciation. Gains and losses arising from sale of property, plant and equipment are measured as the difference between the sales price less selling expenses and the carrying value at the time of sale. The resulting gain or loss is recognized in the Statements of Income under Other income and expenses.

Software that is an integral part of for example telephone exchange installations is presented together with the related assets. Useful lives are estimated individually.

Installation materials are measured at the lower of weighted average cost and recoverable amount.

Leased property, plant and equipment that qualify as capital leases are recognized as assets acquired. The cost of capital leases are measured at the lower of the assets' fair value and the present value of future minimum lease payments. Lease payments on operating leases are accrued and expensed over the term of the lease.

Property, plant and equipment are recognized at the lower of recoverable amount and carrying value.

Investments in associates

Investments in associates are recognized under the equity method.

A proportional share of the enterprises' income after income taxes is recognized in the Statements of Income. Proportional shares of intra-group profits and losses are eliminated.

Note 1 Significant Accounting Policies (continued)

Investments in associates are recognized in the Balance Sheets at the proportional share of the associate's equity value calculated in accordance with Group accounting policies with addition of goodwill.

Associates with negative equity value are measured at DKK 0, and any receivables from these enterprises are written down by the share of the negative equity value. If a legal or constructive obligation exists to cover the associate's negative balance, a provision for that obligation is recognized.

Minority passive investments

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

Other investments whose fair value cannot be reliably determined are classified as available for sale and recognized at cost. When a reliable fair value is determinable, such investments are measured accordingly, and fair value adjustments are recognized in the Statements of Income.

Inventories

Inventories are measured at the lower of weighted average cost and net realizable value. The cost of merchandise covers purchase price and delivery costs.

Receivables

Receivables are measured at amortized cost. Write-downs for anticipated uncollectibles are based on individual assessments of major receivables and historically experienced write-down for anticipated losses on other receivables.

Contract work in process

Contract work in process is measured at the selling price of the work performed and recognized under receivables. The selling price is measured at cost of own labor, materials, etc., the share of indirect production costs and the addition of a share of the profit based on the stage of completion. The stage of completion is measured by comparing costs incurred to date with the estimated total costs for each contract.

Write-downs are made for anticipated losses on work in process based on assessments of estimated losses on the individual contracts through to completion.

Payments on account are offset against the value of the individual contract to the extent that such billing does not exceed the amount capitalized. Received payments on account exceeding the amount capitalized are recognized under prepayments from customers.

Marketable securities

Marketable securities recognized under current assets are measured at fair value at the balance sheet date. All fair value adjustments (except principal repayments) are recognized in the Statements of Income.

Treasury shares

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

Dividends

Dividends expected to be distributed for the year are recognized under a separate item in equity. Dividends are recognized as a liability at the time of adoption by the annual general meeting.

Currency translation reserve

Currency translation reserve comprises exchange rate differences arising from translation into Danish kroner of the functional currency of foreign enterprises' financial statements. Translation adjustments are recognized in the Statements of Income when the net investment is realized.

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

Note 1 Significant Accounting Policies (continued)

Pensions

The Group's pension plans include defined benefit plans and defined contribution plans.

The Group has an obligation to pay a specific benefit to defined benefit plans at the time of retirement. A pension asset or pension obligation corresponding to the present value of the obligations less the defined pension plans' assets and adjustment for unrecognized actuarial gains and losses is recognized for these benefit plans.

The obligations are determined annually by independent actuaries using the "Projected Unit Credit Method" assuming that each year of service gives rise to an additional unit of benefit entitlement, and each unit is measured separately to build up the final obligations.

Estimation of future obligations is based on the Group's projected future developments in mortality, early retirement, future wages, salaries and benefit levels, interest rate, etc. The defined pension plans' assets are estimated at fair value at the balance sheet date.

Differences between the projected and realized developments in pension assets and pension obligations are referred to as actuarial gains and losses. In connection with the adoption of IFRS, accumulated actuarial gains and losses are fully recognized in the opening balance sheets at January 1, 2004. If the value of subsequent accumulated actuarial gains and losses at the beginning of a fiscal year exceeds 10% of the higher of the pension obligations' value and the fair value of the pension plans' assets, the excess amount is recognized in the Statements of Income in accordance with the corridor method over the projected average remaining service lives of the employees concerned. Actuarial gains and losses not exceeding the above-mentioned limits are not recognized, but disclosed in the notes.

Estimated net assets are recognized if they offset unrecognized actuarial losses, future repayments from the pension plan, or if future payments to the plan are reduced.

In case of changes in benefits relating to employees' previous service period, a change in the estimated present value of the pension obligations will occur, which will be recognized immediately if the employees have acquired a final right to these changed benefits. If not, the change is recognized over the period in which the employees become entitled to the changed benefit.

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

For the defined contribution plans, the Group will pay in a fixed periodic contribution to separate legal entities and will have no further obligations after the payment has been made. Recognition in the Statements of Income is made in the vesting period.

Current and deferred corporate income taxes

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

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

Deferred tax is measured under the balance-sheet liability method on the basis of all temporary differences between the carrying values and the tax bases of assets and liabilities at the balance sheet date except for temporary differences arising from goodwill where amortization for tax purposes is disallowed. Tax computed on expected dividends from associates is also recognized as deferred tax.

Deferred tax assets including the tax value of tax loss carry-forwards are recognized at the value at which they are expected to be realized. Realization is expected to be effected either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Adjustment of deferred tax is made concerning elimination of unrealized intra-group profits and losses.

Deferred tax is measured on the basis of the tax rules and tax rates in the respective countries that will be effective under the legislation at the balance sheet date when the deferred tax is expected to be realized as current tax. Changes in deferred tax as a result of changes in tax rates are recognized in the Statements of Income.

Provisions

Provisions are recognized when — as a consequence of an event occurring before or on the balance sheet date — the Group has a legal or constructive obligation, where it is probable that economic benefits must be sacrificed to settle the obligation, and the amount of the obligation can be estimated reliably.

Note 1 Significant Accounting Policies (continued)

Provisions for restructuring etc. are recognized when a final decision thereon has been made before or on the balance sheet date and has been announced to the parties involved, provided that the amount can be measured reliably. Provisions for restructuring are based on a defined plan, which means that the restructuring is commenced immediately after the decision has been made.

When the Group is under an obligation to demolish an asset or re-establish the site where the asset was used, a liability corresponding to the present value of estimated future costs is recognized in the Statements of Income.

Financial liabilities

Interest-bearing loans are recognized initially at the proceeds received net of transaction expenses incurred. In subsequent periods, loans are measured at amortized cost so that the difference between the proceeds and the nominal value is recognized in the Statements of Income over the term of the loan.

Other financial liabilities are measured at amortized cost.

Deferred income

Deferred income recognized as liabilities comprises payments received covering income in subsequent years.

Disclosure of discontinued operations

Discontinued operations constitute entities comprising separate major lines of business or geographical areas, whose activities and cash flows for operating and accounting purposes can be clearly distinguished from the rest of the entity, and where the entity has been disposed of or classified as held for sale, and it seems highly probable that the disposal is expected to be effected within twelve months in accordance with a single coordinated plan.

Income/loss after tax of discontinued operations is presented in a separate line in the Statements of Income with restated comparative figures. Revenue, costs and taxes relating to the discontinued operation are disclosed in the notes. Assets and accompanying liabilities are presented in separate lines in the Balance Sheets without restated comparative figures, and the principal items are specified in a note.

Cash flows from operating, investing and financing activities of discontinued operations are presented in separate lines in the Statements of Cash Flow with restated comparative figures.

Statements of Cash Flow

Cash flow from operating activities is presented under the indirect method and is based on earnings before interest, taxes, depreciation and amortization adjusted for non-cash operating items, cash flow from special items for the year, changes in working capital, interest received and paid as well as income taxes paid.

Cash flow from investing activities comprises acquisition and divestment of enterprises, purchase and sale of intangible assets, property, plant and equipment as well as other non-current assets, and purchase and sale of securities that are not recognized as cash and cash equivalents. Cash flows from acquired enterprises are recognized from the time of acquisition, while cash flows from enterprises disposed of are recognized up to the time of disposal.

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 3 months at the time of acquisition, and with an insignificant risk of changes in value.

Segment reporting

Segment information is disclosed in respect of business activities and geographical markets. The segmentation is based on the segments' risk profile and the Group's internal financial reporting system.

Segment assets comprise assets directly attributable to the segments, including intangible assets and property, plant and equipment, inventories, as well as trade and other receivables.

Segment liabilities cover liabilities that result from the segments' operating activities, including pension liabilities, provisions, prepayments from customers, trade and other payables and deferred income.

Note 1 Significant Accounting Policies (continued)

United States Generally Accepted Accounting Principles (US GAAP)

As a consequence of the registration of American Depository Shares (ADSs) with the United States Securities and Exchange Commission, the Group has prepared a summary of the effect on net income and equity as if the Consolidated Financial Statements had been prepared in accordance with generally accepted accounting principles in the United States.

Note 2 Critical accounting estimates and judgments

The preparation of TDC's Annual Report requires Management to make assumptions that affect the reported amount of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the fiscal period. Estimates and judgments used in the determination of reported results are continuously evaluated.

Estimates and judgments are based on historical experience and on various other factors that are believed to be reasonable in the circumstances. Actual results may differ from these estimates under different assumptions or conditions. Full details of our Significant Accounting Policies are set out in note 1. The following estimates and judgments are considered important when portraying our financial condition:

- Useful lives for non-current assets are assigned based on periodic studies of actual useful lives and the intended use for those assets. Such studies are completed or updated when new events occur that have the potential to impact the determination of the useful life of the asset, such as when events or circumstances have occurred that indicate the carrying value of the asset may not be recoverable and should therefore be tested for impairment. Any change in the estimated useful lives of these assets is recognized in the financial statements as soon as any such change is determined. The estimated useful lives of certain types of buildings, telecommunications installations, other installations and software were changed in 2005. These changes have reduced depreciation and amortization by DKK 71m
- Intangible assets, including goodwill and other rights, comprise a significant portion of our total assets. Impairment tests on these intangible assets are performed at least annually and, if necessary, when events or changes in circumstances indicate that their carrying value may not be recoverable. The measurement of intangibles is a complex process that requires significant Management judgment in determining various assumptions, such as cash-flow projections, discount rate and terminal growth rates. The sensitivity of the estimated measurement to these assumptions, combined or individually, can be significant. Furthermore, the use of different estimates or assumptions when determining the fair values of such assets may result in different values and could result in impairment charges in future periods. The assumptions for significant goodwill amounts are set out in note 15
- Net periodic pension cost for defined benefit plans is estimated based on certain actuarial assumptions, the most significant of which relate to returns on plan assets, discount rate, wage inflation and demography (mortality, disability, etc.). As shown in note 29, both the assumed rate of return on plan assets and the assumed discount rate have been reduced in 2005 to reflect changes in market conditions and in the mix of assets held by our pension funds. Our assumptions for 2006 reflect a further reduction in the discount rate from 4.50% to 4.30%, and unchanged assumptions for wage inflation and assumed return on plan assets. We believe these assumptions illustrate current market conditions and expectations for market returns in the long term. The demographic assumptions used for 2005 reflect an expected longer life than previously assumed. With these changed assumptions, TDC's total pension costs excluding redundancy programs are expected to increase approximately DKK 10m in 2006 compared with 2005, assuming all other factors remain unchanged
- Estimates of deferred income taxes and significant items giving rise to the deferred assets and liabilities are shown in note 12. These reflect the assessment of actual future taxes to be paid on items in the financial statements, giving consideration to both the timing and probability of these estimates. In addition, such estimates reflect expectations about the amount of future taxable income and, where applicable, tax planning strategies. Actual income taxes and net income could vary from these estimates as a result of changes in expectations about future taxable income, future changes in income tax law or results from the final review of our tax returns by tax authorities
- The determination of the treatment of contingent assets and liabilities in the financial statements is based on the expected outcome of the applicable contingency. Legal counsel and other experts are consulted both within and outside the Company. An asset or a liability is recognized if the certainty or

Note 2 Critical accounting estimates and judgments (continued)

likelihood of a positive or adverse outcome is probable of occurring and the amount is estimable. If not, we disclose the matter. Resolution of such matters in future periods may result in realized gains or losses deviating from the amounts recognized

- Estimates of the fair values of financial instruments (including derivative financial instruments) for which quoted market prices are not available are based on the best information available in the circumstances. Methods of recognition used for such purposes include discounting estimated expected future cash flows, and fundamental analysis. Such methods incorporate assumptions about discount rate, risk premium, default, prepayment, volatility and other factors
- Revenue is recognized when realized or realizable and earned. Revenue from non-refundable up-front connection fees is deferred and recognized as income over the expected term of the related customer relationship. The term is estimated using historical customer churn rates. Change of Management estimates may have a significant impact on the amount and timing of our revenue for any period

Note 3 New accounting standards

IASB and the EU have approved the following new accounting standards that become effective for 2006 or later, and are judged relevant for TDC:

- IAS 19 Employee Benefits is effective for fiscal years starting on January 1, 2006 or later. This revised standard introduces an option for actuarial gains and losses to be recognized in equity, just as the standard requires detailed note disclosures on defined benefit plans and similar obligations. TDC does not expect to use the equity recognition option and intends to proceed with the recognition of actuarial gains/losses according to the corridor method in 2006. Furthermore, TDC does not expect the standard to result in any changes in the scope of note disclosures in the Annual Report
- IAS 39 Financial Instruments: Recognition and Measurement including the provisions for the use of the fair value option will become effective for fiscal years starting on January 1, 2006 or later. The standard limits situations where the fair value adjustments can be recognized in the statement of income. TDC does not expect this change to be of any material significance to the recognition of fair value adjustments in the Statements of Income in 2006
- IFRS 7 Financial Instruments: Disclosures and Amendments to IAS 1 Presentations of Financial Statements: Capital Disclosures is effective for fiscal years starting on January 1, 2007 or later. The implementation of the standard will have no impact on the recognition and measurement of financial instruments, and TDC does not expect the standard to result in any changes in the scope of disclosures of financial instruments in the Annual Report

IASB and the EU have approved the following new interpretations (IFRICs) that become effective for 2006 or later, and are judged relevant for TDC:

- IFRIC 4 Determining whether an Agreement contains a Lease, which comes into effect for fiscal years starting on January 1, 2006 or later. In connection with a review of contracts in force at December 31, 2005 it was established that TDC has no contracts or other arrangements that would be classified as lease contracts in accordance with IFRIC 4

Note 4 Segment reporting

Activities — primary segment

DKKm

	TDC Solutions		TDC Mobile International		TDC Switzerland	
	2005	2004	2005	2004	2005	2004
External revenue	20,491	17,416	14,304	13,304	9,574	9,681
Intra-group revenue [1]	1,140	1,174	1,735	1,801	8	11
Revenue	21,631	18,590	16,039	15,105	9,582	9,692
EBITDA [2]	6,648	5,872	2,809	2,677	2,584	2,457
EBIT [3] excluding special items	2,894	2,323	1,686	1,427	1,044	1,040
EBIT [3]	2,394	2,808	1,698	1,455	1,044	1,040
Write-downs [4]	(181)	(355)	(37)	(202)	(69)	(22)
Reversal of write-downs [4]	10	0	1	0	0	0
Income from associates	14	4	317	231	0	0
Segment assets [5]	23,701	22,834	9,251	9,234	33,396	33,318
Capital expenditures [6]	4,631	7,387	1,256	1,573	1,580	1,196
Investments in associates	61	53	2,010	1,205	0	0
Segment liabilities [5]	(7,738)	(7,702)	(2,377)	(2,282)	(3,295)	(3,282)
Cash flow from operating activities	4,333	5,275	1,953	2,301	2,187	2,176
Cash flow from investing activities	(2,746)	(5,871)	(939)	(1,032)	(1,446)	(1,263)
Cash flow from financing activities	(1,393)	750	(1,166)	(1,523)	(921)	(748)

	TDC Cable TV		Other [7]		TDC Group	
	2005	2004	2005	2004	2005	2004
External revenue	2,096	1,748	123	190	46,588	42,339
Intra-group revenue [1]	11	18	(2,894)	(3,004)	—	—
Revenue	2,107	1,766	(2,771)	(2,814)	46,588	42,339
EBITDA [2]	470	351	492	639	13,003	11,996
EBIT [3] excluding special items	225	130	364	415	6,213	5,335
EBIT [3]	225	130	(116)	287	5,245	5,720
Write-downs [4]	(37)	0	11	10	(313)	(569)
Reversal of write-downs [4]	0	0	0	0	11	0
Income from associates	0	0	3	5,397	334	5,632
Segment assets/undistributed assets [5]	1,838	1,686	25,338	23,192	93,524	90,264
Capital expenditures [6]	266	267	161	259	7,894	10,682
Investments in associates	0	0	55	321	2,126	1,579
Segment liabilities/undistributed liabilities [5]	(1,185)	(1,035)	(35,134)	(37,113)	(49,729)	(51,414)
Cash flow from operating activities	378	450	(160)	882	8,691	11,084
Cash flow from investing activities	(261)	(266)	4,166	11,321	(1,226)	2,889
Cash flow from financing activities	(85)	(185)	(664)	(10,867)	(4,229)	(12,573)

[1] Transactions between segments are carried out on an arm's length basis.
[2] Income before depreciation, amortization and special items.
[3] Operating income.
[4] Comprises write-downs of intangibles and property, plant and equipment, and inventories.
[5] See the definition under Significant Accounting Policies.
[6] Capital expenditures include additions of property, plant and equipment and intangible assets, including additions relating to business combinations.
[7] Including TDC A/S, TDC Services and eliminations.

Note 4 Segment reporting (continued)

TDC Mobile International, primary segmentation

DKKm

	Domestic operations		European network operators		European service providers		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
External revenue	7,154	6,504	1,122	926	7,763	7,675	16,039	15,105
Intra-group revenue [1]	(3)	(1)	3	1	—	—	—	—
Revenue	7,151	6,503	1,125	927	7,763	7,675	16,039	15,105
EBITDA [2]	2,205	2,035	188	191	416	451	2,809	2,677
EBIT [3] excluding special items	1,368	1,057	(2)	13	320	357	1,686	1,427
EBIT [3]	1,375	1,057	(2)	13	325	385	1,698	1,455
Write-downs [4]	(20)	(182)	(1)	(6)	(16)	(14)	(37)	(202)
Reversal of write-downs [4]	0	0	1	0	0	0	1	0
Income from associates	0	11	317	220	0	0	317	231
Segment assets [5]	6,651	5,810	1,151	1,811	1,449	1,613	9,251	9,234
Capital expenditures [6]	831	1,297	352	164	73	112	1,256	1,573
Investments in associates	0	0	2,010	1,205	0	0	2,010	1,205
Segment liabilities [5]	(1,346)	(1,267)	(197)	(144)	(834)	(871)	(2,377)	(2,282)
Cash flow from operating activities	1,279	1,659	228	207	446	435	1,953	2,301
Cash flow from investing activities	(517)	(748)	(389)	(174)	(33)	(110)	(939)	(1,032)
Cash flow from financing activities	(840)	(826)	110	3	(436)	(700)	(1,166)	(1,523)

[1] Transactions between segments are carried out on an arm's length basis.
[2] Income before depreciation, amortization and special items.
[3] Operating income.
[4] Comprises write-downs of intangibles and property, plant and equipment, and inventories.
[5] See the definition under Significant Accounting Policies.
[6] Capital expenditures include additions of property, plant and equipment and intangible assets, including additions relating to business combinations.

Geographical markets — secondary segment

DKKm

	Domestic operations		Switzerland		Other international operations		TDC Group	
	2005	2004	2005	2004	2005	2004	2005	2004
Revenue	23,739	22,516	9,582	9,692	13,267	10,131	46,588	42,339
Segment assets	50,094	46,916	33,396	33,318	10,034	10,030	93,524	90,264
Capital expenditures [1]	3,411	3,895	1,580	1,196	2,903	5,591	7,894	10,682

[1] Capital expenditures include additions of property, plant and equipment and intangible assets, including additions relating to business combinations.

Note 5 Revenue

DKKm

	2005	2004
Sales of goods	4,319	3,867
Sales of services	42,269	38,472
Total	**46,588**	**42,339**

Note 6 Wages, salaries and pension costs

	2005	2004
	DKKm	
Wages and salaries	(7,475)	(6,745)
Pensions	(419)	(399)
Share-based payment	(40)	(52)
Social security	(419)	(332)
Total	**(8,353)**	**(7,528)**
Of which capitalized as non-current assets	725	695
Total	**(7,628)**	**(6,833)**
Average number of full-time employee equivalents [1, 2]	20,059	19,130

[1] Denotes the average number of full-time employee equivalents including permanent employees, trainees and temporary employees. Employees in acquired enterprises are included as the average number of full-time employee equivalents from the time of acquisition until December 31. Employees in divested enterprises are included as the average number of full-time employee equivalents from January 1 to the time of disposal.

[2] The figure covers only continuing operations. Calculated including discontinued operations, the average number of full-time employee equivalents amounted to 20,930 in 2005, and 20,200 in 2004.

The average number of full-time employee equivalents covers approximately 100 persons employed by TDC entitled to pensions on conditions similar to those provided for Danish Civil Servants, who have been outsourced to external parties in connection with outsourcing of tasks or disposal of operations.

Remuneration for the Board of Directors and Executive Committee

	Board of Directors		Executive Committee	
	2005	2004	2005	2004
				DKKm
Wages and salaries	9	3	17	12
Pensions	0	0	2	2
Share-based payment	0	0	3	2
Social security	0	0	0	0
Total	**9**	**3**	**22**	**16**

Remuneration for the Board of Directors

The yearly remuneration for the Chairman of the Board, Thorleif Krarup, amounted to DKK 750,000. The yearly remuneration for the Vice Chairman of the Board, Niels Heering, amounted to DKK 500,000, and DKK 250,000 for the other members of the Board of Directors, which is unchanged compared with 2004.

In addition, the remuneration for 2005 included one year's additional remuneration for the Board of Directors for a heavy workload with 16 extra board meetings before Nordic Telephone Company ApS' acquisition of TDC. Furthermore, the remuneration comprised twice the yearly remuneration for the Chairman and the Vice Chairman of the Board who coordinated the process, completed all the negotiations and maintained all contact with the bidders on behalf of the Board of Directors. The total special remuneration amounted to DKK 5,750,000.

In addition, the yearly remuneration for the Chairman of the Audit Committee, Kurt Anker Nielsen, amounted to DKK 250,000 compared with DKK 150,000 in 2004. The yearly remuneration for the other members of the Audit Committee amounted to DKK 100,000, which is unchanged compared with 2004.

Remuneration for the Executive Committee [1]

	2005	2004
		DKKm
Henning Dyremose	11.3	8.4
Hans Munk Nielsen	7.7	5.7

[1] Including pensions, benefits and bonuses. Excluding share options.

Note 6 Wages, salaries and pension costs (continued)

Remuneration for 2005 includes discretionary remuneration for Henning Dyremose and Hans Munk Nielsen for an extraordinary workload in connection with Nordic Telephone Company ApS' equity tender offer for acquiring the Company according to the Statement from the Board of Directors of TDC A/S dated December 2, 2005.

The Executive Committee's contracts include notices of 12-18 months in the event of termination by the Company. In the event of change of control of the Company, the members of the Executive Committee are entitled to 36 months' salary for a period of 24 months from the change of control, plus pensions as well as compensation for benefits, bonuses and share options. The Executive Committee has the right to exercise this provision as of the fourth month and until six months following the first change of control of the Company after November 30, 2005.

Share-option program for certain employees in Danish enterprises

To date, TDC has had a revolving share-option program for employees in TDC's Danish enterprises. The present share-option program is not expected to continue after Nordic Telephone Company ApS has acquired control of the Company.

In connection with Nordic Telephone Company ApS' equity tender offer for acquiring the Company, TDC A/S has given share-option holders in Danish enterprises an opportunity to exercise these options and has offered to buy certain existing share options. Furthermore, TDC A/S has offered share-option holders employed in foreign subsidiaries cash settlement of existing share options. The offers are conditional on completion of the equity offer.

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

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

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

Until 2003, the Chairman of the Board received 2,500 share options a year, and other Danish members of the Board received 500 share options annually. Board members will no longer receive share options.

Bonus program

Around 300 top managers participate in a bonus program called the Top Managers' Compensation Program, and around 2,200 managers and specialists participate in a bonus program called the Managers' Compensation Program.

The bonus program is based on specific, individual annual targets including personal, financial and operational targets. These targets depend on the organizational position within the Group and are weighted in accordance with specific rules. All targets must support improved profitability and business development at TDC.

Bonus payments are calculated as the individual employee's basic salary times the bonus percentage times the degree of target fulfillment. The bonus percentage achieved when targets are met is called the on-target bonus percentage. For the Top Managers' Compensation Program, this percentage is fixed in the contract of employment with the individual employee and usually varies within a range of 10-25%. The on-target bonus percentage is somewhat lower for the Managers' Compensation Program. In 2005, the bonus could be maximum 200% of the on-target bonus.

Note 6 Wages, salaries and pension costs (continued)

The bonus program for the members of the Executive Committee is based on the same principles as those for other managers.

Share-option program for employees in foreign subsidiaries

In November 2004, employees in 100% owned foreign subsidiaries were granted options that give the right to purchase 90 shares in TDC A/S at an exercise price of DKK 78 per share. For tax purposes, employees in the USA were offered options entitling them to purchase 113 shares in TDC A/S at an exercise price of DKK 108 per share. Each share option entitles the holder to purchase one share.

The share options may be exercised during a four-week period following the publication of the third Quarterly Report in 2009, or in the first window after October 1, 2009, provided the employee has been continuously employed in one of the 100% owned subsidiaries or in a company controlled by TDC A/S. The options may, however, be exercised in the event of change of control of the company. 3,095 employees were granted 278,711 options with a total fair value of DKK 27m. The calculations of fair values have been based on the Black-Scholes option pricing model.

Share options for certain employees in domestic enterprises

	Board of Directors (number)	Executive Committee (number)	Other management employees (number)	Total (number)	Average exercise price per option in DKK	Average fair value per option in DKK [1]	Total fair value in DKKm [1]
Outstanding at January 1, 2004	12,500	265,615	3,010,994	3,289,109	252	48	159.0
Change of Board of Directors	(2,000)	—	2,000	—	—	—	—
Share options issued in March 2004	0	18,040	781,463	799,503	245	50	42.2
Share options issued in September 2004	0	47,651	0	47,651	216	37	1.8
Exercised in 2004	0	(9,700)	(263,337)	(273,037)	153	72	(19.6)
Canceled in 2004	0	0	0	0	—	—	—
Value adjustment	—	—	—	—	—	—	(33.9)
Outstanding at December 31, 2004	10,500	321,606	3,531,120	3,863,226	257	39	149.5
Share options issued in March 2005	0	20,957	822,261	843,218	258	47	39.8
Share options issued in September 2005	0	31,083	0	31,083	316	60	1.9
Exercised in 2005	0	(32,904)	(596,014)	(628,918)	184	84	(52.6)
Canceled in 2005	0	0	(4,417)	(4,417)	246	70	(0.3)
Disposals relating to disposals of subsidiaries	—	—	(82,579)	(82,579)	—	—	(10.0)
Value adjustment	—	—	—	—	—	—	375.6
Outstanding at December 31, 2005	**10,500**	**340,742**	**3,670,371**	**4,021,613**	**269**	**125**	**503.9**
Options that may be exercised at December 31, 2005	**10,500**	**229,387**	**1,898,932**	**2,138,819**	**306**	**—**	**—**
Average remaining option lives at December 31, 2005 (years)	**6.1**	**5.7**	**7.0**	**6.9**	**—**	**—**	**—**
Average remaining option lives at December 31, 2004 (years)	7.1	6.3	7.5	7.4	—	—	—

[1] Calculations of fair values at issuance and at year-end have been based on the Black-Scholes option-pricing model. The following assumptions have been used for the calculation at year-end 2005: a dividend per share of DKK 12.50, a volatility of 21%, a risk-free interest rate of 2.8%-3.0% and expected remaining option lives of 0-5 years.

Note 6 Wages, salaries and pension costs (continued)

The expected volatility is based on the historic volatility (calculated as the weighted average remaining lives of granted share options) adjusted for the expected change hereof due to publicly available information. Expenses in relation to the share-option program for employees in foreign subsidiaries amounted to DKK 5m in 2005 compared with DKK 0m in 2004. Expenses in relation to the Danish share-option program amounted to DKK 24m in 2005 compared with DKK 43m in 2004.

Share options for employees in foreign subsidiaries

	Number	Average exercise price per option in DKK	Average fair value per option in DKK [1]	Total fair value in DKKm [1]
Outstanding at January 1, 2004	0	—	—	—
Share options issued in November 2004	277,920	78	97	27.0
Share options issued in the USA in November 2004	791	108	77	0.1
Value adjustment	0	—	—	4.3
Outstanding at December 31, 2004	278,711	78	113	31.4
Canceled in 2005	(22,630)	78	142	(3.2)
Disposals relating to disposals of subsidiaries	(33,750)	78	264	(8.9)
Value adjustment	—	—	—	39.2
Outstanding at December 31, 2005	**222,331**	**78**	**263**	**58.5**
Options that may be exercised at December 31, 2005	**0**	**—**	**—**	**—**
Average remaining option lives at December 31, 2005 (years)	**3.8**	**—**	**—**	**—**
Average remaining option lives at December 31, 2004 (years)	4.8	—	—	—

[1] Calculations of fair values at issuance and at year-end have been based on the Black-Scholes option-pricing model. The following assumptions have been used for the calculation at year-end 2005: a dividend per share of DKK 12.50, a volatility of 21%, a risk-free interest rate of 2.8% and expected remaining option lives of 4 years.

Number of share options

	At January 1, 2005	Issued during the year	Exercised during the year	Canceled during the year	At December 31, 2005	Fair value in DKKm [1]
Board of Directors [2]						
Thorleif Krarup	2,500	0	0	0	2,500	0.51
Leif Hartmann, Niels Heering, Steen Jacobsen and Bo Magnussen, each	2,000	0	0	0	2,000	0.21
Executive Committee						
Henning Dyremose	219,400	31,083	(23,204)	0	227,279	21.3
Hans Munk Nielsen	102,206	20,957	(9,700)	0	113,463	11.3

[1] Calculations of fair values at issuance and at year-end have been based on the Black-Scholes option-pricing model. The following assumptions have been used for the calculation in 2005: a dividend per share of DKK 12.50, a volatility of 21%, a risk-free interest rate of 2.8%-3.0% and expected remaining option lives of 0-5 years.

[2] The other members of the Board of Directors hold no share options in TDC A/S.

Note 6 Wages, salaries and pension costs (continued)

The exercise prices of outstanding share options are specified as follows

	2005	2004
Share options (numbers)		
Exercise price in the interval DKK 150-200	815,133	1,263,234
Exercise price in the interval DKK 200-250	820,771	900,913
Exercise price in the interval DKK 250-300	1,690,165	1,022,525
Exercise price in the interval DKK 300-400	384,713	365,631
Exercise price in the interval DKK 400-500	120,108	119,381
Exercise price in the interval DKK 500-600	9,830	9,830
Exercise price in the interval DKK 600-700	180,893	181,712
Total	**4,021,613**	**3,863,226**

Number of shares in TDC A/S

	2005	2004
Board of Directors [1]		
Thorleif Krarup	260	260
Niels Heering	848	348
Jan Bardino	161	159
Leif Hartmann	451	449
Steen Jacobsen	251	249
Bo Magnussen	101	99
Kurt Anker Nielsen	2,446	2,446
Total	**4,518**	**4,010**
Executive Committee		
Henning Dyremose	36,380	31,674
Hans Munk Nielsen	251	249
Total	**36,631**	**31,923**

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

Note 7 Other income, expenses and government grants

	2005	2004
		DKKm
Other income	272	240
Other expenses	(15)	(3)
Total	**257**	**237**
Government grants		
Government grants received during the year	0	1

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

Note 8 Special items

	2005	2004
		DKKm
Profit on disposals of major enterprises	0	943
Restructuring costs, etc.	(968)	(558)
Special items before income taxes	**(968)**	**385**
Income taxes related to special items	151	356
Special items after income taxes	**(817)**	**741**

Note 9 Fair value adjustments

	2005	2004
	DKKm	
Fair value adjustments of marketable securities	(65)	(19)
Other fair value adjustments	(119)	197
Fair value adjustments before tax	**(184)**	**178**
Income taxes related to fair value adjustments	47	(37)
Fair value adjustments after tax	**(137)**	**141**

Note 10 Financial income

	2005	2004
	DKKm	
Interest income	2,331	2,515
Interest from associates	22	32
Currency translation adjustments, net	101	0
Total	**2,454**	**2,547**

Note 11 Financial expenses

	2005	2004
	DKKm	
Interest expenses	(3,326)	(3,414)
Currency translation adjustments, net	0	(27)
Total	**(3,326)**	**(3,441)**

Note 12 Income taxes

DKKm

	2005			2004		
	Income taxes cf. the Statements of Income	Income tax payable/ (receivable)	Deferred tax liabilities/ (assets)	Income taxes cf. the Statements of Income	Income tax payable/ (receivable)	Deferred tax liabilities/ (assets)
At January 1	—	656	3,684	—	407	3,490
Transferred to discontinued operations	—	(130)	49	104	—	—
Currency translation adjustments, net	—	3	6	—	8	(7)
Additions and disposals relating to acquisition and disposal of enterprises	—	(9)	(27)	—	(68)	(126)
Income taxes	(1,212)	1,982	(770)	(1,105)	903	202
Adjustment of tax for previous years	186	46	(232)	(40)	(70)	110
Tax related to changes in equity	—	34	0	—	(71)	15
Tax paid/refunded relating to prior years	—	(847)	—	—	138	—
Tax paid on account relating to present year	—	(1,449)	—	—	(591)	—
Total	**(1,026)**	**286**	**2,710**	**(1,041)**	**656**	**3,684**
which can be specified as follows:						
Tax payable/deferred tax liabilities	—	295	3,494	—	675	4,677
Tax receivable/deferred tax assets	—	(9)	(784)	—	(19)	(993)
Total	**—**	**286**	**2,710**	**—**	**656**	**3,684**
Income taxes are specified as follows:						
Income excluding special items and fair value adjustments	(1,224)	—	—	(1,360)	—	—
Special items	151	—	—	356	—	—
Fair value adjustments	47	—	—	(37)	—	—
Total	**(1,026)**	**—**	**—**	**(1,041)**	**—**	**—**

Note 12 Income taxes (continued)

Reconciliation of effective tax rate

	2005	2004
Danish corporate income tax rate	28.0	30.0
Associates	(1.6)	(3.0)
Other non-taxable income and non-tax deductible expenses	0.9	0.5
Tax value of non-capitalized tax losses and utilized tax losses, net	1.0	0.5
Different tax rates in foreign subsidiaries	(0.9)	(2.0)
Adjustment of tax for previous years	(3.3)	0.7
Change of tax legislation, including change of corporate income tax rate	(4.3)	0.0
Other	1.8	0.5
Effective tax rate excluding special items and fair value adjustments	**21.6**	**27.2**
Special items and fair value adjustments	1.1	(17.4)
Effective tax rate including special items and fair value adjustments	**22.7**	**9.8**

Specification of deferred tax liabilities

DKKm

	2005			
	Deferred tax assets	Deferred tax liabilities	Total	2004
Allowances for uncollectibles	(2)	0	(2)	(56)
Provisions for redundancy payments	(92)	0	(92)	(135)
Current	**(94)**	**0**	**(94)**	**(191)**
Intangible assets	(27)	318	291	474
Property, plant and equipment	(330)	2,420	2,090	2,669
Pension assets and pension liabilities, etc.	0	1,645	1,645	1,747
Tax value of tax loss carry-forwards	(791)	0	(791)	(1,195)
Other	(559)	128	(431)	180
Non-current	**(1,707)**	**4,511**	**2,804**	**3,875**
Deferred tax liabilities at December 31	**(1,801)**	**4,511**	**2,710**	**3,684**

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

Furthermore, the Group has tax losses to carry forward against future taxable income that have not been recognized in these Financial Statements due to uncertainty of their recoverability. At December 31, 2005, these tax losses amount to a tax value of DKK 466m, compared with DKK 499m at December 31, 2004.

All of the Danish Group companies participate in joint taxation. Joint taxation with foreign Group companies is no longer expected to take place due to the changed Danish tax legislation effective January 1, 2005. For Group companies, which previously participated in the joint taxation, re-taxation of formerly deducted losses will be effected concurrently with profits in the respective companies and in connection with potential divestment of the companies. Provisions for re-taxation liabilities related to formerly deducted losses have been made.

The income tax effect from the Danish joint taxation for the years 2001-2003 is based on an estimated tax value of goodwill related to Talkline. Income taxes relating to special items for 2004 have been positively impacted by DKK 218m from an adjustment to the value of goodwill following a decision from the National Assessment Council in October 2004. TDC has appealed the decision. The outcome could result in additional income.

TDC A/S has committed to contributing, if necessary, additional capital to TDC Switzerland in order to generate taxable income sufficient to utilize the accumulated tax loss carry-forwards prior to their expiration.

Note 13 Discontinued operations and assets held for sale

Discontinued operations

	DKKm	
	2005	**2004**
Revenue	1,090	1,230
Total operating costs	(677)	(757)
Income taxes	(118)	(104)
Results from discontinued operations excluding gain from disposal	245	315
Gain relating to disposal of discontinued operations	3,708	0
Net income from discontinued operations	**3,953**	**315**

Discontinued operations comprise the former business line TDC Directories, which publishes printed, electronic and internet-based directories in Denmark, Sweden, and Finland.

Assets held for sale

	2005	**2004**
Intangible assets and property, plant and equipment	123	0
Receivables	49	0
Pre-paid expenses	3	0
Cash and cash equivalents	12	0
Total assets held for sale	**187**	**0**
Loans	7	0
Provisions	2	0
Deferred income	6	0
Trade and other payables	56	0
Total liabilities concerning assets held for sale	**71**	**0**

Assets held for sale and related liabilities are related to Contactel s.r.o., which is included in the segment TDC Solutions.

Note 14 Earnings per share

	2005	**2004**
Net income (DKKm)	7,450	9,910
Minority interests' share of consolidated income (DKKm)	24	2
Shareholders' share of net income (DKKm)	**7,474**	**9,912**
Average number of shares	208,112,911	216,459,540
Average number of treasury shares	(12,933,204)	(11,825,833)
Average number of outstanding shares	**195,179,707**	**204,633,707**
Average dilutive effect of outstanding share options (number)	1,067,535	387,283
Average number of diluted outstanding shares	**196,247,242**	**205,020,990**
Earnings per share, basic (DKK)	38.3	48.4
Earnings per share, diluted (DKK)	38.1	48.3

Calculations of earnings per share from continuing operations were based on net income from continuing operations attributable to Company shareholders and amounted to DKK 3,521m in 2005 compared with DKK 9,597m in 2004.

Note 15 Intangible assets

DKKm

	2005			
	Goodwill	Rights, software, etc.	Software developed for internal use	Total
Accumulated cost at January 1, 2005	31,731	6,413	2,419	40,563
Transferred to discontinued operations	(1,191)	(114)	3	(1,302)
Currency translation adjustments	(153)	(15)	0	(168)
Additions during the year	0	624	408	1,032
Additions relating to changed consolidation	157	0	0	157
Additions relating to the acquisition of subsidiaries	464	660	0	1,124
Disposals relating to the divestment of subsidiaries	(36)	(21)	0	(57)
Assets disposed of or fully amortized during the year	0	(33)	(346)	(379)
Transferred to assets held for sale	(425)	(99)	0	(524)
Accumulated cost at December 31, 2005	**30,547**	**7,415**	**2,484**	**40,446**
Accumulated amortization and write-downs for impairment at January 1, 2005	(2,535)	(2,919)	(1,614)	(7,068)
Transferred to discontinued operations	191	69	(2)	258
Currency translation adjustments	(30)	6	0	(24)
Amortization for the year	0	(1,078)	(325)	(1,403)
Write-downs for impairment during the year	0	(12)	(68)	(80)
Additions relating to changed consolidation	(73)	0	0	(73)
Disposals relating to the divestment of subsidiaries	8	16	0	24
Assets disposed of or fully amortized during the year	0	173	347	520
Transferred to assets held for sale	425	93	0	518
Accumulated amortization and write-downs for impairment at December 31, 2005	**(2,014)**	**(3,652)**	**(1,662)**	**(7,328)**
Carrying value at December 31, 2005	**28,533**	**3,763**	**822**	**33,118**
Carrying value of capitalized interest at December 31, 2005	**—**	**176**	**10**	**186**

DKKm

	2004			
	Goodwill	Rights, software, etc.	Software developed for internal use	Total
Accumulated cost at January 1, 2004	28,964	5,286	1,961	36,211
Currency translation adjustments	265	18	0	283
Additions during the year	—	461	480	941
Additions relating to the acquisition of subsidiaries	2,632	804	0	3,436
Additions relating to increased ownership shares of subsidiaries	76	0	0	76
Disposals relating to the divestment of subsidiaries	(115)	(108)	0	(223)
Assets disposed of or fully amortized during the year	(91)	(48)	(22)	(161)
Accumulated cost at December 31, 2004	31,731	6,413	2,419	40,563
Accumulated amortization and write-downs for impairment at January 1, 2004	(2,507)	(2,151)	(1,121)	(5,779)
Currency translation adjustments	(42)	(8)	0	(50)
Amortization for the year	0	(851)	(307)	(1,158)
Write-downs for impairment during the year	(100)	(20)	(209)	(329)
Disposals relating to the divestment of subsidiaries	23	67	0	90
Assets disposed of or fully amortized during the year	91	44	23	158
Accumulated amortization and write-downs for impairment at December 31, 2004	(2,535)	(2,919)	(1,614)	(7,068)
Carrying value at December 31, 2004	29,196	3,494	805	33,495
Carrying value of capitalized interest at December 31, 2004	—	176	9	185

Note 15 Intangible assets (continued)

The carrying value of UMTS licenses in countries where the UMTN network is not in operation amounted to DKK 0m compared with DKK 1,184m in 2004.

The carrying value of software amounted to DKK 1,660m, compared with DKK 1,513m in 2004.

Interest capitalized during 2005 amounted to DKK 4m, compared with DKK 61m in 2004.

The carrying value of mortgaged intangible assets amounted to DKK 366m at December 31, 2005, compared with DKK 0m in 2004.

TDC acquired a UMTS license in 2001 in Denmark. The carrying value of the license amounted to DKK 929m in 2005, compared with DKK 943m in 2004. Amortization was initiated in 2005. The remaining amortization period totals 16 years.

Goodwill impairment tests

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

The impairment test is an integrated part of the Group's budget and planning process, which, as the acquisition of enterprises, is based on ten-year business plans. The discount rates applied reflect specific risks relating to the individual cash-generating unit. The recoverable value is based on the value in use determined on expected cash flows based on ten-year business plans approved by Management.

Goodwill of DKK 28,533m at December 31, 2005 relates primarily to TDC's investments in TDC Switzerland and TDC Song. The assumptions for calculating the value in use for the most significant goodwill amounts are given below. Any reasonably possible changes in the key assumptions are deemed not to cause the carrying value of goodwill to exceed the recoverable value.

TDC Switzerland

The carrying value of goodwill relating to TDC Switzerland amounted to DK 24,068m at December 31, 2005. The recoverable value is sensitive primarily to changes in the expected revenue growth. The projected revenue growth will stem mainly from an increased market share, partly offset by falling prices. The growth rate applied to extrapolate projected future cash flows for the period following 2014 is 4.0%. The growth rate is not deemed to exceed the long-term average growth rate in TDC Switzerland's markets. A discount rate of 6.6% has been applied.

TDC Song

The carrying value of goodwill relating to TDC Song amounted to DK 2,057m at December 31, 2005. The recoverable value is sensitive primarily to changes in the projected revenue growth. The projected revenue growth will stem primarily from customer base growth and increased revenue per customer. The growth rate applied to extrapolate projected future cash flows for the period following 2014 is 2.0%. The growth rate is not deemed to exceed the long-term average growth rate in TDC Song's markets. A discount rate of 9.6% has been applied.

Note 16 Property, plant and equipment

DKKm

	2005					
	Land and buildings	Telecommunications installations	Other installations	Installation materials	Property, plant and equipment under construction	Total
Accumulated cost at January 1, 2005	3,286	60,641	5,668	361	1,437	71,393
Transferred to discontinued operations	(23)	0	(99)	0	0	(122)
Currency translation adjustments	1	(44)	(4)	(1)	(1)	(49)
Transfers to/(from) other items	21	1,702	397	(291)	(1,829)	0
Additions relating to the acquisition of subsidiaries	55	902	52	0	53	1,062
Work performed for own purposes and capitalized	0	1,116	20	2	108	1,246
Acquisitions from third parties	12	1,101	439	321	1,464	3,337
Disposals relating to the divestment of subsidiaries	0	0	(41)	0	0	(41)
Assets disposed of during the year	(79)	(355)	(450)	(34)	(217)	(1,135)
Transferred to assets held for sale	0	(221)	(49)	0	(13)	(283)
Accumulated cost at December 31, 2005	**3,273**	**64,842**	**5,933**	**358**	**1,002**	**75,408**
Accumulated depreciation and write-downs at January 1, 2005	(2,264)	(38,657)	(4,060)	(147)	(13)	(45,141)
Transferred to discontinued operations	6	0	73	0	0	79
Currency translation adjustments	0	(16)	(2)	0	(1)	(19)
Transfers to/(from) other items	0	16	(21)	0	5	0
Depreciation for the year	(34)	(4,470)	(669)	0	0	(5,173)
Write-downs for impairment during the year	0	(147)	(2)	(38)	0	(187)
Disposals relating to the divestment of subsidiaries	0	0	35	0	0	35
Assets disposed of during the year	55	318	422	12	0	807
Transferred to assets held for sale	0	191	45	0	9	245
Accumulated depreciation and write-downs at December 31, 2005	**(2,237)**	**(42,765)**	**(4,179)**	**(173)**	**0**	**(49,354)**
Carrying value at December 31, 2005	**1,036**	**22,077**	**1,754**	**185**	**1,002**	**26,054**
Carrying value of capital leases at December 31, 2005	**22**	**676**	**50**	**—**	**—**	**748**
Carrying value of capitalized interest at December 31, 2005	**0**	**143**	**4**	**—**	**0**	**147**

Note 16 Property, plant and equipment (continued)

DKKm

	2004					
	Land and buildings	**Telecom-munications installations**	**Other installations**	**Installation materials**	**Property, plant and equipment under construction**	**Total**
Accumulated cost at January 1, 2004	3,223	56,771	5,406	471	942	66,813
Currency translation adjustments	0	60	15	2	8	85
Transfers to/(from) other items	17	1,530	(325)	(144)	(1,078)	0
Additions relating to the acquisition of subsidiaries	49	1,892	64	22	7	2,034
Work performed for own purposes and capitalized	0	791	336	0	50	1,177
Acquisitions from third parties	32	911	510	107	1,510	3,070
Additions relating to increased ownership shares of enterprises	0	0	20	0	0	20
Disposals relating to the divestment of subsidiaries	0	0	(102)	0	0	(102)
Assets disposed of during the year	(35)	(1,314)	(256)	(97)	(2)	(1,704)
Accumulated cost at December 31, 2004	3,286	60,641	5,668	361	1,437	71,393
Accumulated depreciation and write-downs at January 1, 2004	(2,154)	(35,543)	(3,641)	(164)	(13)	(41,515)
Currency translation adjustments	0	(12)	(11)	(2)	0	(25)
Transfers to/(from) other items	3	(566)	563	0	0	0
Disposals relating to the divestment of subsidiaries	0	0	55	0	0	55
Additions relating to increased ownership shares of enterprises	0	0	(8)	0	0	(8)
Assets disposed of during the year	19	1,227	240	76	0	1,562
Depreciation for the year	(132)	(3,693)	(1,245)	0	0	(5,070)
Write-downs for impairment during the year	0	(70)	(13)	(57)	0	(140)
Accumulated depreciation and write-downs at December 31, 2004	(2,264)	(38,657)	(4,060)	(147)	(13)	(45,141)
Carrying value at December 31, 2004	1,022	21,984	1,608	214	1,424	26,252
Carrying value of capital leases at December 31, 2004	0	947	45	—	—	992
Carrying value of capitalized interest at December 31, 2004	0	177	0	—	0	177

Interest capitalized during 2005 amounted to DKK 12m compared with DKK 11m in 2004.

The TDC Group has recourse guarantee obligations of payment and performance in connection with lease contracts. Reference is made to note 31 Contingent assets and contingent liabilities.

The carrying value of mortgaged property, plant and equipment amounted to DKK 1,577m at December 31, 2005, compared with DKK 312m at December 31, 2004.

In 2005, damages received relating to property, plant and equipment of DKK 42m have been recognized as income compared with DKK 28m in 2004.

Note 17 Investments in associates and joint ventures

	2005	2004
		DKKm
Accumulated cost at January 1	6,251	6,226
Currency translation adjustments	47	141
Additions during the year	3	83
Additions relating to the acquisition of enterprises	0	39
Conversion of receivable	536	0
Disposals relating to increased ownership shares of enterprises	(283)	(117)
Disposals relating to the divestment of enterprises	0	(31)
Disposals during the year	(40)	(90)
Accumulated cost at December 31	**6,514**	**6,251**
Accumulated write-ups and write-downs at January 1	(4,672)	1,054
Currency translation adjustments	47	0
Changes in equity in investments	0	99
Disposals relating to increased ownership shares of enterprises	21	3
Write-ups and write-downs for the year:		
• Share of income/loss	334	566
• Special items	0	5,066
• Dividends	(156)	(11,525)
Disposals during the year	38	65
Accumulated write-ups and write-downs at December 31	**(4,388)**	**(4,672)**
Carrying value at December 31	**2,126**	**1,579**

The carrying value of associates and joint ventures included goodwill of DKK 62m at December 31, 2005, compared with DKK 135m at December 31, 2004. Additions during the year amounted to DKK 2m, and write-downs for the year totaled DKK 0m.

Associates

At December 31, 2004, the TDC Group's investments in associates concerned mainly the ownership share of 42.6% in Hungarian Telephone and Cable Corp. The ownership share in Hungarian Telephone and Cable Corp. was increased to 63.4% at December 31, 2005, and the enterprise is now a subsidiary.

Financial summary for major associates (TDC's share)

	2004				DKKm
Name	**Revenue**	**Net income for the year**	**Total assets**	**Total liabilities**	**Market value**
Hungarian Telephone and Cable Corp.	141	56	448	(258)	426

Joint ventures

The TDC Group's significant investments in joint ventures are as follows:

- a 15% ownership share in One GmbH. The enterprise is the third-greatest mobile network operator in Austria
- a 19.6% ownership share in Polkomtel S.A., a Polish mobile network operator with a market share of approximately a third of the mobile market in Poland

Financial summary for joint ventures (TDC's share)

	2005	2004
		DKKm
Revenue	3,095	2,594
Total operating expenses before depreciation, etc.	(2,052)	(1,773)
Total non-current assets	3,166	3,058
Total current assets	734	698
Total current liabilities	(877)	(818)
Total non-current liabilities	(1,064)	(737)

Contingent liabilities in the joint ventures amounted to DKK 21m at December 31, 2005, compared with DKK 20m at December 31, 2004.

Note 18 Receivables

	DKKm	
	2005	**2004**
Trade receivables	8,756	8,993
Allowances for uncollectibles	(1,062)	(1,409)
Trade receivables, net	7,694	7,584
Receivables from associates and joint ventures	366	1,107
Contract work in process (see note 19 for details)	177	79
Other receivables	844	892
Total	**9,081**	**9,662**
Recognized as follows:		
Non-current assets	464	1,190
Current assets	8,617	8,472
Total	**9,081**	**9,662**
Allowances for uncollectibles at January 1	(1,409)	(1,433)
Transferred to discontinued operations	75	0
Additions	(294)	(531)
Deductions	559	555
Transferred to assets held for sale	7	0
Allowances for uncollectibles at December 31	**(1,062)**	**(1,409)**

Of the receivables classified as current assets at December 31, 2005, DKK 85m falls due after more than one year, compared with DKK 5m at December 31, 2004.

Note 19 Contract work in process

	DKKm	
	2005	**2004**
Value of contract work in process	297	186
Billing on account	(120)	(107)
Total	**177**	**79**
Recognized as follows:		
Contract work in process (assets)	186	89
Contract work in process (liabilities)	(9)	(10)
Total	**177**	**79**
Recognized as total revenue	**667**	**401**
Prepayments from customers	**2**	**3**

Note 20 Pre-paid expenses

	DKKm	
	2005	**2004**
Prepayment regarding former civil servants	201	273
Pre-paid lease payments	120	131
Other pre-paid expenses	658	653
Total	**979**	**1,057**
Recognized as follows:		
Non-current assets	325	407
Current assets	654	650
Total	**979**	**1,057**

Note 21 Inventories

	DKKm	
	2005	**2004**
Raw materials and supplies	65	73
Contract work in process	0	2
Finished goods and merchandise	585	459
Total	**650**	**534**

Inventories expensed amounted to DKK 4,362m in 2005, compared with DKK 3,954m in 2004.

Inventories expected to be sold after more than one year amounted to DKK 29m at December 31, 2005, compared with DKK 36m at December 31, 2004.

Write-downs on inventories amounted to DKK 71m in 2005, compared with DKK 63m in 2004.

Reversal of write-downs on inventories amounted to DKK 11m in 2005, compared with DKK 0m in 2004.

Note 22 Equity

Common shares	**Shares (number)**	**Nominal value (DKK)**
Holding at January 1, 2004	216,459,540	1,082,297,700
Additions	0	0
Disposals	0	0
Holding at January 1, 2005	216,459,540	1,082,297,700
Additions	0	0
Reduction of common shares by cancellation of treasury shares	(18,084,363)	(90,421,815)
Holding at December 31, 2005	**198,375,177**	**991,875,885**

Treasury shares	**Shares (number)**	**Nominal value (DKK)**	**% of common shares**
Holding at January 1, 2004	3,167,764	15,838,820	1.46
Additions	18,717,633	93,588,165	8.65
Disposals	(303,252)	(1,516,260)	(0.14)
Holding at January 1, 2005	21,582,145	107,910,725	9.97
Cancellation of treasury shares	(18,084,363)	(90,421,815)	(8.20)
Additions	820,379	4,101,895	0.41
Disposals	(656,506)	(3,282,530)	(0.33)
Holding at December 31, 2005	**3,661,655**	**18,308,275**	**1.85**

Purchase of the Group's treasury shares is used primarily to hedge the Group's commitments under the share-option program for the Board of Directors, the Executive Committee and other management employees. In June 2004, the Group purchased 18,084,363 treasury shares in connection with SBC Communications' sale of TDC shares.

Note 23 Loans

	2005	2004
		DKKm
Bonds, mortgages and other bank loans	29,489	29,525
Debt relating to capital leases	476	578
Other long-term debt	350	376
Total	**30,315**	**30,479**
Of which short-term loans	(5,425)	(1,337)
Long-term loans	**24,890**	**29,142**
Long-term loans fall due as follows:		
1 -2 years	258	5,197
2 -3 years	2,172	209
3 -4 years	2,919	1,915
4 -5 years	7,765	2,635
After 5 years	11,776	19,186
Total	**24,890**	**29,142**
Fair value	**30,803**	**32,800**
Nominal value	**30,736**	**30,975**

Allocation of liabilities relating to capital leases according to lease period

	Minimum payments		Present value	DKKm
	2005	2004	2005	2004
Mature within 1 year	78	82	49	64
Mature between 1 and 5 years	221	242	132	195
Mature after 5 years	387	358	295	319
Total	**686**	**682**	**476**	**578**

Liabilities relating to capital leases are related primarily to sale and leaseback agreements regarding sale of property to the related Danish pension funds and agreements regarding the renting of fiber networks.

Note 24 Deferred income

	2005	2004
		DKKm
Accrued profit relating to sale and leaseback	101	136
Accrued revenue from non-refundable up-front connection fees	1,448	1,422
Deferred subscription revenue	1,418	1,415
Other deferred income	835	652
Total	**3,802**	**3,625**
Recognized as follows:		
Non-current liabilities	1,141	1,052
Current liabilities	2,661	2,573
Total	**3,802**	**3,625**

Note 25 Provisions

	Asset retirement obligations	Restructuring obligations	Other provisions	Total
				DKKm
Provisions at January 1, 2005	391	503	734	1,628
Transferred to discontinued operations	0	(2)	(15)	(17)
Currency translation adjustments	(1)	(2)	(5)	(8)
Additions relating to the acquisition of subsidiaries	0	(18)	27	9
Provisions made during the year	44	315	363	722
Change in present value	73	(2)	1	72
Provisions used during the year	(5)	(259)	(367)	(631)
Unused provisions reversed during the year	(2)	(50)	(11)	(63)
Transferred to liabilities related to assets held for sale	0	0	(2)	(2)
Provisions at December 31, 2005	**500**	**485**	**725**	**1,710**
Recognized as follows:				
Non-current liabilities	497	403	374	1,274
Current liabilities	3	82	351	436
Total	**500**	**485**	**725**	**1,710**

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

Note 26 Trade and other payables

	2005	2004
		DKKm
Trade payables	5,866	5,613
Payables to associates	3	2
Prepayments from customers	355	532
Other payables	2,986	3,388
Total	**9,210**	**9,535**

Of the current liabilities at December 31, 2005, DKK 11m falls due after more than one year at December 31, 2005, compared with DKK 16m at December 31, 2004.

Note 27 Research and development costs

Research and development costs for the year recognized in the Statements of Income amounted to DKK 23m in 2005, compared with DKK 28m in 2004.

Note 28 Financial instruments, etc.

A: Foreign-currency exposures

Interest-bearing assets and liabilities in foreign currencies and foreign-currency debtors, creditors and derivative financial instruments at December 31 are specified below:

DKKm

Currency and year-end currency rate	Maturities	Financial assets and liabilities: Interest-bearing [1] Assets	Interest-bearing [1] Liabilities	Debtors/ creditors	Net primary instruments	Foreign currency derivatives [2]	2005 Net position	2004 Net position
EUR 7.4605	< 1 year	358	(5,246)	(513)	(5,401)	17,300	11,899	10,102
	1-2 years	—	(157)	—	(157)	745	588	3,421
	2-3 years	—	(1,915)	—	(1,915)	4,041	2,126	745
	3-4 years	—	(2,834)	—	(2,834)	2,802	(32)	2,321
	4-5 years	2	(7,683)	—	(7,681)	4,016	(3,665)	261
	> 5 years	—	(10,546)	—	(10,546)	746	(9,800)	(13,052)
Total		**360**	**(28,381)**	**(513)**	**(28,534)**	**29,650**	**1,116**	**3,798**
CHF 4.7974	< 1 year	81	(17)	(309)	(245)	(3,455)[3]	(3,700)	(4,663)
	1-2 years	—	(18)	—	(18)	—	(18)	(18)
	2-3 years	—	(19)	—	(19)	—	(19)	(20)
	3-4 years	—	(21)	—	(21)	—	(21)	(22)
	4-5 years	—	(22)	—	(22)	—	(22)	(23)
	> 5 years	—	(251)	—	(251)	—	(251)	(265)
Total		**81**	**(348)**	**(309)**	**(576)**	**(3,455)**	**(4,031)**	**(5,011)**
DKK	< 1 year	11,635	(127)	2,571	14,079	(13,811)	268	2,224
	1-2 years	1	(70)	5	(64)	(743)	(807)	(6,821)
	2-3 years	1,155	(72)	—	1,083	(4,289)	(3,206)	(915)
	3-4 years	7	(63)	—	(56)	(2,818)	(2,874)	(3,142)
	4-5 years	—	(60)	—	(60)	(4,048)	(4,108)	(2,901)
	> 5 years	69	(979)	—	(910)	(743)	(1,653)	(5,840)
Total		**12,867**	**(1,371)**	**2,576**	**14,072**	**(26,452)**	**(12,380)**	**(17,395)**
Other	< 1 year	549	(52)	73	570	2	572	257
	1-2 years	—	(13)	1	(12)	110	98	(12)
	2-3 years	—	(166)	—	(166)	164	(2)	(5)
	3-4 years	—	(1)	—	(1)	—	(1)	3
	4-5 years	—	—	—	—	—	—	—
	> 5 years	—	—	—	—	—	—	—
Total		**549**	**(232)**	**74**	**391**	**276**	**667**	**243**
Total		**13,857**	**(30,332)**	**1,828**	**(14,647)**	**19**	**(14,628)**	**(18,365)**

[1] Interest-bearing assets and liabilities cover the components included in net interest-bearing debt, see note 36.

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

[3] DKK 3,459m of these cover hedging of an intra-group loan issued by TDC A/S to TDC Switzerland.

Note 28 Financial instruments, etc. (continued)

Hedging of net investments in foreign enterprises

Foreign-currency hedging of net investments in foreign Group subsidiaries and associates:

DKKm

	2005				2004			
	Net investments, carrying value	Hedged	Not hedged	Deferred recognition of change in fair value	Net investments, carrying value	Hedged	Not hedged	Deferred recognition of change in fair value
CHF	26,986	(26,908)	(78)	(7)	26,325	(23,005)	(3,320)[1]	(18)
SEK	8,965	0	(8,965)	(247)	5,268	0	(5,268)	2
EUR	3,357	0	(3,357)	10	3,365	0	(3,365)	(2)
PLN	1,948	0	(1,948)	98	1,652	0	(1,652)	205
Other	553	0	(553)	(30)	367	0	(367)	6
Total at December 31	**41,809**	**(26,908)**	**(14,901)**	**(176)**	**36,977**	**(23,005)**	**(13,972)**	**193**

[1] Of this, DKK 3,344m concerns a changed carrying value of the net investment in TDC Switzerland, due to changed accounting policies related to goodwill in connection with the implementation of IFRS.

Net investments in foreign Group subsidiaries and associates are hedged for foreign currency risks only for TDC Switzerland. Net investments in foreign enterprises include goodwill.

B: Interest-rate exposure

Interest-rate swap agreements have been used to restructure interest-bearing assets and liabilities in order to achieve the intended interest-rate profile of fixed [1] and floating interest rates.

The maturity profile of interest-bearing assets and liabilities is allocated according to maturity period. Effective interest rates at December 31, 2005 include derivatives.

	Maturity profiles and interest profiles (DKKm)					
	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
Assets						
Cash	9,076	—	—	—	—	—
	982	—	—	—	—	—
	5	—	—	—	—	—
Marketable securities	2,533	—	—	—	—	—
	—	—	1,154	—	—	—
Loans	1	—	—	—	2	—
	26	1	1	7	—	69
Total interest-bearing assets	**12,623**	**1**	**1,155**	**7**	**2**	**69**
Liabilities						
Long-term loans	2,257	220	2,416	2,890	7,736	10,596
	3,051	1	(281)	—	—	885
Capital leases	49	37	37	29	29	295
	—	—	—	—	—	—
Short-term bank loans	1	—	—	—	—	—
	67	—	—	—	—	—
Other interest-bearing liabilities	17	—	—	—	—	—
	—	—	—	—	—	—
Total interest-bearing liabilities	**5,442**	**258**	**2,172**	**2,919**	**7,765**	**11,776**
Net interest-bearing assets/(liabilities)	**7,181**	**(257)**	**(1,017)**	**(2,912)**	**(7,763)**	**(11,707)**

[1] Assets and liabilities for which the interest rate is fixed for the entire maturity period.

Note 28 Financial instruments, etc. (continued)

	Effective interest rates at December 31, 2005 (% per annum)					
	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
Fixed	2.32	—	—	—	—	—
Floating	2.05	—	—	—	—	—
Non interest-bearing	—	—	—	—	—	—
Fixed	5.46	—	—	—	—	—
Floating	—	—	2.60	—	—	—
Fixed	1.85	—	—	—	5.00	—
Floating	2.32	4.91	4.91	4.91	—	3.36
	2.93	**4.91**	**2.60**	**4.91**	**5.00**	**3.36**
Fixed	6.74	8.57	5.86	6.24	5.71	5.84
Floating	3.50	4.90	1.08	4.47	5.52	2.93
Fixed	5.50	6.80	6.32	6.32	6.31	6.49
Floating	—	—	—	—	—	—
Fixed	3.70	—	—	—	—	—
Floating	2.95	—	—	—	—	—
Fixed	4.25	—	—	—	—	—
Floating	—	—	—	—	—	—
	4.85	**8.29**	**6.49**	**6.24**	**5.71**	**5.63**

C: Undrawn credit lines

The undrawn credit lines at December 31, 2005 are specified as follows:

				DKKm
Maturities	**Committed credit lines**	**Committed syndicated credit lines**	**Unutilized part of bond program**	**Total**
< 1 year	2,523	0	0	2,523
> 1 year	0	4,843	0	4,843
Total	**2,523**	**4,843**	**0**	**7,366**

The TDC Group holds a European Commercial Paper program of nominal EUR 1.5bn (translated into DKK 11,191m). Amounts drawn from the program must be secured 1:1 by committed credit lines and in this way do not increase the above-mentioned credit lines.

D: Credit risks

Financial instruments are entered only with counterparties holding the credit rating of A-/A-3 or higher from Standard & Poor's or Moody's Investor Service. Each counterparty credit line is determined by the counterparty's credit rating and is of a size that spreads the credit risks of the TDC Group's total credit lines over several counter-parties. The counterparty risk is therefore considered to be minimal.

Note 29 Pension assets and pension obligations

A: Domestic defined benefit plans

At December 31, 2005, approximately 3,850 of the TDC Group's employees were entitled to a pension from the three pension funds related to TDC under conditions similar to those provided by the Danish Civil Servants' Pension Plan. In addition, 7,750 members of the pension funds receive or are entitled to receive pension benefits. Since 1990, no new members have joined the pension fund plans, and the pension funds are prevented from admitting new members in the future due to the bylaws.

The pension funds operate defined benefit plans and, in accordance with existing legislation, bylaws and the pension regulations, TDC is required to make contributions to meet the premium reserve requirements. Future pension benefits are based primarily on years of credited service and on participants' compensation at the time of retirement.

Note 29 Pension assets and pension obligations (continued)

Specification of (pension costs)/income

	DKKm	
	2005	**2004**
Service cost [1]	(230)	(181)
Interest cost [2]	(736)	(740)
Expected return on plan assets	1,210	1,240
Recognized net actuarial (gain)/loss	0	0
Net periodic (pension cost)/income recognized in pension cost	**244**	**319**
Domestic redundancy programs recognized in special items	(230)	(432)
(Pension cost)/income recognized in the Statements of Income	**14**	**(113)**

[1] The actuarial present value of benefits attributed to services rendered by employees during the year.
[2] Reflects the interest component of the increase in the projected benefit obligations during the year.

Assets and obligations

	DKKm	
	2005	**2004**
Specification of pension assets		
Fair value of plan assets	22,694	21,165
Projected benefit obligations	(19,222)	(16,707)
Funded status	**3,472**	**4,458**
Unrecognized net actuarial (gain)/loss	2,173	977
Pension assets recognized in the Balance Sheets	**5,645**	**5,435**
Change in present value of benefit obligations		
Projected benefit obligations at January 1	(16,707)	(15,403)
Service cost	(230)	(181)
Interest cost	(736)	(740)
Curtailment in connection with redundancies	0	14
Special termination benefit	(230)	(447)
Actuarial gain/(loss)	(2,162)	(765)
Benefit paid	843	815
Projected benefit obligations at December 31	**(19,222)**	**(16,707)**
Change in fair value of plan assets		
Fair value of plan assets at January 1	21,165	20,417
Actual return on plan assets	2,175	1,028
TDC's contribution	197	535
Benefit paid	(843)	(815)
Fair value of plan assets at December 31	**22,694**	**21,165**

Plan assets include property used by TDC companies with a fair value of DKK 1,993m at December 31, 2005, compared with DKK 1,933m at December 31, 2004.

Pension asset allocation by the following categories at December 31

	(%)	
	2005	**2004**
Equity securities	18	13
Debt securities	62	71
Real estate	15	14
Other	5	2
Total	**100**	**100**

Note 29 Pension assets and pension obligations (continued)

Weighted-average assumptions used to determine benefit obligations

	(%)	
	2005	**2004**
Discount rate	4.30	4.50
General wage inflation	2.25	2.25
General price inflation	2.25	2.25

Weighted-average assumptions used to determine net periodic pension cost

	(%)	
	2005	**2004**
Discount rate	4.50	4.80
Expected return on plan assets	5.80	6.10
General wage inflation	2.25	2.25
General price inflation	2.25	2.25

The basis for determining the overall expected rate of return is the pension funds' long-term strategic asset allocation of approximately 35% as equity securities, 50% as debt securities and 15% as real estate. The overall expected rate of return is based on the average long-term yields on the plan assets invested or to be invested.

The expected return on plan assets for 2006 amounts to 5.80%.

In 2005, the assumed rate of return on plan assets and the assumed discount rate have been reduced to reflect changes in market conditions and in the mix of assets held by our pension funds. The assumptions for 2006 reflect a further reduction of the discount rate and unchanged assumptions with respect to general wage inflation and expected return on plan assets. The demographic assumptions used for 2005 reflect an expected longer life than previously assumed. The changed assumptions have resulted in increased pension benefit obligations compared with 2004. With these changed assumptions, TDC's total pension costs excluding redundancy programs are expected to increase approximately DKK 10m in 2006 compared with 2005, assuming all other factors remain unchanged.

The average remaining service periods of active plan participants expected to receive benefits were estimated to be 13.2 years at December 31, 2005, compared with 13.5 years at December 31, 2004.

Cash flows

TDC's current contributions were DKK 143m in 2005, against DKK 65m in 2004. Furthermore, extraordinary contributions were DKK 54m following a reduced work force in 2005, compared with DKK 470m in 2004. For 2006 the projected current contributions amounted to DKK 131m. As in 2005, extraordinary contributions are expected to be paid in connection with retirements.

Other information

Approximately 600 members of the defined benefit plans will ultimately have part of their pension payment reimbursed by the Danish government. The related benefit obligations, approximately DKK 530m, have been deducted, arriving at the projected benefit obligation.

TDC A/S has assumed all pension obligations for the members of the three Danish pension funds. Accordingly, the net periodic pension cost/income and the plan assets for the three Danish pension funds are related to TDC A/S. Subsidiaries employing the members pay contributions to TDC A/S, which are included in the pension costs of the respective subsidiary.

B: Foreign defined benefit plans

Pension costs for members of foreign Group enterprises operating defined benefit plans are determined on the basis of the development in the actuarially determined pension obligations and on the yield on the pension funds' assets. The difference between the actuarially determined pension obligations and the fair value of the pension funds' assets is recognized in the Balance Sheets under pension provisions, etc.

TDC's foreign defined benefit plans concern primarily TDC Switzerland.

Note 29 Pension assets and pension obligations (continued)

C: Pensions for former Danish civil servants

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

In 1994, the Group reached an agreement with the Danish government to make a one-time payment of DKK 1,210m, of which DKK 108m was considered interest compensation for the period July 1, 1994, to August 1, 1995. This agreement was in respect of the Group's pension obligation to employees who participated in the Danish civil servants' pension plan. Under the agreement, the Group's pension contributions to the Danish Government ceased at July 1, 1994. The agreed non-recurring payment is treated as a pre-paid expense, which will be amortized and expensed over the average expected remaining service lives of the active employees concerned.

In connection with the reduction in the number of employees in 2005 and previous years, some retired employees have retained their rights to civil servant pensions from the Danish government. It is deemed that the retirements will not cause further payments on the part of the Company.

Note 30 Other financial commitments and lease receivables

	DKKm 2005	2004
Lease commitments		
Rental expense relating to properties in the period of interminability	3,894	4,317
Accumulated lease commitments for machinery, equipment, computers, etc.	712	1,208
Total	**4,606**	**5,525**
which can be specified as follows:		
Not later than 1 year	812	924
Later than 1 year and not later than 5 years	2,048	2,442
Later than 5 years	1,746	2,159
Total	**4,606**	**5,525**
Total rental expense for the year for all operating leases		
Minimum lease payments	1,064	920
Contingent lease payments	2	79
Sublease payments	(17)	(11)
Total	**1,049**	**988**
Capital and purchase commitments		
Investments in property, plant and equipment	7	198
Investments in intangible assets	74	6
Commitments related to outsourcing agreements	746	356
Other purchase commitments	360	412

Total future minimum sublease payments expected for interminable subleases on balance sheet dates amounted to DKK 35m at December 31, 2005, compared with DKK 51m at December 31, 2004.

Operating leases, for which TDC is the lessee, are related primarily to agreements on fiber networks, sea cable and agreements on property leases, including agreements with the related Danish pension funds. The lease agreements terminate in 2020 at the latest.

	2005	2004
Lease receivables		
Total lease receivables in the period of interminability	42	30
which can be specified as follows:		
Not later than 1 year	32	25
Later than 1 year and not later than 5 years	10	5
Later than 5 years	0	0
Total	**42**	**30**

Note 30 Other financial commitments and lease receivables (continued)

Total contingent lease amounts recognized as income amounted to DKK 101m in 2005, compared with DKK 16m in 2004.

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

Note 31 Contingent assets and contingent liabilities

Contingent assets

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

Contingent liabilities

The TDC Group is party to certain pending lawsuits and cases pending with public authorities and complaints boards. Based on a legal assessment of the possible outcome of each of these lawsuits and cases, Management is of the opinion that these will have no significant adverse effect on the TDC Group's financial position.

In connection with capital sale and leaseback agreements, the Group has provided guarantees covering intermediary leasing companies' payment of the total lease commitments. The Group has made legally releasing non-recurring payments to the intermediary leasing companies of an amount corresponding to the total lease commitments. At December 31, 2005, the guarantees amounted to DKK 3,291m, compared with DKK 3,030m at December 31, 2004. The guarantees provided by the TDC Group are economically defeased by means of payment instruments issued by creditworthy obligors unrelated to the TDC Group that secure or otherwise provide for payment of the regular lease payments and purchase-option prices due from the intermediary leasing companies. These instruments are lodged as security for payment of the regular lease payments by the intermediary leasing companies.

In accordance with Section 32 of the Danish Civil Servants Act, the Group has a termination benefit obligation to former Danish civil servants and to employees with civil-servant status hired before April 1, 1970 who are members of the related Danish pension funds.

The Group has provided the usual guarantees in favor of suppliers and partners. These guarantees amounted to DKK 90m at December 31, 2005, compared with DKK 135m at December 31, 2004.

Note 32 Related parties

Name of related party	Nature of relationship	Domicile
KTAS Pensionskasse	Pension fund	Copenhagen, Denmark
Jydsk Telefons Pensionskasse	Pension fund	Århus, Denmark
Fyns Telefons Pensionskasse	Pension fund	Odense, Denmark

Danish Group companies have entered into certain lease contracts with the related Danish pension funds. The lease contracts are interminable until 2020 at the latest. The aggregate amount payable under such agreements amounted to DKK 957m at December 31, 2005, compared with DKK 1,242m at December 31, 2004. The rental expense was DKK 122m for 2005, compared with DKK 139m in 2004. Compensation for terminating a lease amounted to DKK 20m in 2005. In addition, annual contributions are paid to the pension funds, see note 29 Pension obligations.

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

Note 32 Related parties (continued)

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

	Joint ventures	Associates	Other related parties	Total
				DKKm
2005				
Revenue	29	12	18	59
Costs	(4)	(12)	(62)	(78)
Receivables	365	1	10	376
Debt	(2)	(1)	(7)	(10)

	Joint ventures	Associates	Other related parties	Total
				DKKm
2004				
Revenue	39	8	9	56
Costs	(2)	(3)	(21)	(26)
Receivables	1,089	18	1	1,108
Debt	0	(2)	(1)	(3)

Note 33 Overview of Group companies at December 31, 2005

Company name	Domicile	Currency	TDC Group ownership share (%)	Number of subsidiaries and associates not listed here [1]
TDC Solutions				
TDC Solutions A/S	Copenhagen, Denmark	DKK	100.0	6
Contactel s.r.o. [5]	Prague, Czech Republic	CZK	100.0	
TDC Hosting A/S	Århus, Denmark	DKK	100.0	
TDC Dotcom AB	Stockholm, Sweden	SEK	100.0	
• Dotcom Solutions AB	Stockholm, Sweden		100.0	
Operators Clearing House A/S [2]	Copenhagen, Denmark	DKK	33.3	
Service Hosting A/S	Ballerup, Denmark	DKK	100.0	
TDC Call Center Europe A/S	Sønderborg, Denmark	DKK	100.0	
TDC Carrier Services USA, Inc.	New Jersey, USA	USD	100.0	
TDC Produktion A/S	Odense, Denmark	DKK	100.0	
TDC Switzerland AG [3]	Zürich, Switzerland	CHF		
Telecom Invest A/S	Copenhagen, Denmark	DKK	100.0	2
TDC Con SQOV AB	Stockholm, Sweden	SEK	100.0	
• TDC Song Holding AB	Stockholm, Sweden		100.0	28
NetDesign A/S	Farum, Denmark	DKK	100.0	
Hungarian Telephone and Cable Corp. [4]	Seattle, USA	USD	63.4	11
TDC Business Solution GmbH	Elmshorn, Germany	EUR	100.0	
TDC Mobile International				
TDC Mobile International A/S	Copenhagen, Denmark	DKK	100.0	3
TDC Mobil A/S	Taastrup, Denmark	DKK	100.0	3
• TDC Mobil Center A/S	Odense, Denmark		84.9	
UAB Bité Lietuva	Vilnius, Lithuania	EUR	100.0	1
• SIA BITÉ Latvija	Riga, Latvia		100.0	
One GmbH [2]	Vienna, Austria	EUR	15.0	
Polkomtel S.A. [2]	Warsaw, Poland	PLN	19.6	
Talkline Management und Finance Holding GmbH	Elmshorn, Germany	EUR	100.0	3
• Talkline GmbH & Co. KG	Elmshorn, Germany		100.0	

Note 33 Overview of Group companies at December 31, 2005 (continued)

Company name	Domicile	Currency	TDC Group ownership share (%)	Number of subsidiaries and associates not listed here [1]
• easyMobile Germany Verwaltungs GmbH	Hamburg, Germany		100.0	
Tele Danmark Consult A/S	Taastrup, Denmark	DKK	100.0	
Telmore International Holding A/S	Taastrup, Denmark	DKK	88.9	
• easyMobile Limited	Stevenage, UK		100.0	
• TIH NL BV	Amsterdam, The Netherlands		100.0	
Telmore A/S	Taastrup, Denmark	DKK	100.0	
TDC Cable TV				
TDC Cable TV A/S	Copenhagen, Denmark	DKK	100.0	
Dansk Kabel TV A/S	Taastrup, Denmark	DKK	100.0	
Connect Partner A/S	Herlev, Denmark	DKK	100.0	
Telelet A/S	Søborg, Denmark	DKK	100.0	
TDC Switzerland				
TDC Switzerland AG [3]	Zürich, Switzerland	CHF	100.0	6
• sunrise business communications AG	Zürich, Switzerland		100.0	
TDC Services				
TDC Services A/S	Copenhagen, Denmark	DKK	100.0	
TDC Reinsurance A/S	Copenhagen, Denmark	DKK	100.0	
Tele Danmark Reinsurance S.A.	Luxembourg	DKK	100.0	
Other [1]				
TDC ADSB Invest ApS	Copenhagen, Denmark	DKK	100.0	
• ADSB Telecommunications B.V. [2]	Amsterdam, The Netherlands		34.7	

1 In order to give the reader a clear presentation, some minor enterprises owned indirectly are not listed separately in the overview.
2 The enterprise is included under the equity method.
3 TDC Solutions A/S owns 17.4% of TDC Switzerland AG.
4 The enterprise is owned by TDC A/S, but is included in the TDC Solutions segment.
5 In 2005, TDC contracted with GTS CE for GTS CE to acquire Contactel s.r.o. The deal was completed at February 2, 2006.

Note 34 Reconciliation to United States Generally Accepted Accounting Principles (US GAAP)

The Consolidated Financial Statements of TDC have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Furthermore, the Consolidated Financial Statements of TDC have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by IASB.

IFRS differ in certain respects from generally accepted accounting principles in the United States (US GAAP). A description of the significant differences between IFRS and US GAAP as they relate to TDC are discussed in further detail below.

a) Pensions

Under IFRS, pension assets, pension liabilities and expenses related to defined benefit plans are determined in a similar manner to US GAAP. However, under IFRS, prior service cost, transition obligations and expenses resulting from plan amendments are generally recognized immediately. Under US GAAP, these expenses are generally recognized over a longer period.

In accordance with IFRS 1, unrecognized actuarial gains and losses as of January 1, 2004 are recognized in equity.

Note 34 Reconciliation to United States Generally Accepted Accounting Principles (US GAAP) (continued)

As opposed to IFRS, a liability at least equal to the unfunded part of the accumulated benefit obligation (ABO) must be recognized in the balance sheet under US GAAP, when the ABO exceeds the fair value of plan assets. To the extent that the unfunded ABO exceeds the liabilities already recognized, an additional minimum liability (AML), net of tax, must be recognized as a reduction of equity. If the unfunded ABO is lower than the liabilities already recognized, no further liabilities are recognized.

b) Formation of the Group

In accordance with IFRS, certain items of property, plant and equipment acquired upon the formation of the Group were restated at fair value, whereas goodwill and rights were capitalized. The capitalized excess values are amortized over the useful lives of the assets. Under US GAAP, the transfer of assets between parties under joint control was accounted for using the pooling-of-interests method. Accordingly, restatement of property, plant and equipment to fair value and any capitalization of goodwill and rights related to the formation of the Group were eliminated in the Consolidated Financial Statements.

c) Reversal of capitalization of site costs

In accordance with IFRS, site pre-acquisition costs are expensed only in cases where no permission is obtained for a certain site. Under US GAAP, all site pre-acquisition costs are expensed as incurred until Management receives the appropriate permission from official authorities to begin construction of the site.

d) Development costs

In accordance with IFRS, development costs are recognized as intangible assets if the cost can be calculated reliably and is expected to generate future economic benefits. Development costs are amortized over a period of three to five years. Under US GAAP, development costs are expensed as incurred, except for computer software developed for internal use.

e) Depreciation in year of acquisition or construction

According to TDC Group accounting policies until year-end 1992, a full year's depreciation was charged on fixed assets in the year of acquisition or construction of the asset. Under US GAAP, such depreciation commences from the time of acquisition or from the date of the asset's entry into service.

f) Revenue recognition

In accordance with IFRS, elements in revenue arrangements with multiple deliverables are recognized as separate units of accounting, independent of any contingent element related to the delivery of additional items or other performance conditions. Under US GAAP, multiple element contracts as from June 15, 2003 are recorded in accordance with EITF No. 00-21 "Accounting for Revenue Arrangements with Multiple Deliverables" under which the amount allocable to a delivered item is limited to the amount that is not contingent upon the delivery of additional items or meeting other performance conditions.

g) Asset retirement obligations

In accordance with IFRS, the effect of a change in the fair value of an asset retirement obligation is capitalized and depreciated over the remaining useful life of the underlying asset. Under US GAAP, such asset retirement obligations are accounted for in accordance with Statement of Financial Accounting Standards no. 143, "Accounting for Asset Retirement Obligations" (SFAS 143). Accordingly, the accumulated accretion and depreciation expense to December 31, 2002 is recognized in the financial statements as a cumulative catch-up adjustment.

Furthermore, IFRS (IFRIC Interpretation No. 1 "Changes in Existing Decommissioning, Restoration and Similar Liabilities") does not treat changes in the estimate of undiscounted cash flows and discount rates in the same way as SFAS 143.

h) Jubilee obligations

In accordance with IFRS and US GAAP, jubilee benefits provided for employees are recognized in the year in which the associated services are rendered by the employees. The liability with respect to jubilee benefits was calculated for the first time in 2004 in connection with the implementation of IFRS, thereby bringing IFRS and US GAAP in compliance.

Note 34 Reconciliation to United States Generally Accepted Accounting Principles (US GAAP) (continued)

i) Gain related to sale of shares

In accordance with IFRS, a gain arising from sale of shares is recognized when the inflow of economic benefits can be measured reliably. Under US GAAP, a gain should not be recognized until the final price is established.

j) Gain on divestment of enterprises

Gain on divestment of enterprises includes the accumulated effect of differences between IFRS and US GAAP relating to divested enterprises at the time of divestment.

k) Other

Other consists of some minor differences between IFRS and US GAAP that are immaterial on both an individual and aggregate basis, and therefore are not separately disclosed.

l) Deferred tax

This reconciliation item includes all tax effects due to the above-mentioned reconciling.

m) Capital sale and leaseback agreements

In accordance with IFRS, non-recurring payments that have been made to legally release future lease payments are offset against the lease commitments in the balance sheets. Under US GAAP, in certain circumstances the non-recurring payments and the corresponding lease commitments must be shown as assets and as liabilities in the balance sheet.

n) Minority interests on acquisition

In accordance with IFRS, in connection with the acquisition of a less than 100% owned subsidiary, any minority interests should be stated at the minorities' proportion of the net fair value of acquired assets, liabilities and contingent liabilities assumed. In accordance with US GAAP, fair values are assigned only to the parent company's shares of the net assets acquired, and the minority interests are valued at historical carrying value. This difference between IFRS and US GAAP has been adjusted in the footnote below showing balance sheet items from the Consolidated Balance Sheets adjusted in accordance with US GAAP. The difference in accounting approach has no impact on the reconciliation of net income and equity attributable to Company shareholders.

o) Share-based payment

In accordance with IFRS, the value of services received from employees in exchange for incentives is recognized in the Statements of Income over the vesting period and is measured at the fair value at the grant date of the share options. Under US GAAP, in 2005, TDC has applied the modified retrospective application method in Statement of Financial Accounting Standards no. 123 (revised 2004) "Share-Based Payments" (SFAS 123), thereby bringing IFRS and US GAAP in compliance. Accordingly, compensation costs and the related tax effect are recognized in the financial statements as though they had been accounted for under SFAS 123(R). The impact on net income under US GAAP in 2004 amounts to DKK 52m.

Note 34 Reconciliation to United States Generally Accepted Accounting Principles (US GAAP) (continued)

The effect on net income and equity is stated below as if the Financial Statements had been prepared in accordance with US GAAP:

	Net income attributable to Company shareholders		Equity attributable to Company shareholders DKKm	
	2005	2004	2005	2004
As reported in accordance with IFRS	7,474	9,912	43,520	38,823
a) Pensions	(420)	(281)	829	1,423
b) Reversal of depreciation of any write-up to fair value of property, plant and equipment arising on formation of the Group:				
Additions during the year/accumulated cost	—	—	(1,211)	(1,211)
Depreciation for the year/accumulated depreciation	5	25	1,209	1,204
c) Reversal of capitalization of site pre-acquisition costs	(25)	23	(109)	(84)
d) Reversal of capitalization of development costs	8	2	(6)	(14)
e) Depreciation in year of acquisition or construction	(2)	(2)	40	42
f) Revenue recognition	(2)	7	(3)	(1)
g) Asset retirement obligations	33	3	(34)	(67)
h) Jubilee obligations	0	(111)	0	0
i) Reversal of gain related to sale of shares	0	218	0	0
j) Difference in gain related to divestment of enterprises	0	(28)	—	—
k) Other	9	26	(50)	(60)
l) Deferred tax, US GAAP adjustments	149	128	(212)	(392)
Net income/equity in accordance with US GAAP	**7,229**	**9,922**	**43,973**	**39,663**
Net income from continuing operations as reported under IFRS	3,497	9,595		
Minority interests' share of income from continuing operations	24	2		
US GAAP adjustments, net	(245)	13		
Net income from continuing operations under US GAAP	**3,276**	**9,610**		
Net income from discontinued operations under IFRS	3,953	315		
US GAAP adjustments, net	0	(3)		
Net income from discontinued operations under US GAAP	**3,953**	**312**		

Earnings per share in accordance with US GAAP (DKK)	2005	2004
Earnings per share, basic	37.04	48.49
Earnings per share, diluted	36.83	48.39
Earnings per share from continuing operations in accordance with US GAAP, basic	16.79	46.96
Earnings per share from continuing operations in accordance with US GAAP, diluted	16.69	46.87
Earnings per share from discontinued operations in accordance with US GAAP, basic	20.25	1.53
Earnings per share from discontinued operations in accordance with US GAAP, diluted	20.14	1.52

Note 34 Reconciliation to United States Generally Accepted Accounting Principles (US GAAP) (continued)

Balance sheet items

DKKm

	Balance sheet items according to IFRS at December 31		Approximate amounts as adjusted to US GAAP at December 31	
	2005	2004	2005	2004
Intangible assets	33,118	33,495	33,010	33,481
Property, plant and equipment	26,054	26,252	25,924	26,107
Minority passive investments	9	44	6	26
Plan assets	5,645	5,435	6,552	6,750
Receivables	9,081	9,662	12,372	12,692
Pre-paid expenses	979	1,057	995	1,062
Minority interests	275	27	201	27
Deferred tax, net:				
• current	(94)	(191)	(95)	(191)
• non-current	2,804	3,875	3,011	4,267
Pension obligations	332	264	410	156
Long-term loans	24,890	29,142	28,181	32,172
Deferred income	3,802	3,625	3,821	3,631
Trade and other current payables	9,210	9,535	9,210	9,548
Equity attributable to Company shareholders	43,520	38,823	43,973	39,663

Note 35 Auditors' remuneration

DKKm

	2005	2004
The remuneration of auditors elected by the annual general meeting:		
PricewaterhouseCoopers	69	37
Other auditors	6	9
Total	**75**	**46**
Hereof fees in respect of non-audit services:		
PricewaterhouseCoopers	48	24
Other auditors	1	2
Total	**49**	**26**

Note 36 Net interest-bearing debt

DKKm

	2005	2004
Interest-bearing receivables	107	83
Marketable securities	3,687	3,412
Cash	10,063	6,838
Long-term loans	(24,890)	(29,142)
Short-term loans	(5,425)	(1,337)
Other interest-bearing debt	(17)	0
Total	**(16,475)**	**(20,146)**

Note 37 Reversal of items without effect on cash flow

DKKm

	2005	2004
Change in provisions	(175)	(216)
Change in pension assets	(410)	(527)
Other adjustments	(33)	(38)
Total	**(618)**	**(781)**

Note 38 Change in working capital

	2005	2004
		DKKm
Change in inventories	(89)	142
Change in receivables	(214)	1,297
Change in trade payables	(80)	(198)
Change in other items, net	(144)	(29)
Total	**(527)**	**1,212**

Note 39 Investment in subsidiaries

2005

In 2005, TDC made the following acquisitions:

At April 1, TDC increased its ownership share in Hungarian Telephone and Cable Corp. and has thereby gained control of the company. The ownership share was 63.4% at December 31, 2005. In February 2005, HTCC changed its profile significantly when it acquired Pantel, an infrastructure company. Pantel has a nationwide fiber-optic network with direct links to the neighboring countries Rumania, Bulgaria, Croatia, Slovenia, Austria, Slovakia, Ukraine and Serbia. The acquisition means HTCC can become a traffic link for the transmission of telephony and data traffic in the region.

At July 1 2005, TDC Solutions A/S acquired the Swedish systems integrator Dotcom Solutions AB, which offers complete communications platforms for voice, data, video and network services for Swedish business customers.

At July 1 2005, TDC Switzerland acquired the assets of Ascom's business communications solutions unit, which is a major systems integrator in Switzerland and a provider of LAN infrastructure.

At July 1, 2005 TDC Cable TV A/S acquired Telelet A/S, which provides specific solutions for antenna associations with miscellaneous types of cable for TV, broadband and telephony.

Assets and liabilities at the time of acquisition

	Fair value at the time of acquisition	Carrying value before acquisition
		DKKm
Intangible assets	660	143
Property, plant and equipment	1,062	1,394
Other property, plant and equipment	3	3
Inventories	31	32
Receivables	610	601
Deferred tax assets/(liabilities), net	27	31
Marketable securities	17	17
Cash and cash equivalents	295	295
Pension liabilities	(92)	0
Provisions	(9)	(18)
Long-term debt	(1,103)	(1,100)
Corporate income tax receivable/(payable), net	7	7
Short-term debt	(681)	(680)
Net assets	**827**	**725**
Minority interests	(264)	
Previous investments recognized under associates	(262)	
Acquired net assets	**301**	
Goodwill	464	
Goodwill, changed consolidation method	84	
Acquisition cost	**849**	
Cash in acquired subsidiaries	(295)	
Unpaid share of acquisition cost	(40)	
Net cash flow on acquisition	**514**	

Note 39 Investment in subsidiaries (continued)

Since the acquisition in 2005, the acquired enterprises have contributed DKK 1,469m to revenue and DKK 58m to net income.

TDC Group revenue and net income calculated as if the enterprises had been acquired at January 1, 2005 amounted to DKK 2,325m and DKK 117m, respectively.

Goodwill related to acquisitions was calculated at DKK 548m on recognition of identifiable assets, liabilities and contingent liabilities at fair value. Goodwill represents the value of current employees and know-how as well as expected synergies arising from the combination with the TDC Group.

2004

In 2004, TDC made the following acquisitions:

At January 27, 2004, TDC Mobile International acquired the remaining 80% of the shares in Telmore A/S, a Danish mobile service provider.

At May 12, 2004, TDC Cable TV acquired the installations company Connect Partner A/S, which specializes in overall solutions within data and telecommunications networks.

At the beginning of November 2004, TDC Solutions acquired the Swedish company Song Networks AB, which subsequently changed its name to TDC Song. TDC Song is a pan-Nordic network operator, operating primarily on the business market.

At December 1, 2004, TDC Solutions acquired NetDesign A/S, a leading Danish provider of IP/LAN infrastructure for business customers.

Note 39 Investment in subsidiaries (continued)

Assets and liabilities at the time of acquisition

	Fair value at the time of acquisition	Carrying value before acquisition
		DKKm
TDC Song		
Intangible assets	274	27
Property, plant and equipment	1,968	1,283
Other property, plant and equipment	40	40
Receivables	388	393
Pre-paid expenses	142	142
Deferred tax assets/(liabilities), net	277	80
Cash and cash equivalents	283	283
Provisions	(446)	(289)
Long-term debt	(15)	(15)
Deferred income	(40)	0
Short-term debt	(686)	(701)
Net assets	**2,185**	**1,243**
Minority interests	(13)	
Acquired net assets	**2,172**	
Goodwill	2,393	
Acquisition cost	**4,565**	
Cash in acquired subsidiaries	(283)	
Net cash flow on acquisition	**4,282**	
Other acquisitions		
Intangible assets	530	2
Property, plant and equipment	66	66
Other property, plant and equipment	1	1
Inventories	46	46
Receivables	87	107
Pre-paid expenses	2	1
Deferred tax assets/(liabilities), net	(154)	0
Cash and cash equivalents	189	189
Long-term debt	(3)	(3)
Corporate income tax receivable/(payable), net	(1)	(1)
Short-term debt	(306)	(323)
Net assets	**457**	**85**
Previous investments recognized under associates	(92)	
Acquired net assets	**365**	
Goodwill	239	
Goodwill, changed consolidation method	64	
Acquisition cost	**668**	
Cash in acquired subsidiaries	(189)	
Net cash flow on acquisition	**479**	

Since the acquisition in 2004, the acquired subsidiaries contributed revenue of DKK 1,030m and net income of DKK (50)m.

If the acquisition had been completed on January 1, 2004, revenue for the year would have been DKK 3,098m and net income for the year would have been DKK 33m.

After recognition of net identifiable assets, liabilities and contingent liabilities at fair value, goodwill arising on the acquisition amounted to DKK 2,696m. Goodwill represents the value of the current employees, know-how and the anticipated future operating synergies from the combination.

Note 40 Divestment of subsidiaries

The carrying value of assets and liabilities consists of the following at the time of divestment:

	DKKm	
	2005	2004
Intangible assets	33	133
Property, plant and equipment	6	47
Other non-current assets	0	34
Receivables	207	138
Cash and cash equivalents	9	34
Deferred tax assets/(liabilities), net	0	(2)
Provisions	0	(5)
Corporate income tax receivable/(payable), net	(2)	(69)
Short-term debt	(199)	(67)
Net assets	**54**	**243**
Gain/(loss) on disposal of subsidiaries	(12)	943
Received prepayments relating to divestment of subsidiaries	15	0
Cash in divested subsidiaries	(9)	(34)
Net cash flow on divestment	**48**	**1,152**

Note 41 Cash flow from investing activities in discontinued operations

The carrying value of assets and liabilities in discontinued operations consists of the following at the time of divestment:

	DKKm	
	2005	2004
Intangible assets	1,040	—
Property, plant and equipment	52	—
Inventories	8	—
Receivables	387	—
Cash and cash equivalents	80	—
Deferred tax assets/(liabilities), net	10	—
Provisions	(17)	—
Long-term debt	(45)	—
Corporate income tax receivable/(payable), net	(7)	—
Short-term debt	(383)	—
Net assets	**1,125**	**—**
Profit relating to divestment of discontinued operations	3,708	—
Hereof reversal of currency adjustments recognized in equity	27	—
Sales proceeds not received and sales costs not paid, net	(2)	—
Cash in discontinued operations	(80)	—
Net cash flow on divestment	**4,778**	**—**
Cash flow from investing activities in discontinued operations excluding divestments	(43)	(26)
Net cash flow from investing activities in discontinued operations	**4,735**	**(26)**

Note 42 Cash and cash equivalents

	DKKm	
	2005	2004
Cash and cash equivalents at January 1	6,838	5,430
Cash and cash equivalents transferred relating to changed consolidation method	0	8
Cash and cash equivalents transferred to assets held for sale	(12)	0
Unrealized currency translation adjustments	1	0
Adjusted cash and cash equivalents at January 1	**6,827**	**5,438**

Note 43 Post balance sheet events

TDC reduces its work force in domestic operations according to plan

On January 20, 2006, TDC decided to implement a redundancy program covering up to 570 employees in the period until year-end 2006, which should be seen in relation to the necessity of an approx. 5% work-force reduction in 2006 previously announced. The redundancy program will be initiated through voluntary retirement to limit the extent of involuntary retirement. Total costs related to work-force reductions are estimated at DKK 342m after tax. The amount will be expensed as a special item in the first quarter of 2006.

Tender offer and debt redemption

On December 2, 2005, Nordic Telephone Company Aps ("NTC") launched the tender offer for all ordinary shares issued by TDC ("TDC Shares") and all American Depositary Shares ("TDC ADSs"). The tender offer expired on January 20, 2006, with NTC acquiring approximately 88.2% of the TDC Share Capital pursuant to the tender offer, which settled on February 1, 2006.

On December 21, 2005, in conjunction with the Tender Offer, Nordic Telephone Company Holding ApS ("NTC Holding") invited the holders of certain series of TDC's Euro Medium Term Notes (the "EMTNs"), excluding a series of notes due on April 24, 2006, to offer or sell them to NTC Holding or another entity designated by NTC Holding, and to consent to certain amendments relating to these notes (together, the "Invitations").

TDC offers its ownership share in Polkomtel to the other shareholders

On February 2, 2006, due to this change of ownership described above and in accordance with the existing shareholder agreement with Polkomtel as well as the company's bylaws, TDC has offered to sell its 19.6% ownership share to the other shareholders of Polkomtel at a price of EUR 214.04 per share, reflecting a market value of EUR 4.388bn for 100% of the company's common shares. The result and the time frame of the selling process depend on the shareholders' response to TDC's offer.

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REGISTERED OFFICE OF THE ISSUER

Nordic Telephone Company Holding ApS
Langelinie Allé 35
DK-2100, Copenhagen Ø
Denmark

INITIAL PURCHASERS

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB

J.P. Morgan Securities Ltd.
125 London Wall
London EC2Y 5AJ

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR

Nordea Bank Danmark A/S
Christiansbro, 3 Strangade
Postbox 850
DK-0900 Copenhagen C
Denmark

LEGAL ADVISORS TO THE ISSUER

as to Danish law

Bech-Bruun
Langelinie Alle 35
DK-2100, Copenhagen Ø
Denmark

as to United States law

Simpson Thacher & Bartlett LLP
CityPoint
One Ropemaker Street
London EC2Y 9HU

LEGAL ADVISOR TO THE INITIAL PURCHASERS

as to Danish law

Plesner Svane Grønborg
Amerika Plads 37
DK-2100 Copenhagen Ø
Denmark

as to United States law

Cravath, Swaine & Moore LLP
CityPoint
One Ropemaker Street
London EC2Y 9HR

INDEPENDENT AUDITORS

PricewaterhouseCoopers
Strandvejen 44
DK-2900 Hellerup
Denmark

TRUSTEE

Deutsche Trustee
Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB

REGISTRAR AND TRANSFER AGENT

Deutsche Bank
Luxembourg SA
2 Boulevard Konrad
Adenauer
L-115, Luxembourg

LISTING AGENT

Deutsche Bank AG,
London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB

PRINCIPAL PAYING AGENT

Deutsche Bank AG,
London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB

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OFFERING MEMORANDUM

€2,031,000,000

Nordic Telephone Company Holding ApS

a parent company of

TDC A/S

€ % Senior Notes due 2016
$ % Senior Notes due 2016
€ Floating Rate Notes due 2016

Deutsche Bank
JPMorgan
Barclays Capital
Credit Suisse
The Royal Bank of Scotland
Joint Book-Running Lead Managers

Nordea
Co-Manager

, 2006