

Group Annual Report

Group Annual Report

In the interest of clarity and user-friendliness, TDC is publishing its Group Annual Report excluding the Financial Statements of the Parent Company TDC A/S. In pursuance of Section 149 of the Danish Financial Statements Act, the Group Annual Report is therefore an extract of the Company's complete Annual Report.

The complete Annual Report, including the Financial Statements of the Parent Company, is available at tdc.com. Following adoption at the Annual General Meeting on 5 March 2015, the complete Annual Report will also be available from Erhvervsstyrelsen (The Danish Business Authority). The distribution of the profit for the year and dividend proposals are based on the equity of the Parent Company, but are shown under Consolidated Statements of Changes in Equity in the Group Annual Report. The Management Statement and the Independent Auditor's Report disclosed in this Group Annual Report are from the complete Annual Report.

Disclaimer

This Annual Report may include statements about TDC's expectations, beliefs, plans, objectives, assumptions or future events or performance that are not historical facts and may be forward-looking. These statements are often, but not always, formulated using words or phrases such as "are likely to result", "are expected to", "will continue", "believe", "is anticipated", "estimated", "intends", "expects", "projection" and "outlook" or similar expressions or negatives thereof. These statements involve known and unknown risks, estimates, assumptions and uncertainties that could cause actual results, performance or achievements or industry results to differ materially from those expressed or implied by such forward-looking statements.

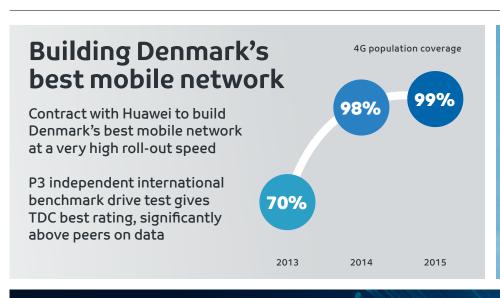
Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this financial report. The key factors that may have a direct bearing on TDC's results include: the competitive environment and the industry in which TDC operates; contractual obligations in TDC's financing arrangements; developments in competition within the domestic and international communications industry; information technology and operational risks including TDC's responses to change and new technologies; introduction of and demand for new services and products; developments in the demand, product mix and prices in the mobile and multimedia services market; research regarding the impact of mobile phones on health; changes in applicable legislation, including but not limited to tax and telecommunications legislation and anti-terror measures; decisions by the Danish Business Authority; the possibility of being awarded licences; increases in interest rates; status of important intellectual property rights; exchange-rate fluctuations; global and local economic conditions; investments in and divestments of domestic and foreign companies; and supplier relationships.

Because the risk factors referred to in this Annual Report could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this Annual Report, undue reliance is not to be placed on any of these forward-looking statements. New factors will emerge in the future that TDC cannot predict. In addition, TDC cannot assess the impact of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements.

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2014 at a glance – focusing and expansion of business potential





TDC Group's fibre focus continued

TDC Group further extended the build out of Denmark's largest fibre network while significantly promoting fibre in the business market

TDC Group also entered into a strategic partnership with a large Danish utility company, which in 2015 will provide TDC Group with access to a comprehensive fibre network in the domestic B2B and B2C markets (including 100k homes) as well as **14k** TV customers. TDC Group will take over the operation of the network and implement a standard solution



TELMORE

2014 at a glance - major commercial events

Next-generation TV





YouSee and TDC TV customers are given the opportunity to combine flow TV with streaming through the new and enhanced Play app. The streaming app, which has already been downloaded by **800k** customers, provides access to much more content on all platforms at home and on the go, e.g. flow TV, films, series, music and an all-in-one seamless experience

Furthermore, TDC Group will use the familiarity of the Blockbuster brand, which was re-launched in December 2014, to encourage Danes to rent films and series online on all devices – independent of customer relationships with TDC

In line with the national digitalisation of Denmark, TDC Group has pushed

digital communication
– more than half of
Consumer's customer
base signed up for digital
communication with TDC

Digitalisation

Mobile launches

Telmore Play includes access to 12 digital services packed with news and entertainment for all devices, combined with competitive mobile packages

As a first mover in Denmark,
Business introduced unlimited
voice roaming in Europe. Attractive roaming offers were also
introduced in the B2C market

B2B competition intensified in 2014

2014 was characterised by continued price pressure. Lower prices where specifically dominant in negotiations with large public institutions where new SKI contracts were implemented. While some particularly pricesensitive customers were lost, new customers were attracted, especially by our more advanced solutions

In our Wholesale MVNO business we expect a contraction from contract loss and price pressure going forward

Price pressure in Sweden was somewhat lower, and TDC Sweden won several new accounts

We expanded our footprint within the growing market of betting and digital content in order to utilise our large customer base and potential across platforms and devices



Challenged customer service

Our call centres faced an extraordinarily high number of inbound calls in 2014. Despite an increase in answered calls following both substantial efficiency improvements and FTE increases during 2014, waiting times were too long. Also, too many of our

customer did not have a satisfying customer experience in 2014 and customer satisfaction declined



Dear stakeholders

Financial guidance met

We are satisfied with meeting our financial targets for 2014. This included high cash flow generation, continued opex savings, and a substantial increase in TV and broadband customers in the Danish consumer market.

"We are satisfied with meeting our financial targets for 2014"

Carsten Dilling

However, a number of areas were challenging: Our focus on premium products in the price-competitive mobile market resulted in a drain of residential mobile customers (-153k), driven by competitors' frequent price reductions. In the Danish business market, we were unable to turn the focus from pure pricing to quality and integrated solutions. This led to decreasing ARPUs across all business segments and products.

Strategic focus areas in 2014

In 2014, TDC Group implemented a proactive market approach in terms of networks, products and services that included the following:

1. We took a significant step towards becoming Scandinavia's leading provider of communications solutions and home entertainment. From a position as market leader in TV, landline and mobile in Denmark, we entered the Norwegian consumer market through the acquisition of the cable-TV company Get. Next year, almost a

quarter of total revenue in TDC Group will be earned outside Denmark, and home entertainment is expected to constitute a quarter of total revenue, with significant growth potential.

- 2. We successfully completed upgrading our Danish mobile network to 4G. Tests performed by third parties confirm that we have the best quality data network in Denmark. This is an important enabler for attracting customers and justifying a premium price in all markets.
- 3. Our call centres faced an extraordinarily high number of inbound calls. Despite a substantial FTE increase and improved efficiency in Channels during the year, many of our customers experienced long waiting times. Opportunities to talk to customers were lost, affecting our sales performance. We are determined to remedy this situation in 2015 by taking TDC's digital transformation to the next level and benefiting from our partnership with Sitel.
- 4. We manifested our position as the largest fibre-network supplier in Denmark with a successful fibre campaign targeting our business customers. We also entered into a strategic partnership with a large Danish utility company, providing fibre access to 100k homes passed.
- 5. A number of new products and services were launched in 2014 to drive future growth. This included preparations to boost IT security offerings in the B2B market, access to the

market for digital sports betting through Bet25, as well as providing customers with access to content on all platforms at home and on the go. 800k TV customers have already downloaded Play apps, enabling them to stream our flow TV.

Looking forward

Looking at 2015, we are excited to execute on Get synergy potentials and pursue our ambition to be the leading Scandinavian communications solutions and home entertainment company.

However, some challenges in the Danish markets are worth noting. This includes a full-year effect from the loss of 153k residential mobile subscribers in 2014, intensified price pressure across business segments and products, reduced organic opex savings, as well as contraction in our MVNO business.

Price levels in several areas have reached unsustainable levels, leading to depressed profits and lower investments among Danish telcos. Topping off with sector-specific merger control will hamper the continued development of the Danish digital infrastructure. Our very capital intensive sector needs stable and predictable regulation and a public sector that also focuses on quality and innovation.

"Our strategic focus remains on seamlessly integrated solutions"

Vagn Sørensen

We believe that Danish society needs strong market players capable of investing in high-quality infrastructure. Our strategic focus will consequently remain on seamlessly integrated solutions under the 'TDC+' programme, through which three strategic pillars have been formed to ensure customer satisfaction, growth and increased sales, as well as continuing process optimisation.

As a part of the 'TDC+' programme", we will focus on empowering our highly skilled employees and taking teamwork in a functional organisation to the next level. This will start in the frontline, where employees' skills and judgement are crucial for maintaining high quality customer service. We are convinced that the programme will increase value for our employees, loyal customers and shareholders in 2015 and the years ahead.



Carsten Dilling President & CEO

Vagn Sørensen Chairman of the Board of Directors

2014 highlights

Guidance: **Organic revenue**¹, Lower decrease than in 2013 **(-3.5%)** 2014 actuals:

-2.5%

/

Guidance: **EBITDA**, above **9.7bn** 2014 actuals:

9.8_{bn}

/

Guidance: Capex, ~ 3.8bn
2014 actuals:

3.9_{bn}

/

Guidance: **Dividend**2.50 DKK per share
2014 actuals:

2.50

DKK per share



1 Reported revenue excluding the impact from forex, regulatory price adjustments as well as the impact from acquisitions and divestments.

Financial and operational highlights

- TDC Group met the 2014 guidance on all parameters
- Stable equity free cash flow (-2.7% vs. 2013), supports pay-out of the remaining part of the guided dividend of DKK 2.50 per share
- Gross profit in Business down by 7.2% due to increased price pressure across segments and products from renegotiations in the high-end segment (including public tenders (SKI)), and spillover effects from the B2C mobile market in the low-end segment
- Continued strong increase in number of broadband customers in Consumer (17k)

Strong growth in TV customers

(26k). However, due to downward migration and faster than expected migration to the new TDC TV portfolio with lower margin organic TV gross profit decreased by 1.5%

- Organic gross profit decrease in mobility services of 4.1% driven by loss of 153k residential customers and Business' ARPU decrease of 12%
- EBITDA growth of 0.8% in Sweden, while Norway faced an EBITDA decrease of 14.8% (both in local currencies) excluding EBITDA from Get (NOK 205m)
- **Organic opex savings** of 3.4% despite substantial staff increase in Channels

Strategic highlights

- Acquisition of Norwegian cable-TV
 company Get completed as of 20 October 2014; purchase price of ~DKK
 12.5bn; Get included in TDC's figures as of November and performed as expected; integration off to a good start, with synergy potential confirmed post closing
- Customer satisfaction and recommend scores down by 3 and 2 index points (to 72 and 64), respectively, affected by an influx of inbound calls to Channels as a consequence of instability in new products and challenged execution of price and product changes in 2014
- Capex increase of DKK 303m (8.4%) affected by increased mobile 4G coverage from 70% to 98% during the year, following a countrywide rollout achieved in 11 months, as well as the inclusion of capex from Get
- Strategic partnership with Trefor, a large Danish utility company, regarding access to its fibre network and managed service on operations with effect from H2 2015

Five-year overview

TDC Group						
		2014	2013	2012	2011	2010
Income Statements	DKKm					
Revenue		23,344	23,986	25,472	25,606	25,490
Gross profit		17,092	17,431	18,154	18,811	19,07
EBITDA		9,804	9,979	10,136	10,306	10,15
Operating profit (EBIT)		3,808	4,115	4,438	4,347	3,55
Profit before income taxes		2,793	3,432	4,320	3,817	2,45
Profit for the year from continuing operations		2,452	3,078	3,691	2,721	1,67
Profit for the year		3,228	3,119	3,784	2,752	2,95
Income Statements, excluding special items						
Operating profit (EBIT)		5,076	5,047	5,176	5,194	4,92
Profit before income taxes		4,060	4,364	4,298	4,664	3,80
Profit for the year from continuing operations		3,529	3,766	3,344	3,389	2,77
Profit for the year		3,551	3,780	3,448	3,442	3,25
Balance Sheets	DKKbn					
Total assets		74.4	60.4	63.5	65.2	64.
Net interest-bearing debt		(32.9)	(21.7)	(21.9)	(21.0)	(22.
Total equity		18.6	20.4	21.5	22.2	20.
Average number of shares outstanding (million)		800.2	798.9	802.3	816.7	981.
Capital expenditure		(2.000)	(2.404)	(2.404)	(2.244)	(2.47
Capital expenditure		(3,909)	(3,606)	(3,406)	(3,344)	(3,47
Statements of Cash Flow	DKKm					
Operating activities		7,131	7,058	6,720	6,972	6,99
Investing activities		(16,528)	(3,929)	(2,862)	(3,546)	(3,79
Financing activities		11,872	(3,102)	(4,448)	(2,815)	(20,08
Total cash flow from continuing operations		2,475	27	(590)	611	(16,89
Total cash flow in discontinued operations ¹		1,099	172	74	47	16,95
Total cash flow		3,574	199	(516)	658	6
Equity free cash flow		3,214	3,302	3,128	3,494	3,28

		2014	2013	2012	2011	2010
Key financial ratios						
Earnings Per Share (EPS)	DKK	4.05	3.90	4.72	3.37	3.01
EPS from continuing operations, excl. special items	DKK	4.41	4.71	4.17	4.15	2.83
Adjusted EPS	DKK	5.31	5.35	5.40	5.53	4.11
Dividend payments per share	DKK	2.50	3.70	4.60	4.35	-
Dividend payout (% of EFCF)	%	62.9	89.3	118.3	99.1	-
Gross profit margin	%	73.2	72.7	71.3	73.5	74.8
EBITDA margin	%	42.0	41.6	39.8	40.2	39.8
Net interest-bearing debt/EBITDA ²	x	3.4	2.1	2.1	2.0	2.2
Retail RGUs (Denmark)						
Mobile subscriptions	# ('000)	2,942	3,055	3,074	3,133	2,818
TV	# ('000)	1,420	1,393	1,392	1,337	1,303
Broadband	# ('000)	1,358	1,361	1,327	1,289	1,285
Landline voice	# ('000)	1,010	1,193	1,350	1,483	1,615
Employees ³						
FTEs (end-of-year)	#	8,594	8,587	8,885	9,551	10,161
FTEs and temps (end-of-year)	#	8,681	8,712	9,097	10,051	10,562

¹ TDC Finland (divested in 2014) and Sunrise (divested in 2010) are presented as discontinued operations. Other divestments are included in the respective accounting items during the ownership.

² EBITDA for Get is included for November-December 2014 only. On a pro forma basis (If EBITDA for Get is included for the full year 2014), the leverage ratio at year-end 2014 would have been 3.1.

³ From Q1 2012, Danish civil servants seconded to external parties are excluded from the calculation of FTEs. 156 seconded civil servants were included in FTE figures EOP 2011.



Who we are - TDC Group today

"TDC Group aims to be the leading Scandinavian communications solutions and home entertainment company"



Profile

TDC Group is present across the Scandinavian communications market. This includes the B2B market in both Norway and Sweden, as well as the B2C home entertainment market in Norway. In Denmark, TDC Group is the incumbent operator and leading provider of integrated communications and entertainment solutions with a market-leading position within landline voice, landline broadband, mobility services, pay-TV including the multi-play segment with a focus on premium digital services. Hosting and system integration solutions are also offered to corporate customers.

Outside Denmark, TDC Group has a significant footprint within the strategically important area of digital content services through ownership of Norway's second-largest cable-TV company, Get. This includes a network with more than

700k homes passed¹ in the high-ARPU consumer segments, of which ~500k are existing customers. Ownership of Get has also given access to advanced fibre-based business solutions. TDC Group's presence in the Scandinavian business market also includes fully-owned subsidiaries in Sweden and Norway and a fibre-based network across the Nordic countries through which TDC Group offers pan-Nordic business solutions. At the same time, TDC Group challenges the local incumbent operators by offering corporate customers seamlessly integrated business solutions, including hosting and systems integration.

Through TDC Group's undisputed position as the leading provider of technology platforms and infrastructure across all major access

¹ Including 140k homes passed on partner networks.

technologies – copper, fibre/cable and mobile – TDC Group covers all customer segments, channels and product categories in the residential and business markets through a range of strong domestic brands.

Denmark's telecommunications market is characterised by strong competition and is among the strictest regulated markets in the EU, measured in terms of impact and development.

The Danish Business Authority has designated TDC Group as having significant market power (SMP) within landline and has therefore imposed several obligations on TDC Group, including price control through the LRAIC method and offering third parties access to TDC Group's network.

Organisation

TDC Group has a functional customer-centric structure with five commercial business lines, and shared functions in Channels, Operations and Headquarters. This market-driven structure was chosen to emphasise the focus on customer types and needs. Through differentiated brands, TDC Group's products span all price and value propositions, and TDC Group distributes its products through an extensive distribution network, including TDC Group's own shops, dealer networks, direct sales, call centres and websites.

Who we are - commercial business lines

			Share of revenue ^{1,2}	Share of opex ^{1,2}	Full-time	
Consumer	TOC YOUSee° FULL RATE TELMORE bet25.dk rød25.dk	Consumer is the leading supplier of telecommunications and pay-TV in the residential market in Denmark, and offers a wide range of products and services, including digital content. The multi-brand strategy with differentiated brands has resulted in strong positions within landline voice, mobility services, broadband and pay-TV including a premium OTT service also offered to non-customers. Consumer focuses on value added services with the ambition to give households and organised customers access to all products and services regardless of time, place and device.	51%	13%	employees (EoP) 486	
Business	TDC Hosting NETDESIGN	Business is the market leader in all main business markets in Denmark and provides a wide range of telecommunications solutions, cloud-based services and IT solutions. Through NetDesign and TDC Hosting, Business provides customers with one-stop shopping for seamlessly integrated solutions.	27%	13%	1,066 †††††††††† †††††††††	
Wholesale		Wholesale offers and resells access to TDC's network to external partners, including services for service providers and brand partners, and resells national and international traffic and roaming for other network operators.	7%	2%	126 †††	
Norway	Get TDC Norway	Norway offers cable-TV and broadband in the Norwegian B2C market and operator telecommunications solutions in the B2B market. Norway has its own landline network, while operating as an MVNO in the mobile market.	5%	5%	923 †††††††††† ††††††††††	
Sweden	TDC Sweden	Sweden offers a broad palette of integrated communications and IT solutions to Swedish businesses and public customers. Sweden has its own landline network, while operating as an MVNO in the mobile market.	11%	10%	807 iiiiiiiii iiiiiiiii	

Revenue and Opex figures exclude eliminations and therefore do not amount to 100%.
 Get is included in the absolute figures as of November 2014.

Who we are - cost centres

Operations	Dansk Kabel TV	Operations manages a number of support functions, such as IT, procurement, product management, installation and network. Operations focuses on building Denmark's best network and	Share of revenue ^{1,2}	Share of opex ^{1,2}	Full-time employees (EoP)
	O'MY,	continuously improving TDC's productivity across the entire organisation while enhancing customer satisfaction through e.g. improved fault correction and simplified IT systems. TDC Group has outsourced the operation of its mobile network.			5,186 ††††††††
Channels		Channels consists of all call centres and online units across TDC Group as well as TDC Shops. Channels focuses on delivering the best customer experience through constantly improving insight into customer needs, and by implementing superior planning and higher flexibility. Channels also focuses on more online sales, services and support. TDC Group has outsourced its call centre support function.	2%	60%	nninninni nninninni nninninni nninninni nninni
Headquarter	S	Headquarters handles staff services such as legal and regulatory affairs, human resources, communications, strategy (including M&A) and finance.			

Revenue and Opex figures exclude eliminations and therefore do not amount to 100%.
 Get is included in the absolute figures as of November 2014.

Strategy - 2014 execution

Strategy recap

TDC Group's strategy is to provide seamlessly integrated solutions to households and businesses, building on the strength of its broad product range and strong infrastructure. The core of the strategy is to reinforce the customer experience by creating closer customer relationships via up-selling and cross-selling integrated solutions using TDC Group's broad customer base as a foundation.

TDC Group is committed to ensuring a superior network that forms a strong basis for long-term customer relationships. Through copper, fibre/cable and mobile networks, TDC Group can deliver 100+ Mbps downstream to 55% of Danish households, and 3G and 4G/LTE coverage nationwide.

Strategy execution in 2014

Through its strong commercial focus in 2014, TDC Group made good progress in providing seamlessly integrated solutions to customers across brands. The roll-out of landline and mobile networks was accelerated, and TDC Group was transformed as the future operating model continues its ongoing development.

However, TDC Group's digitalisation process progressed at a much slower pace than expected and the development in customer satisfaction was disappointing. At the same time, the market conditions were challenging in regard to both competition and regulation.

- TDC Consumer launched a new TV portfolio bundled in triple and quad play solutions, and YouSee launched mix-ityourself TV, broadband and mobile portfolios
- New TDC/YouSee Play TV & Films apps were launched with a seamless interface across screens and on-demand functionality
- Launch of Telmore Play; an innovative premium mobile subscription, with a broad selection of digital content services
- Business enhanced its integrated solution TDC One with new collaboration tools, and more than doubled the number of users, reaching 12k by year end. In addition, existing customers are successfully being migrated to fibre-based solutions
- TDC Sweden acquired Viridis IT and established TDC IT Solutions by integrating hosting in order to strengthen its market impact of IT services incl. hosting and data centre management
- Expanded portfolio of products and services to drive future growth: Ownership of Bet25 (online betting), launch of Blockbuster (OTT service for renting and purchasing movies), and establishment of TDC Security for the B2B market
- Significant progress on mobile network roll-out successfully completing the mobile swap and covering 98% of the Danish population with ultra-high-speed 4G/LTE by the end of 2014
- Landline infrastructure: Pair bonding resulted in a 6 PPT increase in pop. coverage of 100+ Mbps. In addition, TDC Group entered into a strategic partnership regarding access to and operation of a large Danish utility company's fibre network
- **Customer support:** Outsourcing to Sitel (transfer of 704 FTEs) and the opening of a new call centre outside Denmark

- Disappointing development in customer satisfaction.
 Challenged execution of price and product changes as well as instability in recently launched products affected the number of inbound calls. In total, this caused the recommend score to decline by 2 points to index 64, CSAT decreased by 3 points to index 72, and unacceptable customer experiences increased by 21 points to index 72 (2009=index 100). Profound efforts to improve customer satisfaction are required to reach the targets for 2015
- High mobile churn across consumer brands due to intensified competition on price and high subsidies by rivals
- Highly aggressive price pressure from competition in the Danish business market has led to the loss of public agreements (SKI)
- Concerning business market trends, where ARPU levels declined as high-end segments were pressured by fierce competition, and low-end segments experienced price pressure from low consumer prices
- Due to price pressure in both consumer and business markets, the interim results for the number of high-ARPU households (305k) and CaaS revenue (DKK 613m) respectively, were not satisfactory
- The digitalisation of TDC has progressed at a much slower pace than expected, and stable and attractive self-service as well as improvements to online channels are still under development
- Commercial pressure on free EU roaming increased

Strategy - 2015 focus and going forward

In 2014, TDC Group changed its business mix by divesting the B2B division TDC Finland and acquiring the cable company Get in Norway.

Also a strategic partnership was formed with a large Danish utility company on its fibre infrastructure. These structural changes concentrate TDC Group's footprint on the Scandinavian markets with broad coverage of high-speed fibre/cable infrastructure, and significantly improve TDC Group's position in the home entertainment market.

TDC Group's ambition is to be the leading Scandinavian communications solutions and home entertainment company. To realise this ambition, three execution pillars have been developed that extend the current strategy and accelerate implementation in one coherent executive-management-sponsored programme called **TDC+**.

While implementing the 2013-2015 strategy, TDC Group has focused its efforts on transforming into a leaner functional setup and launching integrated solutions. Unfortunately, this focus has also had a temporary negative impact on customer satisfaction. Added complexity in solution offerings also raises the bar for customer experiences, making this priority even more important going forward. Through execution of **TAK+**, TDC Group will accelerate initiatives to ensure that being a customer with TDC is significantly simpler and more satisfying,

e.g. through digitalisation and differentiated customer service.

Given a broader distribution footprint, a larger base of TV and broadband customers, and the trend towards convergence in network and technology, the foundation for providing seamlessly integrated solutions has never been better for TDC Group. Business opportunities are plentiful as technology and customer behaviour are rapidly changing, and by providing more solutions to customers, TDC Group is experiencing increasing loyalty in return. Going forward, TDC Group will focus not only on providing seamless and integrated functionality around the core products, but will also focus on expanding the core in the most attractive adjacent business areas through the execution of **CORE+**. As high-speed broadband is our customers' lifeline, TDC will also improve its copper and fibre/cable infrastructure, offering technology-agnostic products and be flexible in terms of infrastructure ownership.

Meanwhile, competition facing TDC Group's core products has never been fiercer. While this underlines the need to play on the full strength of TDC Group's product portfolio, it also warrants the ongoing efforts to streamline the business model. Through **SMART+**, TDC Group will continue to focus on optimising the business by simplifying its operating model, utilising platforms better and optimising economies of scale and end-to-end processes.

Ambition

Leading Scandinavian communications solutions and home entertainment company

Integrated
entertainment and
communications
solutions to
households

TDC+

Integrated communications solutions to businesses

TAK+

Focus on **customer journeys** and differentiated service

Focus on accelerating existing TAK initiatives and reducing the number of unacceptable customer experiences

Focus on **digitalisation** to simplify being a customer online

CORE+

Focus on **growth and increased sales**on top of the existing
core business areas
and additional
sales to our custom
ers, including
Blockbuster, Bet25,
Security, and new
infrastructure

SMART+

Focus on **business optimisation**:
Simplification
and better use of
platforms, simpler
operating model,
improving economies
of scale and
optimising end to
end processes

PEOPLE+

Focus on **empower- ment** of employees

Focus on **drive**, **motivation**, and being **pro-active**

Focus on next level teamwork in a functional organisation



Group performance

Revenue

In 2014, TDC Group saw a reported revenue decline of 2.7% or DKK 642m, which was lower than the decrease last year (DKK 1,486m). The loss was attributable to Consumer, Business and TDC Sweden, but was partly offset by growth in Norway as a result of Get. Also, one-offs regarding commercial management initiatives in Consumer with full gross profit effect contributed positively. Organic revenue decreased by 2.5%, which is an improvement in the negative development vs. 2013 of 1.0 percentage point.

Gross profit

In TDC Group, reported gross profit decreased by 1.9% or DKK 339m in 2014. The organic gross profit development was almost level with the organic revenue development and decreased by 2.6%.

The gross profit margin increased from 72.7% to 73.2% compared with 2013, which in addition to one-offs of DKK 29m in TDC Norway and TDC Sweden in Q1 2014, was positively impacted by lower sales of handsets that have limited gross profit effect. The MTR reductions also contributed to the improved gross profit margin, as these were gross-profit-neutral at TDC Group level.

EBITDA

EBITDA decreased by 1.8% or DKK 175m (organic decrease of 2.0%) as part of the gross

profit loss was offset by savings in operating expenses (DKK 164m). In particular, savings on personnel costs contributed positively to EBITDA.

Profit for the year

Profit for the year from continuing operations excluding special items decreased by DKK 237m, due chiefly to the negative development in fair value adjustments stemming from prehedges related to TDC's upcoming refinancing in 2015. The lower EBITDA was offset by lower amortisations. Income taxes were impacted by non-recurring positive impacts on deferred taxes in both years, resulting from capitalisation of tax losses related to TDC Norway (DKK 593m) in 2014 and the reduced Danish corporate income tax (DKK 446m) in 2013.

Special items improved by DKK 338m as a result of the gain from divesting TDC Finland (DKK 754m), which was partly offset by an impairment loss related to TDC Norway (DKK 364m) following the annual test for impairment of goodwill. As this test was carried out on 1 October, and thereby prior to the acquisition of Get, it does not take into account the integration with Get.

As a consequence of the development in special items, profit for the year including special items increased by DKK 109m.

TDC Group, key financial data¹				DKKm
		2014	2013	Change in %
Income Statements	DKKm			
Revenue		23,344	23,986	(2.7)
Gross profit		17,092	17,431	(1.9)
EBITDA Profit for the year from continuing operations		9,804	9,979	(1.8)
excluding special items		3,529	3,766	(6.3)
Profit for the year		3,228	3,119	3.5
Total comprehensive income		1,054	1,826	(42.3)
Key financial ratios				
Earnings Per Share (EPS)	DKK	4.05	3.90	3.8
Adjusted EPS	DKK	5.31	5.35	(0.7)
DPS	DKK	2.50	3.70	-
Dividend payout (% of EFCF)	%	62.9	89.3	-
Gross profit margin	%	73.2	72.7	-
EBITDA margin	%	42.0	41.6	-

¹ For additional data, see TDC Fact Sheet on www.tdc.com. For Glossary and definitions, see http://investor.tdc.com/glossary.cfm.

Comprehensive income

Total comprehensive income decreased by DKK 772m to DKK 1,054m. The increase in profit for the year was more than offset by the negative development in Other comprehensive income (DKK 881m), due primarily to losses related to defined benefit plans in 2014 (DKK 1,650m). The losses resulted from an increase in the pension obligation impacting the Balance Sheet, as the obligation is calculated by discounting the expected future pension payments. The gradually decreasing interest levels implied a lower discount rate (1.70% at yearend 2014 compared with 3.50% at the begin-

ning of the year), which resulted in an increasing pension obligation. In addition, increased life expectancies resulted in a higher pension obligation. These impacts were partly offset by decreasing inflation expectations. The increasing pension obligation was partly offset by a higher-than-expected return on pension plan assets.

Equity

During 2014, Equity decreased by DKK 1,737m to DKK 18,647m. Distributed dividends (DKK 2,961m) more than offset Total comprehensive income of DKK 1,054m.

Group performance – Cash flow, investments and NIBD

Equity free cash flow

The decrease in Equity free cash flow was impacted by increased cash outflow related to capex, which increased by DKK 163m, resulting from the increased mobile network investments, following the Huawei upgrade and buildout, and the inclusion of Get as of November. Also, cash outflow related to special items increased by DKK 152m, affected by transaction costs related to the acquisition of Get, and cash inflow from rulings in 2013. Furthermore, growth was negatively impacted by 'Other', i.e. a number of adjustments for non-cash income/expenses included in EBITDA. These included a repayment from the TDC Pension fund in 2013.

The increased cash outflow was to a large extent offset by a decrease in income tax paid of DKK 294m due to tax refunded in 2014 following a tax case regarding definition of infrastructure assets, which was settled as expected. Net interest paid decreased by DKK 147m, resulting mainly from interest related to income taxes following the tax case settlement mentioned above. In addition equity free cash flow was positively impacted by net working capital (DKK 115m). A negative development in Get (DKK 117m) was more than offset by the impact from a different creditor payment pattern in 2014 than in 2013, due partly to the change of major suppliers. Furthermore, there was a contribution from optimisation of invoicing cycles in Consumer and Business.

Other cash flow developments

The increased cash outflow from investing activities and the cash inflow from financing activities in continuing operations was due primarily to the acquisition and financing of Get as well as financing of the upcoming maturity of EMTNs in February 2015.

Total cash flow from discontinued operations increased by DKK 927m to DKK 1,099m and related mainly to the divestment of TDC Finland.

Net interest-bearing debt

The net interest-bearing debt increased by DKK 11,270m to DKK 32,924m due mainly to the acquisition of Get and dividends paid, which were partly offset by cash flows from operations.

Refinancing in 2015

TDC is financed primarily through the European bond market. The acquisition of Get was financed via a bridge bank loan, which is intended to be refinanced through a combination of senior unsecured EMTN bonds and hybrid bonds providing 50% equity credit from rating agencies.

Next upcoming maturity is the EUR 800m bond maturing in February 2015 which is expected to be refinanced with bank loans and cash.

Cash flow and NIBD			DKKm
	2014	2013	Change in %
EBITDA	9,804	9,979	(1.8)
Change in working capital	172	57	-
Interest paid, net	(886)	(1,033)	14.2
Income tax paid	(1,214)	(1,508)	19.5
Cash flow from capital expenditure	(3,853)	(3,690)	(4.4)
Cash flow related to special items	(735)	(583)	(26.1)
Other	(74)	80	(192.5)
Equity free cash flow	3,214	3,302	(2.7)
Total cash flow from operating activities	7,131	7,058	1.0
Total cash flow from investing activities	(16,528)	(3,929)	-
Total cash flow from financing activities	11,872	(3,102)	-
Total cash flow from continuing operations	2,475	27	-
Total cash flow from discontinued operations	1,099	172	=
Total cash flow	3,574	199	-
Net interest-bearing debt (NIBD)	(32,924)	(21,654)	(52.0)

TDC Group's performance per business line

In the illustration below, TDC Group's performance in 2014 is presented using our traditional business line reporting, cf. segment reporting note 2.1.

TDC Group's 2014 reported EBITDA decreased by DKK 175m, influenced mainly by Business, which faced an EBITDA decrease of 8.4% or DKK 397m that deteriorated over the course of the year and was driven by substantial revenue and gross profit declines across products (mobility services, landline voice and internet & network).

The Consumer division faced an EBITDA decrease of 1.5% or DKK 116m, which is an improved growth rate vs. the 2013 development. Continued shortfalls in mobility services and landline voice were only partly outweighed by growth in internet & network and revenue from other services (primarily one-offs regarding commercial management initiatives in Consumer).

EBITDA in Wholesale decreased by 2.7% or DKK 29m to DKK 1,062m, driven by deteriorated gross profit from landline voice.

Across cost centres, EBITDA improved by DKK 249m compared with 2013, affected by opex savings of DKK 166m in mainly Operations as well as a gross profit increase of DKK 83m driven by increased installation activities in our subsidiary Dansk Kabel TV (incl. the acquisition of ComX).

In Norway, an EBITDA increase of DKK 141m was driven by the acquisition of Get, which is included in the figures as of November 2014. This was only partly offset by a negative forex

effect and deteriorated earnings from landline voice and internet & network in TDC Norway.

In Sweden, the EBITDA decrease of 3.8% or DKK 13m was fully related to forex, as EBITDA increased by 0.8% in local currency.

Our 2014 performance is explained in more detail on the following pages presented by product as well as our Swedish and Norwegian segments and TDC Group's total operating expenses and capital expenditure.

DKKm/	TDC Group				#			
Growth in local currence	су	Consumer	Business	Wholesale	Cost centre	TDC Norway	Get ¹	Sweden
Revenue	23,344	11,902	6,320	1,584	429	885	386	2,537
	-2.7%	-3.5%	-7.1%	+1.0%	+14.4%	-1.7%	+8.7%	-1.3%
Gross profit	17,092	8,798	5,282	1,235	262	339	292	1,023
	-1.9%	-2.2%	-7.2%	-2.1%	+46.4%	-7.5%	+12.0%	-0.2%
EBITDA	9,804	7,851	4,349	1,062	-4,084	128	175	327
	-1.8%	-1.5%	-8.4%	-2.7%	+5.7%	-14.8%	+12.4%	+0.8%

¹ The absolute figures show Get's contribution to TDC Group's financial results for 2014 (November and December), while the growth figures show Get's full year growth from 2013 to 2014 in local currency.

Mobility services



- Revenue from mobility services in Denmark decreased by 8.2% in 2014
- Unsatisfactory loss of 153k residential mobile subscriptions
- Fierce competition in both the B2C and B2B markets
- ARPU drain in Business due to aggressive competition in high-end segments and B2C spill-over effects in low-end segments
- Free voice in packages is becoming market standard

DKKm/Growth

Share of TDC Group

5,161

22%

Gross profit

Revenue

4,579

-8.2%

27%

TDC in the market

Over the past year, TDC Group experienced an unsatisfactory development in the residential mobile customer base with a net loss of 153k subscribers in 2014, driven by price pressure and the focus on premium products. This development was the main driver of a 3 percentage-point decrease in TDC Group's mobile market share from 43% in 2013 to 40% in 2014.

This directly impacted on TDC Group's reported revenue from mobility services in Denmark, which declined by 8.2% or DKK 461m to DKK 5,161m in 2014. Revenue was also negatively impacted by regulation, however, at a lower level than in 2013, and by a decrease in Business' mobile ARPU of 11.9%. This resulted from the value drain in the high-end segment, including SKI in the last part of 2014, and spill-

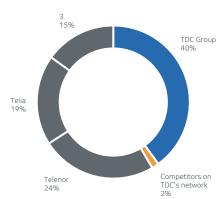
over effects from the residential price competition in the low-end segment. The gross profit margin increased from 86.5% to 88.7% driven by gross-profit-neutral effects from cuts in regulatory-determined mobile termination rates.

Competition in the mobile market continued during 2014, and was further intensified as a result of enhanced price pressure in both the B2C and B2B markets. Also, even faster mobility was experienced among customers attempting to obtain the lowest market price, and what were previously short-term campaigns are now becoming permanent offers. Customer expectations are steadily increasing and entail more package content (4G, free talk and higher data capacity) and value added services in mobile products at still lower price points, in both premium and no-frill brands.

Despite fierce competition, TDC Group maintained the residential mobile ARPU at the 2013 level, driven by premium products and integrated solutions, but at the expense of the number of subscriptions.

In order to meet customer expectations, TDC Group implemented new product offerings in 2014 such as Telmore Play and family portfolios in the residential brands. Also, unlimited voice roaming in Europe was launched as a first mover initiative in the Danish business market. Further, the journey towards having Denmark's undisputedly best quality mobile network is expected to be a market differentiator, and will provide TDC Group with opportunities to further improve products for customers.

Market share



Source: Estimates from TDC Market Intelligence.

Mobility services

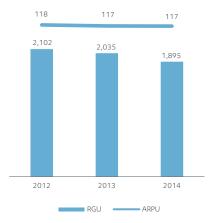
Consumer

- In 2014, reported revenue from mobility services in Consumer decreased by 10.1% or DKK 339m to DKK 3,013m. This was related to an unsatisfactory loss of subscribers, less incoming traffic as a result of lower traffic and prices, and fewer tariff-based SMS's
- Of the total loss of 153k residential mobile subscriptions in 2014, 140k was related to
 Consumer as a result of the continued focus on premium products in a market with focus on price and subsidies. However, targeted retention activities and upselling to existing customers improved the trend in the last three quarters of 2014
- Mobility service ARPU in Consumer remained level with 2013, driven by premium products, however at the expense of the number of subscriptions

Revenue growth in Consumer



Consumer's RGUs and ARPU

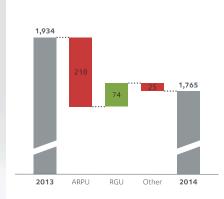


Contrary to TDC Fact Sheet this graph holds Consumer only figures.

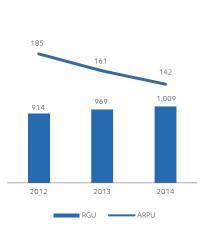
Business

- Reported revenue stemming from mobility services in Business declined by 8.7% or DKK 169m to DKK 1,765m in 2014 due to a decreasing ARPU. However, this was partly offset by an increase in subscribers
- Business mobile ARPU decreased by DKK 19 or 11.9% in 2014, driven by the value drain
 in large accounts (including SKI) and spill-over effects from residential price competition,
 which led to continued migration from legacy to new and lower price plans for small and
 medium-sized accounts
- Growth of 40k subscriptions in the mobile customer base in 2014 was driven by growth
 in the low ARPU public segment, indicating that Business has successfully renegotiated
 contracts, and that many customers find the quality of TDC products appealing

Revenue growth in Business



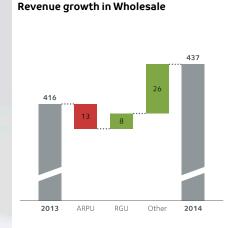
Business' RGUs and ARPU

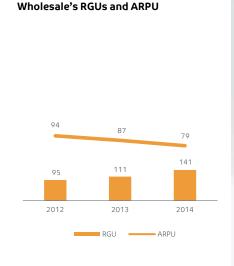


Mobility services

Wholesale

- Wholesale successfully increased reported revenue from mobility services by 5.0% or DKK 21m to DKK 437m in 2014, due largely to relatively weak figures in Q1 2013. An increase in the customer base and other revenue was partly offset by an ARPU decline
- Growth of 30k domestic mobile subscriptions in Wholesale was driven by successful campaigns with major retail partners
- The DKK 8 decline in Wholesale's mobile ARPU in 2014 was driven by new customers generally entering at a lower ARPU level
- Revenue growth from other activities was driven by increased MVNO subscriptions in Norway and Sweden, which are handled through Wholesale
- MVNO minutes increased by 10.7% in 2014, however contract loss and price pressure will cause a contraction in our MVNO businessgoing forward





TV



- TDC Group is leading in the Danish pay-TV market
- Reported TV revenue growth in Denmark of 2.5% in 2014
- Pressure on gross profit with a loss of 1.4% or DKK 32m vs. 2013
- Consumer attracted 26k new TV customers but faced downward migration
- Improved TV package content, mix-it-yourself packages and Blockbuster

DKKm/Growth

Share of TDC Group

Revenue

4,242

18%

- **Gross profit**
- 2,249



13%

TDC in the market

In 2014, TDC Group confirmed its position as the leading supplier of pay TV in Denmark with a 1 percentage-point increase in market share and now holds 54% of all Danish pay-TV households. This was accomplished as TDC Group attracted 26k new pay-TV customers during 2014. This accomplishment was achieved in a market with changing conditions, as time spent on flow TV is declining, but where OTT services are gaining a foothold though at a slower speed than feared, and largely as a supplement to existing flow TV¹.

SE/Stofa is the second-largest supplier of pay TV in Denmark, with a market share of 15%, closely followed by Boxer with 12% targeting low ARPU customers.

Opposite customer growth, ARPU development in TDC/Fullrate was negative, while YouSee's ARPU remained level, as price increases on TV packages in TDC and YouSee were offset by customers shifting faster than expected to the new TDC TV portfolio and downward migration in YouSee. Altogether, this resulted in a reported TV revenue increase in Denmark of 2.5% or DKK 103m to DKK 4,242m in 2014, but lower growth than last year.

Migration to lower TV-packages and the new TDC TV packages was faster than expected, which put the gross profit development under pressure and led to an unexpected loss of 1.4% or DKK 32m to DKK 2,249m in 2014. Correspondingly, the gross profit margin declined by 2.1 percentage points from 55.1% to 53.0%.

TDC Group continuously strives to adapt TV products and services to the changing market conditions of increased flexibility in order to meet customer demands. During 2014, TDC Group improved content in its TV packages and launched more flexibility and convenience to customers. This was achieved through mix-it-yourself TV packages and a new Play universe, which provides customers with access to TV-package content via flow TV and streaming, as well as films and music on all platforms at home and on the go.

To support the trend of OTT services as a supplement to flow TV, TDC Group launched a new online Blockbuster service in late 2014 to encourage Danes to rent films and series online on all devices.



Source: Estimates from TDC Market Intelligence.

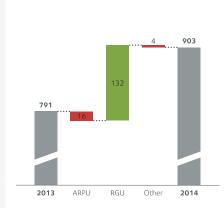
¹ Source: DR Medieudviklingen 2014.

TV

TDC/Fullrate brand

- TDC and Fullrate TV succeeded in delivering total reported revenue growth of 14.2% or DKK 112m to DKK 903m in 2014, driven by growth in the customer base
- The large growth of 40k in the customer base was driven by successful new TV portfolios in both TDC and Fullrate. Especially, the TDC TV portfolio launched in early 2014 attracted many new customers with premium content at attractive price points
- TDC and Fullrate blended TV ARPU declined by DKK 8 in 2014 as the increased subscription fees¹ on TDC TV and higher average number of installed TVs per customer were more than offset by customers migrating to the new TDC TV portfolio with lower ARPU, and Fullrate campaigns
- The gross profit margin declined due to higher customer intake in the new TDC TV portfolio, which has a lower margin as content has been improved at a lower package price

Revenue growth in TDC/Fullrate brand



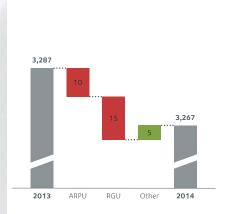
TDC/Fullrate brand RGUs and ARPU



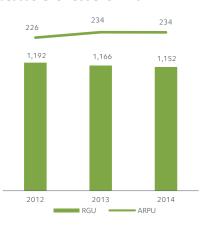
YouSee brand

- Revenue in the YouSee brand remained level, with a slight decrease of 0.6% or DKK 20m to DKK 3,267m. The acquisition of ComX (11k TV subscribers) in December 2013 had a positive effect on revenue and gross profit
- The YouSee brand's customer base decreased by 14k subscribers during 2014, equally divided between individual and organised customers
- Increased subscription fees² were offset by downward migrations leading to a level YouSee ARPU development in 2014
- Downward migration negatively affected the share of customers with only an entry-level TV package, which increased by 2.4 percentage points to 28.7% in 2014
- YouSee's gross profit margin decreased due to increased content costs on especially the basic and medium TV packages

Revenue growth in the YouSee brand



YouSee brand RGUs and ARPU



 $^{^{\}rm 1}$ $\,$ Increase in prices per month on TDC TV of 4-7%, effective as of 1 January 2014 $\,$

² Price increase per month on the YouSee Basic package of 5%, 8% on the YouSee Medium package and 4% on the YouSee Full packages. All price increases include VAT and copyrights, effective as of 1 January 2014

Internet & network



- Revenue from internet & network in Denmark decreased slightly by 0.8%
- The total landline broadband market is growing
- Relatively level development in number of TDC Group subscribers in Denmark
- Decrease of 2 percentage points in TDC Group broadband market share
- TDC Group landline network investments further increased bandwidths

5,266 Share of TDC Group

Gross profit 4,791

-1.5%

-0.8%



28%

TDC in the market

In 2014, reported revenue from internet & network in Denmark developed relatively level with only a slight decrease of 0.8% or DKK 45m to DKK 5,266m. This was due to an almost flat development in TDC Group's broadband customer base, as growth in the residential segment driven by strong product offerings and cross-sales to existing customers was offset by loss of customers in Business. A similar development was seen in ARPU, as the residential segment successfully maintained the market value. This was outweighed by ongoing migration to products with lower ARPU in Business. Reported gross profit decreased by 1.5% or DKK 74m to DKK 4,791m in 2014, a decline almost level with the decrease in revenue.

The overall market for landline broadband is continuing to grow, despite a penetration rate of about 80%. Still more households are buying broadband, driven by e.g. the digitalisation initiatives implemented by the Danish public sector. In a growing market, TDC Group's relatively level development in the customer base was insufficient to maintain last year's market share. Therefore, TDC Group experienced a decrease of 2 percentage points in the landline broadband market share from 60% in 2013 to 58% in 2014.

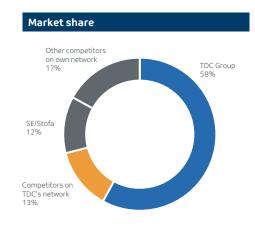
Broadband connection is becoming the most important access line to customers, and it is therefore a vital channel for upselling. In order to protect TDC Group's leading position within landline broadband, and to support customer demand for increasing bandwidth and capacity, continued investments were carried out in

2014. This was accomplished across technologies enabling households to obtain even higher broadband speeds. TDC Group's residential households have an average broadband speed of 25 Mbps. This was an increase of 4.6 Mbps compared with 2013.

Revenue

TDC Group also continued its fibre focus in 2014, using Denmark's most extensive fibre network to launch a significant campaign in the business market, attracting new customers with appealing fibre products.

TDC Group also seeded new business potential through a strategic partnership with a large Danish utility company, and is thereby gaining higher bandwidth for approximately 100k homes passed in 2015.



Source: Estimates from TDC Market Intelligence.

Internet & network

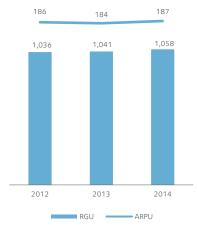
Consumer

- In 2014, Consumer's reported revenue from internet & network increased by 2.5% or DKK 59m to DKK 2,391m, driven equally by a rise in ARPU and the number of customers
- Growth in Consumer's broadband customer base was driven mainly by YouSee, but also
 Fullrate due to upselling. YouSee attracted many new customers with the opportunity
 for high bandwidth and value-added services such as flow-TV on-the-go and the flexibility of mix-it-yourself speeds
- Consumer's broadband ARPU increased by DKK 3, driven solely by YouSee through migration of customers to higher bandwidth

Revenue growth in Consumer



Consumer's broadband RGUs and ARPU1

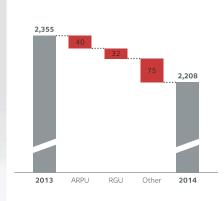


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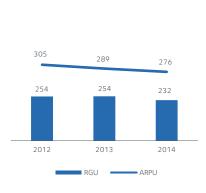
Business

- Reported revenue from internet & network in Business decreased by 6.2% or DKK 147m to DKK 2,208m in 2014. This was a result of a decline in broadband and other revenue stemming from fibre connections, data connections and other networks, which was only partly offset by growth of 8.4% or DKK 36m in Hosting
- A decline of DKK 13 in Business' broadband ARPU followed the ongoing migration away from legacy products to products with lower ARPU. However, ARPU remains at a relatively high level as Business' customers are willing to pay for security and extra customer service
- Business saw a net loss of 22k broadband subscribers in 2014, which related to leakage from broadband legacy products

Revenue growth in Business



Business' broadband RGUs and ARPU

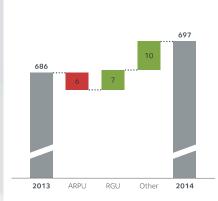


Internet & network

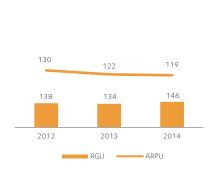
Wholesale

- Reported revenue from internet & network in Wholesale increased by 1.6% or DKK 11m to DKK 697m in 2014, driven by an increase in the customer base partly offset by decreased ARPU. Revenue was negatively affected by regulatory price adjustments
- Wholesale succeeded in increasing the number of broadband customers by 12k
- Wholesale's broadband ARPU decreased by DKK 3 due to customers migrating from BSA to the lower ARPU VULA products
- International capacity services continued to grow due to successful execution of the Nordic one-stop strategy, which led to growth in the number of connections sold within IP-VPN and E-VPN in particular. This was partly offset by increased price competition and fewer connections on legacy SDH-based technologies

Revenue growth in Wholesale



Wholesale's broadband RGUs and ARPU



Landline voice



- Reported landline voice revenue in Denmark decreased by 13.2% in 2014
- The market for landline voice declined due to mobile-only substitution
- TDC Group lost 147k residential customers in 2014, of which 66k PSTN-only
- Small decline in ARPU in both the residential and business segments
- Growth in integrated Business solutions TDC Scale and TDC One

DKKm/Growth

Share of TDC Group

Revenue

2,809

12%

Gross profit

2,605



15%

TDC in the market

In 2014, TDC Group's landline voice customer base continued to decline, and at a slightly higher rate than in previous years. The loss of customers in both the residential and business segments reduced TDC Group's landline voice market share by 2 percentage points from 69% in 2013 to 67% in 2014. Additionally, TDC Group had an unchanged wholesale supply with a market share of 9%.

Previously, the landline voice connection was the key access line to households. This focus has changed as broadband is becoming increasingly important and indispensable. This development combined with customers tending to choose mobile-only, especially in the residential market, but also to some degree in the business segment, fuelled an overall decrease in the landline voice market.

ARPU decreased slightly in both the residential and business segments. This was due to price increases being more than offset by the reduction in traffic revenue from consumption-based subscribers, and migration away from legacy products to products with a lower ARPU.

As a result of the ARPU decrease, which was lower than in 2013, combined with the decreasing customer base, TDC Group's reported revenue from landline voice in Denmark declined at the same level as in previous years by 13.2% or DKK 427m to DKK 2,809m in 2014. With a high gross profit margin, the decline had an almost equivalent impact on gross profit, leading to a loss of 13.9% or DKK 420m to DKK 2,605m.

The growth area of integrated products in the business market, to some extent offset the general market decrease in landline voice. In 2014, Business successfully achieved growth in this area through the two integrated solutions TDC Scale and TDC One, which also contributed to a higher ARPU due to higher total communications spending from these customers. Furthermore, through the integrated solutions, Business was able to retain some of the customers that terminated legacy products.



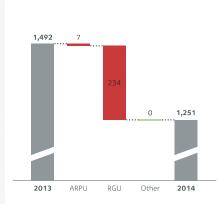
Source: Estimates from TDC Market Intelligence.

Landline voice

Consumer

- Consumer's reported revenue from landline voice decreased by 16.2% or DKK 241m to DKK 1,251m in 2014 due to a loss of customers. The decline was level with the 2013 loss of DKK 233m
- The Consumer landline voice customer base decreased by 147k customers. A loss of 66k PSTN-only high-ARPU customers contributed to the negative development in the customer base, but was unchanged compared with 2013. Also the mobile bundles shifted low-usage landline voice customers to mobile subscriptions, thereby reducing the landline customer base
- An almost level development in Consumer's landline voice ARPU as traffic volumes decreased was offset by price increases¹ for almost 50% of the Consumer landline voice customer base, effective from 1 July 2014

Revenue growth in Consumer



Consumer's RGUs and ARPU²

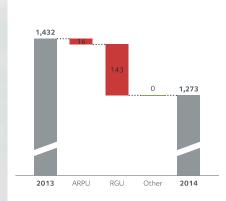


Contrary to TDC Fact Sheet this graph holds Consumer only figures.

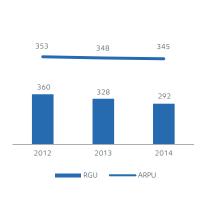
Business

- Negative development of 11.1% or DKK 159m in Business' reported landline voice revenue to DKK 1,273m in 2014 was driven primarily by the decreasing customer base. The decline was level with the 2013 loss of DKK 166m
- The 36k decrease in the customer base amounted to 90% of the revenue decrease and stemmed from a decline in the overall market
- Revenue was only to a small extent negatively affected by a DKK 3 decline in ARPU
 due to reduced traffic revenue from consumption-based subscribers. However, this reduction was partly offset by continued growth in the high-ARPU integrated solutions
 TDC One and TDC Scale

Revenue growth in Business



Business' RGUs and ARPU



¹ A DKK 15 price increase covering 50% of the Consumer landline voice customer base, effective from 1 July 2014

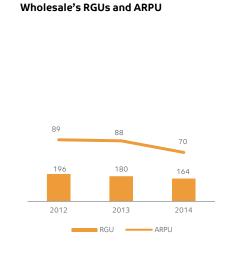
Landline voice

Wholesale

- Reported revenue in Wholesale declined by 10.3% or DKK 31m to DKK 269m in 2014, which related primarily to a decrease in ARPU
- The landline voice ARPU decreased by DKK 18 as a result of the increased impact from regulation on PSTN resold in 2014
- In 2014, Wholesale lost 16k landline voice customers in line with 2013, driven by the generally declining market for landline voice
- Wholesale's gross profit margin from landline voice declined by 7.7 percentage points from 59.0% in 2013 to 51.3% in 2014 as a result of the increased impact from regulation on high-margin product areas

38 269

Revenue growth in Wholesale



Norway



DKKm/Growth

Share of TDC Group

Revenue¹

1,271 +31.4%/+43.1%²



5%

- TDC entered the residential market with the acquisition of Get in October 2014
- Revenue in Norway increased by 43.1% in local currency driven by the acquisition of Get; TDC Norway's revenue declined by 1.7% in local currency
- The business market faced less pressure than in Denmark

Gross profit

Get is included in the absolute figures as of November 2014 Growth rate in DKK/local currency respectively.

631

+60.2%/+75.7%2



4%

With the acquisition of Get in October 2014, TDC entered the residential market and gained a large TV and broadband customer base with promising growth and synergy potentials. Get is included in TDC's 2014 figures with two months, as expected at the acquisition date.

Total revenue in Norway increased by NOK 435m (hereof NOK 452m from Get), and gross profit increased by NOK 311m hereof NOK 342m from Get which was partly offset by a negative development of NOK 31m from TDC Norway.

TDC Norway's performance

With its strong fibre backbone network as well as fibre access networks in the major urban areas, TDC offers competitive pan-Nordic telecommunications solutions to business and

public-sector customers. But in 2014, TDC Norway had some difficulties winning large tenders. As TDC Norway offers mainly operator services, price competition is intense and TDC Norway had difficulties meeting customers' increased demand for integrated communications solutions. In addition, TDC Norway offers mobility services through an MVNO agreement with limited competitiveness.

Revenue in TDC Norway decreased by NOK 17m or 1.7% as the losses in the high-margin operator business (landline and mobile) was partly counterbalanced by growth in the low-margin Direct business. Gross profit decreased by NOK 31m or 7.5%, including positive one-offs on transmission costs (NOK 15m) due to reversed provision related to regulatory pricing decisions.

Revenue from mobility services increased by 3.8% in local currency, driven by a full year effect from the strong intake of mobile subscriptions during 2013. This resulted in TDC successfully maintaining its value market share. Mobile ARPU decreased by NOK 53 or 17.2% due to a shift in the customer base towards low ARPU customers.

The number of landline connections was maintained, although the decline in minutes of use caused by the migration away from landline voice, combined with the general price erosion resulted in a revenue decrease of 12.1% in local currency.

Internet & network saw a 3.9% decline in revenue in local currency. The number of IP-VPN connections declined compared with 2013, which triggered a decline in the value market share.

TDC in the market

Sweden



- Revenue decreased by 1.3% in local currency
- Strong order book with several major wins, incl. the Stockholm City IT network
- Acquisition of Viridis IT to create a broader product offering
- Strong position in CaaS market, continued growth expected

DKKm/Growth

Share of TDC Group

Revenue

2,537

11%

Gross profit

1,023



6%

1 Growth rate in DKK/local currency respectively.

TDC in the market

2014 was a good year for TDC Sweden in terms of new sales and major wins. This was achieved with the unique mix of operator and integrator services offering integrated communications solutions that effectively distinguished TDC from its competitors and moved the competition away from pure price towards value. Although a number of the large wins in 2014 will not have an effect until 2015, TDC successfully maintained and increased its value market shares in the Swedish B2B market in 2014.

Revenue in local currency amounted to SEK 3,094m, a decrease of SEK 41m or 1.3%, but improved growth rates during the year were seen across product areas. A negative exchange-rate development resulted in a revenue decrease in DKK of 6.2%. In local currency gross profit remained level with 2013, but was posi-

tively affected by one-offs on transmission costs due to reversed provision related to regulatory pricing decisions (SEK 18m).

Operator business

In local currency, the operator business was level with 2013, as growth in mobility services and internet & network outweighed a negative development in landline voice.

An increased number of IP-VPN connections resulted in TDC successfully maintaining its strong position in the IP-VPN market, despite fierce competition from fibre operators in the mature market. Revenue from hosting and information technology solutions also saw a small increase compared with 2013. With its strong fibre backbone network as well as fibre access networks in the major urban areas, TDC is able to offer competitive pan-Nordic tele-

communications solutions to business and public-sector customers.

As a result of a number of new wins as well as a strong focus on up-selling to existing customers the number of mobile subscribers increased by 31k in 2014. This resulted in both increased mobile revenue of 31.4% in local currency and increased value market share, although ARPU was under pressure due to price competition for new customers but also in connection with renegotiations. TDC offers mobility services through an MVNO agreement with negotiated prices that influence TDC's competitiveness in the Swedish mobile market.

The number of landline voice connections was under pressure due to the continued migration from traditional landline voice towards IP-based solutions and mobile-only. Combined with the

decline in minutes of use and the general price erosion, revenue decreased by 10.6% in local currency.

Integrator business

Growth in the integrator business stalled in 2014, as revenue decreased by 2.9% in local currency vs. 2013. This was driven mainly by a decrease in Direct business and service agreements. Revenue from project sales continued its growth, especially in the higher-margin consulting business and within data projects.

With the acquisition of Viridis IT, and better integration of hosting services in the product offerings, TDC is now equipped to offer the market a complete range of integrated communications services that will further improve TDC's position in the market and its ability to win large contracts.

Other services¹



- Revenue from other services increased by 2.5% vs. 2013
- Lower than expected sales of mobile handsets in 2014
- NetDesign delivered flat revenue and gross profit growth in 2014
- A paper communication fee was introduced to accelerate digitalisation
- Ownership of Bet25 operating within sports betting and the casino market

DKKm/Growth

Share of TDC Group

Revenue

2,058

9%

Gross profit

1,214

+30.7%



7%

Other services performance

In 2014, reported revenue from other services increased by 2.5% or DKK 51m to DKK 2,058m, driven by one-offs in Consumer from paper communication fees and reassessment of provisions in Q4 2014 (approximately DKK 50m). Both matters had full gross profit effect. However, this was partly offset by lower sales of low-margin mobile handsets without subsidies. This development led to a total increase of 30.7% or DKK 285m in other services' gross profit to DKK 1,214m and a considerably improved gross profit margin from 46.3% in 2013 to 59.0% in 2014.

Handsets without subsidies

Revenue from mobile handsets without subsidies deteriorated in 2014 and decreased by 20.0% or DKK 188m to DKK 753m. The loss of revenue stemmed mainly from lower sales of mobile handsets without subsidies sold by Consumer, especially in the TDC brand. This resulted from reduced sales to a few large third-party vendors and increased competition from retailers.

NetDesign

NetDesign is the largest IT advisor and network integrator in Denmark. NetDesign supplies Danish companies with future-proof IT systems and a wide range of professional communications solutions

In 2014, NetDesign revenue decreased only slightly by 1.0% or DKK 8m to DKK 823m. This was an improvement compared with the DKK 28m decrease in 2013. Strong competition negatively affected sales of hardware and software, but was partly offset by growth in the high-margin consultant and operations services

Digitalisation

As part of TDC Group's digital transformation and in line with the digitalisation initiatives imposed by the Danish public sector, a paper communication fee of DKK 29 per month was introduced from 1 July 2014. This had a positive effect on revenue and gross profit from other services in 2014. More than half of Consumer's customer base signed up for digital communication with TDC, thus avoiding the fee.

Bet25

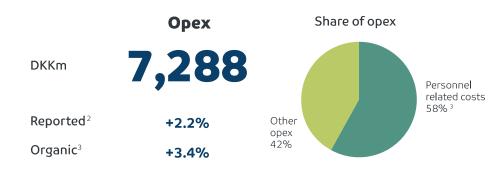
In early 2014, TDC Group entered the sports betting and casino markets through ownership of Bet25. This expanded TDC Group's footprint within the strategically important area of digital content. High awareness was obtained during the FIFA World Cup and through sponsorship of Brøndby IF football club.

¹ Including eliminations between countries.

Operational expenditure¹



- Organic opex savings of 3.4% due to increased efficiency across TDC Group
- Opex savings less than previous years as, in spite of significant productivity increases, staff-up was required in Channels to answer more calls following implementation of price and product changes
- Unacceptable customer experiences was also negatively affected
- FTE + temps level with 2013, covering some large gross developments



- A positive growth indicates a positive financial effect for TDC Group.
- 3 Wages, salaries and pension costs as well as Temps and personnel related costs.

In 2014, the TDC Group continued to increase efficiency and maintain a clear focus on optimising processes, which resulted in opex savings of 2.2% or DKK 164m. On an organic basis, i.e. adjusted for the negative impact from acquisitions and the positive exchange rate impact, opex decreased by 3.4%.

The number of FTEs + temps at year end (8.7k) was level with 2013 as acquisitions of Get and some minor companies added a total of 844 FTEs. This was largely counterbalanced by outsourcing of 704 FTEs to Sitel in the last part of 2014 related to customer support and billing. Adjusted for acquisitions and outsourcing, TDC Group reduced the number of FTEs + temps by 171 or 2.0% during 2014.

The adjusted decrease in FTEs was facilitated by improved work procedures and higher efficiency across TDC Group. This included benefits from increased flexibility and best practice synergies (e.g. across networks, product management and IT processes), which were made possible by the reorganisation of TDC in the summer of 2013. This was partly offset by a staff increase in call centres during 2014 due to an 8% increase in inbound calls during 2014 following the challenging implementation of price and product changes, and more complexity in TDC's integrated solutions that produced instability in new products. In total, the number of calls answered by call centres increased by 12% from 2013 to 2014.

The development in FTEs affected wages and personnel costs, which dropped by $3.3\%^4$ compared with 2013. This was the largest single driver behind the opex decrease. In 2014, TDC Group also benefitted from a new agreement on mobile operations signed in 2013. Also, the discontinuation of carbon tax as well as continued reduction in office space used resulted in reduced operating expenses. In 2014, a significant part of TDC Group's headquarters was Re-rented.



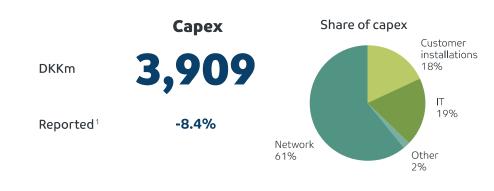
¹ Including Other income.

Adjusted for the outsourcing of the customer support function in Q4 2014.

Capital expenditure



- Capex amounted to DKK 3.9bn in line with guidance
- Mobile network upgrade and build-out almost finished throughout Denmark
- Continued fibre focus, incl. new strategic partnership with Trefor
- Acquisition of Get with state-of-the-art hybrid fibre coaxial-cable network



¹ A positive growth indicates a positive financial effect for TDC Group.

TDC in the market

TDC's network strategy is to have the best mobile and landline networks in Denmark in terms of speed, coverage and quality. To achieve this, TDC plans to invest DKK 25bn in Denmark from 2011 until 2020 in primarily the network infrastructure and customer installations. In 2014, in line with our guidance of about 3.8bn, capital expenditure totalled DKK 3.9bn, corresponding to 16.7% of revenue. This was an increase of 8.4% or DKK 303m, which was affected by the inclusion of Get (DKK 135m) and increased mobile network investments in Denmark (DKK 244m).

Network infrastructure

As the incumbent telecommunications operator in Denmark, TDC has a long history and extensive experience in building and operating the communications infrastructure throughout

Denmark. In 2014, TDC Group invested DKK 2,373m across networks (copper, coax, fibre and mobile), or 10.2% of revenue.

Mobile network

Investments in the mobile network constituted the largest share of network investments in 2014 and increased by 53.3% vs. 2013 to DKK 705m. The increase was driven by the Huawei upgrade and build-out, which was initiated in March and has provided substantial network capacity.

The network transfer and swap included both an upgrade of several existing mobile sites and establishment of new sites, which have greatly improved 3G and 4G population coverage.

Consistent 3G coverage was established two months ahead of time, and the transfer and

swap will also make it possible to reach the 4G coverage commitment ahead of time.

The improvement of the mobile network through the agreement with Huawei safeguards TDC's leading network position in Denmark, and sets a new standard for quality, changing the focus from technical KPIs to the quality of customer experiences, which will be continuously monitored and benchmarked against other operators' networks. An international survey confirmed Denmark's highest download speeds on TDC's 4G mobile network².

Landline network

In 2014, TDC continued the investments that enable households to obtain even higher broadband speeds on its copper network. This

increased the 50 Mbps population coverage by 3 percentage points to 69% in 2014, while the 100 Mbps population coverage increased by 6 percentage points to 55%. TDC's landline network now enables 92% of all Danish households to receive broadband at download speeds of up to 20 Mbps.

TDC continued to expand the number of remote DSLAMs with an increase of 34% at strategic locations to ensure capex efficiency. This enables TDC to use copper for the final stretch from fibre distribution points to households, optimising utilisation of the copper network and enabling increasing speeds on the ever-shorter distances where data is carried by copper lines, thus enabling higher speeds in rural areas with copper-based access.

² See results on http://www.p3-certificates.com/.

Capital expenditure

TDC has the largest and most extensive fibre network in Denmark and continues to bring fibre closer to customers by building out its fibre feeder network. Consequently, in 2014 fibre continued to be the landline network technology that comprised the largest investment, as 750km of fibre cables were added to the network. In 2014, TDC launched a significant campaign in the Danish business market, attracting new customers with appealing fibre products.

As an additional extension of TDC's fibre focus, in October 2014, TDC entered into a strategic partnership with Trefor, a Danish utility company and fibre network operator. The partnership

will provide TDC Group with access to a comprehensive fibre network in the Danish B2B and B2C markets (including 100k homes passed), while TDC Group will take over operation of the network and implement a standard solution integrated with TDC Group's own operations and products. TDC also continued to expand its coax network in 2014, thereby increasing capacity and broadband speeds while accommodating increased demand for OTT services. TDC is one of only two European incumbent operators to fully own a cable-TV network in its domestic market. The coax network now covers more than 50% of the Danish population. With the acquisition of Get, TDC now has a state-ofthe-art hybrid fibre coaxial-cable network in

Norway covering more than 700k homes passed¹.

TDC's continued expansion of the landline network is also of great importance to the mobile network. By extending fibre to mobile masts, TDC can increase the speed of mobile data.

Despite the divestment of TDC Finland, TDC Group will retain a fibre-based transmission network in Finland as part of TDC's European Ring² and will therefore remain the only provider offering one overall Nordic fibre infrastructure. The Nordic network also includes a common best-in-class scalable VoIP platform, while

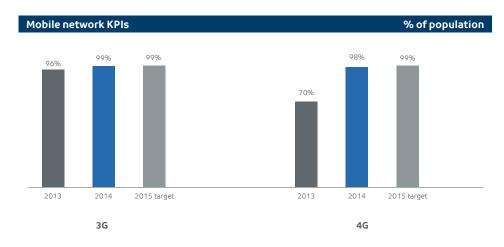
TDC operates as an MVNO in Sweden and Norway.

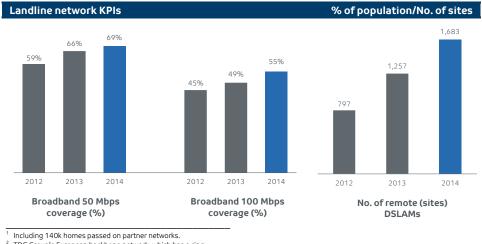
IT

Investments in IT increased by 3.8% to DKK 759m in 2014 and related mainly to increased IT development related to e.g. among others, Blockbuster and VolTE.

Customer installations

In 2014, TDC spend DKK 711m on customer installations, including equipment at customer premises and technician hours. An increase of 3.3% in customer installations from 2013 was driven by the inclusion of customer installation capex in Get in November and December.





² TDC Group's European backbone network, which has a ring structure that reaches from the Finnish/Russian border into and around Europe.



2014 guidance and guidance assumptions

TDC Group met its 2014 financial guidance on all parameters. As shown below, this included an expected materialisation of the majority of the underlying assumptions, while the outcome of some assumptions differed to those expected by TDC Group.

	2011	2012	2013	2014
Revenue	/	/	×/-	-2.5% ¹
EBITDA	\	V	✓	9.8bn 🗸
Capex	/	V	\	3.9bn 🗸
DPS	V	✓	/	2.50
¹ Organic revenue.				

Proven track record

Worse than expected

- Increased price pressure in the B2B market across segments and products
- Unsatisfactory residential mobile subscriber development
- Negative TV gross profit development as price increases were offset by faster than expected downward migration and migration to (lower ARPU) TDC TV portfolio
- Unfavourable EBITDA development in TDC Norway (-14.8% in local currency)

As expected

- Domestic economy with little or no spending growth
- Less severe impact from regulation than in 2013
- Deteriorated landline voice gross profit development
- Significant opex savings across TDC
 Group except Channels, where staff was
 increased to meet increase in inbound
 calls

- Flattish EBITDA growth in Sweden (0.8% in local currency)
- Capex increased vs. 2013 due to continued build out of 4G as well as the inclusion of capex from Get
- Financial results from Get included in TDC Group figures as of November 2014
- Stable, high cash flow generation supporting pay-out of the remainder of the quided DPS

Better than expected

- Higher-than-expected customer intake and ARPU on broadband in Consumer, driven primarily by the YouSee brand
- Better-than-expected effect from oneoffs regarding commercial management initiatives in Consumer

2015 guidance and guidance assumptions

Organic revenue¹ development

at the same level as 2014:

-2.5%

EBITDA

at the same level or slightly better than 2014:

assuming NOK forex of 0.85 NOK/DKK

Capex:

~4.3_{bn}

Dividend

of

2.50
DKK per share

Of this DKK 1.00 per share will be paid out in connection with Q2 2015 Earnings Release

Reported revenue excluding the impact from forex, regulatory price adjustments as well as the impact from acquisitions and divestments.

2015 guidance assumptions

- Increased gross profit drain across products in Business vs. 2014 level
- Deteriorated mobility services gross profit development, but improved net adds performance in Consumer
- Regulation effects at 2014 level, but Wholesale's gross profit development negatively affected by contraction in our MVNO business
- Unchanged YoY gross profit decrease in the Danish landline business (voice and I&N)
- Return of growth in TV gross profit due to ARPU uplifts and TDC TV net adds

- Growth rates in Get slightly below historical level
- Level EBITDA development in Sweden
- Reduced organic opex savings vs. 2014 level
- Capex (excl. Get) at 2014 level
- DKK/NOK exchange rate of 0.85

2015 guidance and related risk factors

Risk assessment

TDC Group is facing both internal risks such as operational risks and external risks such as market and regulatory risks. General risk management is an integrated aspect of TDC Group's business operations.

On a yearly basis as part of the forecast/guidance process, an extensive risk assessment is carried out, in which business lines and corporate functions identify all significant risks.

The risks are then consolidated and evaluated at Group level and placed in a heat map based on their potential impact and probability, which is then reported to the Board of Directors. The heat map is illustrated below. Responsibilities

are assigned for significant risks, and mitigation initiatives are established and tracked.

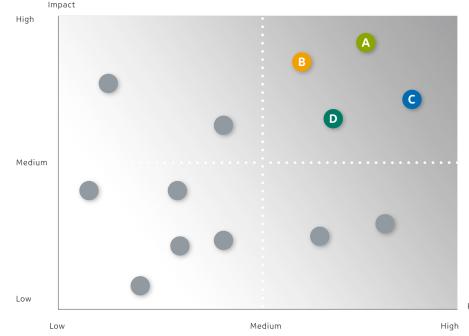
See also the notes to the Consolidated Financial Statements including note 3.8 on provisions, note 3.10 on pension obligations, note 4.5 on financial risks disclosures and note 6.5 on contingencies.

By their very nature, forward-looking statements involve certain risks and uncertainties. Risks not currently known to TDC Group, or that TDC currently deems to be immaterial, may also adversely affect TDC's business, financial condition and results of operations.

Risk assessment and heat map

On the basis of the thorough risk analyses, TDC Group's Executive Committee has identified four key risks for 2015 as seen in the heat map to the right that may impact guidance assumptions.

These risks are described in more detail on the following page, with an overall description of potential mitigations.



- A: B2B price pressure may have a larger impact on subscriber growth and ARPU than expected
- **B:** The fierce competition in the Danish mobile market may intensify further
- **C: Core+** growth on top of the existing core business may not materialise as expected
- **D:** Inability to continue **operational improvements**

Probability

2015 key risk factors

B2B price pressure

Risks

Price pressure is apparently continuing, and a number of contracts in the enterprise segment are due for renegotiation. An even more procurement-driven renegotiation process is evident in this pricesensitive segment. This may negatively impact on subscriber growth and ARPU. Retained 02.08 SKI customers have only one month's churn notice, and may choose to churn at a faster rate than expected.

Mitigation

- A stronger focus on previously unexplored opportunities to be executed through strong and specialised coverage targeting potential accounts and untapped areas of existing accounts
- A stronger focus on and investments in areas encompassing solutions with growth potential where we can leverage our core competences e.g. advanced Unified Communications, IoT, cloud solutions and security
- Exploit claim of 'Denmark's best mobile network'
- Introduce improved invoicing for all business customers

Mobile market

Risks

The fierce competition in the Danish mobile market may intensify further, putting additional pressure on ARPU levels, increasing subscriber acquisition costs, and limiting the possibilities for net adds improvements in Consumer and Business SMEs (small and medium-sized enterprises).

Mitigation

- Drive joint TDC Group focus on premium products, with TDC brands taking the lead
- Offer attractive packages with improved functionalities and a strong converging platform for both business and residential customers
- Increase the focus on retention, crosssales and sales excellence (new customers)
- Exploit claim of 'Denmark's best mobile network'

Core+

Risks

The strategic initiative, Core+, which focuses on growth and increased sales on top of the existing core business areas may not materialise as expected, including NetDesign, Bet25 and Blockbuster.

The growth in Get may be impacted by defocusing and loss of positive momentum following the acquisition by TDC Group, while growth improvement in TDC Sweden and TDC Norway may also be reduced by deteriorated macro-economic conditions. Also, for each forex point change vs. guidance assumption (0.85 NOK/DKK), EBITDA is expected to change by ~DKK 15m.

Mitigation

- NetDesign: Focus on transparent pipeline across segments and strong performance management
- Bet25: Focus on customer intake as well as retention and cross-selling
- Blockbuster: Build strategic partnerships and an effective and differentiated go- to-market strategy
- Give Get sufficient manoeuvring space while maintaining existing growth trends and executing on synergies
- Increase the focus on unified and integrated communications solutions in TDC Sweden

Operational improvements

Risks

TDC Group may not be able to continue to achieve significant cost savings and cash flow generation in the future:

- Negotiations with third-party suppliers and productivity improvements
- The extraordinary increase in call volumes seen in 2014 may continue into 2015, combined with insufficient productivity improvements in call centres
- Inability to generate NWC improvements, including execution on an extensive lever catalogue

Mitigation

- Continue to improve efficiency, including an increase in the number of remote fault corrections, and optimise costs with a specific focus on core values
- Continue to analyse cause and effect mechanisms on call volumes and mitigating actions, while focusing on 'first time right' and digitalisation to simplify customers' online experience
- Continue the focus on improving the NWC lever catalogue and roll-out of the existing lever catalogue to Get



Shareholder information

Policy

TDC strives to create and maintain an open dialogue with its investors and provide them with relevant information for making reasoned investment decisions concerning the Company's debt and equity securities. TDC's disclosure practices are designed to give all investors fair and equal access to this information.

Shareholders

TDC is listed on NASDAQ Copenhagen. TDC's ownership base, which includes Danish and international institutional investors as well as Danish retail investors and TDC employees, exceeded 41,000 shareholders at year-end 2014.

As at year-end 2014, TDC has been informed by the following shareholders that they hold more than 5% of TDC A/S' ordinary shares and voting rights¹:

- Bank of New York Mellon Corporation, USA
- Massachusetts Financial Services Company, USA
- The Capital Group Companies, Inc. (>10%)

Dividend for 2014-2015

TDC guidance reflects a 2014 dividend payment of DKK 2.50 per share. The Board of Directors approved a dividend payment of DKK 1.50 in

¹ For further information, see announcements of 15 June 2012, 29 November 2012 and 5 November 2014, respectively.

August 2014 and expects to distribute the remainder of the dividend (DKK 1.00) in March 2015 following approval at the Annual General Meeting.

For the financial year 2015, the Board of Directors expects to recommend a dividend of DKK 2.50 per outstanding share, of which DKK 1.00 is expected to be distributed in August 2015 and the remainder in the first quarter of 2016.

Dividend policy

Following the acquisition of Get, the Board of Directors has adopted a dividend payout policy of approximately 60% of Equity free cash flow in a given financial year with 40% to 50% of the full-year amount to be distributed in the third quarter of the year and the remainder to be distributed following approval at the Annual General Meeting in the first quarter of the subsequent year. Dividends paid to the Company's shareholders may be subject to tax withholdings. In addition to dividends, there is the possibility of limited share buy-backs as long as the investment grade rating is maintained.

Capital structure

The Board of Directors has assessed TDC Group's capital and share structure, and found that it ensures that the strategy and long-term value creation of the Company are in the best interests of the shareholders and the Company.

Shares and voting rights

TDC's share capital is divided into 812,000,000 shares with a denomination of DKK 1 each. Each share amount of DKK 1 entitles a shareholder to one vote. At year-end 2014, TDC held 11,723,513 treasury shares. The holding of treasury shares may be used in connection with incentive and other remuneration programmes for the Executive Committee and employees; as consideration in acquisitions of other businesses; and, subject to the necessary approval of the Annual General Meeting, to complete a share capital reduction.

Appointment and replacement of members of the Board of Directors

According to the Articles of Association, the Board of Directors shall consist of three to eleven members elected by the Annual General Meeting who serve a one-year term and may be re-elected. Additional members may be elected in accordance with the rules of the Danish Companies Act concerning employee representation.

Amendments to the Articles of Association

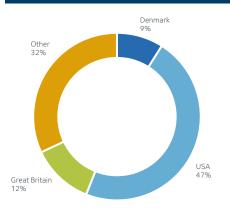
A resolution to amend the Articles of Association is subject to adoption by a qualified majority (depending on the specific amendment) or by unanimity as stated in Sections 106 and 107 of the Danish Companies Act. The Articles of Association contain no further requirements than those stated in the Danish Companies Act

regarding amendments to articles of association.

Authorisations to the Board of Directors

Until the Annual General Meeting 2015, the Board of Directors is authorised to allow the Company to acquire its own shares up to 10%

Shareholder geography at year-end 2014



of the nominal share capital at any time. The purchase price for the shares in question must not deviate by more than 10% from the price quoted at the time of acquisition.

Shareholder information

Furthermore, the Articles of Association contain the following authorisations to the Board of Directors:

- Until 18 March 2019, the Board of Directors is authorised to increase the share capital by up to DKK 81,200,000. Subscription of shares may disregard the pre-emption right of shareholders
- The Board of Directors is authorised to resolve to distribute an interim dividend provided the Company's and the Group's financial position warrants such distribution. The authorisation has no time limit

TDC share information

Stock exchange	NASDAQ Copenhagen
Share capital	DKK 812,000,000
Denomination	DKK 1
Number of shares	812,000,000
Classes of shares	One
ISIN code	DK0060228559

Investor Relations website

The Company's Investor Relations site investor.tdc.com provides access to information on the TDC share, financial information, financial reports, announcements, financial calendar, the Annual General Meeting, corporate governance and Investor Relations contact details. The Investor Relations site also provides investors with advanced sign-up, portfolio and reminder

functions for price performance, webcasts, presentations and analyst conference calls.

Contacts

Investor enquiries regarding the Company's shares and debt instruments should be made to Investor Relations:

Flemming Jacobsen Head of Treasury and Investor Relations

Teglholmsgade 1 DK-0900 Copenhagen C Denmark Tel: +45 66 63 76 80 Fax +45 33 15 75 79 investorrelations@tdc.dk

investor.tdc.com.

TDC Investor Relations

Enquiries regarding holdings of the Company's shares should be made to the Company's register of shareholders:

Computershare Kongevejen 418 DK-2840 Holte Denmark Tel: +45 45 46 09 99

computershare.dk

Financial cale	ndar 2015 (extract)
5 March	Annual General Meeting
6-10 March	Shares traded without dividend
10 March	Payment of dividend
7 May	Interim Financial Statements Q1 2015
7 August	Interim Financial Statements Q2 2015, including the Board of Directors' decision to distribute interim dividend
10-12 August	Shares traded without dividend
12 August	Payment of dividend
3 November	Interim Financial Statements Q3 2015
31 December	End of financial year 2015

Corporate governance

Recommendations from the Committee on Corporate Governance

As a listed company, TDC is covered by the recommendations issued by the Committee on Corporate Governance (CCG) and must – either in its Annual Report or on its website – publish a Corporate Governance Statement based on the recommendations in line with the "comply-orexplain" principle. TDC's Corporate Governance Statement 2014 is available at investor.tdc.com/governance.cfm. The recommendations are available on the CCG website at www.corporategovernance.dk.

TDC's focus on corporate governance compliance is clearly reflected in the Company's compliance with 45 of the 47 numbered recommendations.

Internal control and risk management systems for financial reporting

TDC's internal control and risk management systems for financial reporting are designed to provide assurance that internal and external financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements also comply with the additional Danish disclosure requirements for annual reports of listed companies, and the assurance that true and fair financial statements without material misstatements

and irregularities are presented. TDC's detailed statutory reporting for 2014 on internal control and risk management systems for financial reporting is included as part of TDC's Corporate Governance Statement 2014 at investor.tdc.com/governance.cfm.

The Board of Directors

TDC's Board of Directors has 11 members, six elected by the General Meeting and five elected by the employees.

The Board of Directors has an international profile and some diversification in relation to age and gender. As the Board of Directors aims to further strengthen diversification in relation to gender, an objective has been set with regard to the board members elected by the General Meeting. By the end of 2016, no gender shall be represented on the Board of Directors by less than 25%. Despite efforts to achieve this objective within the time frame originally set i.e. by the end of 2015, it has not been possible, in connection with the latest nomination of a new member of the Board of Directors for election by the Annual General Meeting in 2015, to achieve this goal while also attracting the additional competences required by the Board of Directors. The Board of Directors has therefore prolonged the time frame by an additional year to 2016.

In 2014, the percentages of female and male board members were 17% and 83%, respectively.

There is a wide variety of competences and experience represented on the Board of Directors that include: financial competency; legal competency; customer relationship experience combined with innovation; international telecommunications experience; online business experience; branding experience and senior executive experience from other Danish listed companies. The competences and experience of the individual Board members are presented in the Management section.

In 2014, as in recent years and with external assistance, the Board of Directors conducted a formal evaluation of its performance. The purpose – besides securing compliance with the corporate governance recommendations - was to identify any possible improvement areas for the Board of Directors concerning the quality of the Board of Directors' work and thereby its value creation for the Company. The Chairman was in charge of the Board of Directors' evaluation and the three-stage procedure was approved by the Board of Directors. First, the Board and Executive Committee members completed a questionnaire. The questionnaire centred on topics such as contributions and results of the entire Board of Directors as well as the individual Board members, the cooperation in the Board of Directors, the Board of

Directors' competences, the use of Board Committees, the organisation of the work and the division of responsibilities between the Board of Directors and the Executive Committee. Based on the responses to the questionnaire, the Chairman held review sessions with the Board members. Finally, the main conclusions of the questionnaire and the review sessions were discussed at a Board meeting. The Vice Chairman was in charge of evaluating the Chairman at this meeting. The Board of Directors' evaluation revealed that the Board of Directors is functioning efficiently and did not give rise to any substantial changes in the way the Board of Directors conducts its work.

CSR at TDC Group

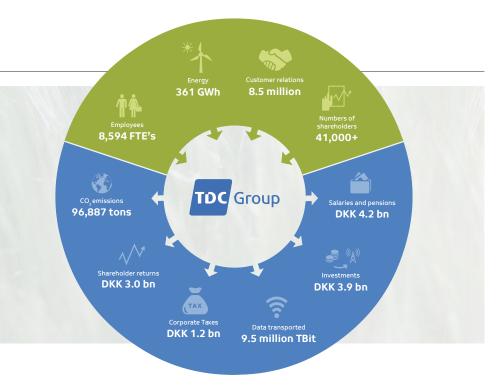
At TDC Group, responsibility and sustainability are natural aspects of our business. Our approach to CSR thus reflects our ambition to run and develop our business in a manner that promotes sustainability.

Our work with CSR also generates business value by reducing risks and costs, by fostering innovation, increasing our understanding of stakeholder expectations and enhancing TDC Group's reputation in society.

TDC Group has defined five CSR focus areas:

- Digital Denmark
- Customer trust and safety
- Climate and environment
- Employee well-being and diversity
- Social partnerships

We are also committed to working with CSR in a global context, which is why TDC Group is a participant of the UN Global Compact. Furthermore, we work on CSR issues alongside industry partners at national, European and global levels. This includes membership of GeSI, the Global e-Sustainability Initiative.



Online CSR Report

Please find our complete CSR Report online at **tdc.com/csr2014**.

Here you can read more about our approach, our various initiatives as well as find more information on our CSR objectives and results.¹



Highlights from 2014

Upgrades to over **3,000** mobile base stations have given major improvements in mobile coverage, especially in rural areas.

Over **700** new network hubs allow us to provide faster broadband connections through our cabled networks.

Launch of **14** new Telemedicine Treatment Packages as well as a Telemedicine Support Center to assist medical staff.

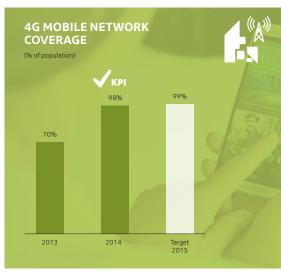
Creation of a new **IT Security** division at TDC with 26 specialists, expanding towards 50 employees.

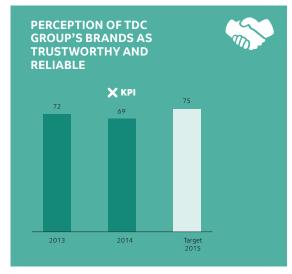
Continued consolidation of our PSTN platform has generated energy savings of approx. **6,700 MWh**.

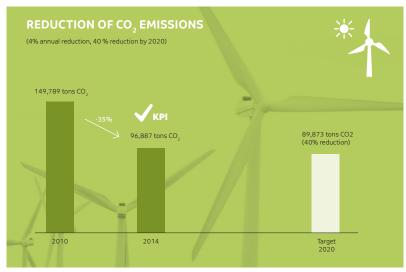
New partnership with Children's Welfare Denmark in support of the **Child Helpline** and promotion of safe use of digital media.

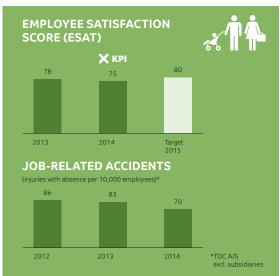
Our online CSR Report constitutes TDC Group's statutory reporting on CSR in accordance with Sections 99a and 99b of the Danish Financial Statements Act.

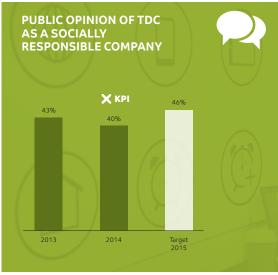
CSR at TDC Group













Management

Executive Committee



Carsten Dilling

President and Chief Executive Officer (CEO). Age 52. Appointed to the Corporate Management Team in 2007. Appointed CEO as of 2 July 2012.

Education: BSc in Economics and Business Administration (1983) and Graduate Diploma in Business Administration (International Trade, 1986), both Copenhagen Business School.

Management duties: Member of the Board of Directors of SAS AB. Member of the Central Board of the Confederation of Danish Industry. Member of the Board of Directors of the Copenhagen Industries Employers' Federation. Executive manager of CDI Consult ApS.



Pernille Erenbjerg

Deputy Chief Executive Officer and Chief Financial Officer (CFO). Age 47. Appointed to the Executive Committee in 2011.

Education: MSc (Business Economics and Auditing, 1992), Copenhagen Business School and State Authorised Public Accountant (1994 with deposited licence).

Management duties: Member of the Board of Directors of and Chairman of the Audit Committee of DFDS A/S. Member of the Board of Directors of The Royal Danish Theatre. Member of the Committee for Fiscal Policy of the Confederation of Danish Industry.



Johan Kirstein Brammer

Senior Executive Vice President of Consumer and Group Chief Marketing Officer (CMO).

Age 38. Appointed to the Executive Committee in 2014.

Education: MSc in Law (2001), University of Copenhagen. Graduate Diploma in Finance (2005), Copenhagen Business School. MBA (2005), Australian Graduate School of Management.



Peter Trier Schleidt

Senior Executive Vice President of Operations and Chief Operating Officer (COO). Age 50. Appointed to the Executive Committee in 2013.

Education: MSc in Engineering 1989, the Technical University of Denmark. Graduate Diploma in Business Administration (Organisation and Management, 1992), Copenhagen Business School. Advanced Management Program (2007), Wharton School.

Management



Asger Hattel

Senior Executive Vice President of Nordic, Wholesale and Transformation. Age 43. Appointed to the Executive Committee in 2014.

Education: MSc in Business, Aarhus University. Executive Board Programme (2013), INSEAD.



Jens Munch-Hansen

Senior Executive Vice President of Business. Age 59. Appointed to the Executive Committee in 2009.

Education: MSc in Economics (1980), Copenhagen Business School.

Management duties: Member of the Board of Directors of Azanta A/S.



Jens Aaløse

Senior Executive Vice President of Channels. Age 48. Appointed to the Executive Committee in 2013.

Education: Graduate Diploma in Business Administration (Market Management, 2001), Copenhagen Business School.



Miriam Igelsø Hvidt

Senior Executive Vice President, HR & Stakeholder Relations. Age 50. Appointed to the Corporate Management Team in 2011 and to the Executive Committee in 2012. Miriam Igelsø Hvidt will resign during February 2015.

Education: MSc in Law (1989), University of Copenhagen and MBA (1994), IMD.

Management duties: Member of the Boards of Directors of the Danish ICT and electronics federation for IT, telecommunications, electronics and communication enterprises and the Danish IT Industry Association (ITB).

Vice Chairman of the Post & Telecom Museum.

Management

Board of Directors



Vagn Sørensen

Chairman. Chairman of the Compensation Committee and the Nomination Committee. Member of the Audit Committee.

Education: MSc in Economics

and Business Administration (1984), Aarhus University - School of Business and Social Sciences.

Management duties: Chairman of the Boards of Directors of FLSmidth & Co. A/S, FLSmidth A/S, Select Service Partner Ltd. and one subsidiary thereof, Scandic Hotels AB, Automic Software GmbH, TIA Technology A/S and Bureau Van Dijk Electronic Publishing BV. Vice Chairman of the Board of Directors of DFDS A/S. Member of the Boards of Directors of JP/Politikens Hus, Air Canada, Braganza AS, Lufthansa Cargo AG, Nordic Aviation Capital A/S, Royal Caribbean Cruises Ltd. and C.P. Dyvig & Co. A/S. Executive Manager of GFKJUS 611 ApS and E-force A/S.

Senior Advisor to Morgan Stanley and EQT Partners.



Pierre Danon

Vice Chairman. Member of the Compensation Committee and the Nomination Committee. Education: Degree in Civil

Education: Degree in Civil Engineering (1978), École

Nationale des Ponts et Chaussées and law degree (1978), Faculté de Droit Paris II Assas. MBA (1980), HEC School of Management, Paris. Management duties: Executive Chairman of the Board of Directors of Voila. Vice Chairman of AgroGeneration. Non-executive Director of Ciel Investment Limited and Standard Life plc.



Pieter Knook

Member of the Compensation Committee and the Nomination Committee. Education: MA in Electrical Sciences (1980) at Trinity Hall, University of

Cambridge.

Management duties: Chairman of the Board of Directors of Pulsant Limited. Non-executive Director of CertiVox and wot.io. Member of the advisory board of the Bill & Melinda Gates Foundation. Angel investor in Cambridge Angels and venture partner of Octopus Investments Ltd. Visiting Professor of Innovation at the University of Cambridge.



Stine Bosse

Member of the Audit Committee. Education: Master of Law (1987), University of Copenhagen. Strategic Agility Programme (2008),

Harvard Business School.

Management duties: Chairman of The Royal
Danish Theatre, Concito, Danish Council for
Socio-Economic Companies, BØRNEfonden (the
Children's Fund) and Copenhagen Art Festival.
Vice Chairman of the ChildFund Alliance.
Member of the Boards of Directors of Allianz
Group and Aker ASA. Member of INSEAD
Danish Council. UN member of the Millennium
Development Goals Advocacy Group, which
combats global poverty and hunger.



Angus Porter

Member of the Compensation Committee and the Nomination Committee. Education: MA (Natural Sciences) and PhD (1978 and 1981), University of

Cambridge. Chartered Engineer.

Management duties: Chief Executive Officer of the Professional Cricketers' Association in England.

Senior Independent Director, Punch Taverns plc. Co-Chairman of Direct Wines Limited.



Søren Thorup Sørensen

Chairman of the Audit Committee. Education: MSc in Auditing (1990), Copenhagen Business School. State Authorised Public Accountant

(1992, with deposited licence). Advanced Management Programme (2009), Harvard Business School.

Management duties: Chairman of the Boards of Directors of K & C Holding A/S and Boston Holding A/S. Vice Chairman of the Boards of Directors of KIRKBI AG, INTERLEGO AG, Topdanmark A/S, Topdanmark Forsikring A/S and Danske Forsikring A/S. Member of the Boards of Directors of Falck Holding A/S, LEGO A/S, LEGO Juris A/S, KIRKBI Invest A/S, Koldingvej 2, Billund A/S and Merlin Entertainments PLC. Member of the Committee on Corporate Fund Governance. Chief Executive Officer of KIRKBI A/S, KIRKBI Invest A/S and Koldingvej 2, Billund A/S.

Members of the Board of Directors

Name (male/female)	First elected	Re-elected	Term to expire	Nationality	Age	Independence
Vagn Sørensen (m)	26 April 2006	6 March 2014	5 March 2015	Danish	55	Independent ¹
Pierre Danon (m)	16 May 2008	6 March 2014	5 March 2015	French	58	Dependent ²
Stine Bosse (f)	9 March 2011	6 March 2014	5 March 2015	Danish	54	Independent ¹
Angus Porter (m)	9 March 2011	6 March 2014	5 March 2015	British	57	Independent ¹
Pieter Knook (m)	7 March 2013	6 March 2014	5 March 2015	Dutch	56	Independent ¹
Søren Thorup Sørensen (m)	4 March 2010	6 March 2014	5 March 2015	Danish	49	Independent ¹
Jan Bardino (m)	2004	2012	2016	Danish	62	Employee member ³
Christian A. Christensen (m)	2012	-	2016	Danish	63	Employee member ³
Steen M. Jacobsen (m)	1996	2012	2016	Danish	65	Employee member ³
John Schwartzbach (m)	2012	-	2016	Danish	55	Employee member ³
Gert Winkelmann (m)	2012	=	2016	Danish	60	Employee member ³

¹ Elected by the shareholders at an Annual or Extraordinary General Meeting.



Jan Bardino IT Project Manager at TDC A/S. Education: MSc in Computer Science (1979), Aarhus University.



Steen M. Jacobsen Specialist Technician at TDC A/S. Management duties: Member of the Boards of Directors of TDC Pensionskasse, Teglholm Park P/S and Teglholm Park Komplementar ApS.



Gert Winkelmann Consultant at TDC A/S. Management duties: Chairman of the Association of Managers and Employees in Special Positions of Trust (Lederforeningen).



Christian A. Christensen Specialist Technician at TDC A/S.



John Schwartzbach Service Technician at TDC A/S.

Due to provision of consultancy services to TDC in addition to the membership of the Board of Directors.

³ Elected by the employees.



Terminology

3G refers to third-generation mobile networks that can deliver voice, data and multimedia content at high speed.

4G refers to fourth-generation mobile networks that can deliver voice, data and multimedia content at speeds of up to 10 times faster than 3G (see also LTE).

Access network refers to the fine-meshed and widespread part of the telecom infrastructure that connects every single customer to the network. The access network begins at the customer's premises and ends at the local exchange where traffic is exchanged with the backbone network.

Adjusted EPS refers to Earnings per share (EPS) based on profit from continuing operations adjusted for special items (net of tax) and amortisation of brands and customer relationships stemming from the merger of TDC and NTC ApS (net of tax).

ARPU refers to Average Revenue Per User and is calculated per month. TDC calculates ARPU for a given product group as its total revenue divided by the average RGUs in the period. The average number of customers/RGUs is calculated by adding together the number of customers at the beginning of the period, the number of customers at the end of each intermediate month, the number of customers at the end of the period and dividing that figure by the number of intermediate months plus two. ARPU includes gross traffic revenue unless otherwise stated.

Backbone network refers to the part of the telecom infrastructure that interconnects various parts of networks, e.g. local access networks, different operators' networks or national networks. The backbone network capacity is very large compared with the access network capacity.

Brand partner refers to partners who sell mobility services based on TDC's infrastructure under their own brands to end users. TDC owns the customer relationship.

Broadband refers to data communication forms of a certain bandwidth that, depending on the relevant context, are perceived to be significantly high or 'wide' in terms of information-carrying capacity. The most common broadband technologies are cable modem, DSL, mobile broadband and optical fibre. TDC applies

the Danish Business Authority definition in which broadband implies bandwidths higher than 144 kbps.

BSA or Bitstream Access refers to the situation where a provider installs a high-speed access link at the customer's premises and then makes this access link available to third parties to enable them to provide high-speed services to customers. 'Naked BSA' means BSA without a PSTN subscription delivered on the same subscription line.

CaaS or Communication as a Service is an outsourcing model for business communications. Such communications can include VoIP, instant messaging, collaboration and video-conferencing applications using landline and mobile devices. The CaaS vendor is responsible for all hardware and software management. CaaS allows businesses to selectively deploy communications devices on a pay-as-you-go, asneeded basis.

Capex (Capital expenditure) refers to capital expenditure excluding investments in mobile licences and share acquisitions.

Churn rate refers to yearly customer turnover expressed as a percentage. TDC calculates churn by dividing the gross decrease in the number of customers for a given period by the average number of customers for that period.

Coax refers to a technology based on coaxial cables electrical cables with an inner conductor surrounded by a flexible, tubular insulating layer, surrounded by a tubular conducting shield. Coax is used to transmit radio frequency signals, distribute cable-TV signals, etc.

Coverage refers to the accessibility of a service expressed as a percentage. Mobile coverage is typically calculated as the share of the population who can use the service. Landline coverage is typically calculated as the share of households that can use the service.

CPE or Customer Premises Equipment refers to equipment that is implemented or installed at a customer's premises. CPE includes the hardware required to handle TV, telephony and data traffic (e.g. routers, switches, DSL modems and other equipment used to create LAN and WAN solutions).

Direct business is a business area in TDC Sweden that handles sale of landline and mobile telephones, headsets, conference call telephones, etc.

DPS refers to dividend per share.

Dual-play refers to the bundling of telephony and internet through one access channel only. In YouSee the dual-play bundles include TV and broadband. Dualplay bundles are included as two customers in the total customer figures.

EBITDA refers to Operating profit before depreciation, amortization and special items.

ECSI refers to the European Customer Satisfaction Index, a standardised methodology for measuring customer satisfaction.

EFCF or Equity free cash flow refers to EBITDA adjusted for non-cash items, pension contributions, provisions payments, changes in net working capital, net interest paid, corporate income tax paid, cash flow related to special items and cash flows relating to capital expenditure.

Fault correction hours refers to the amount of hours spent correcting network faults that have occurred as a result of water damage, frost, cut cables, etc.

Fault rate refers to the share of customers experiencing a fault, recorded on an annual basis. Fault rates are calculated as the number of faults in a given period, scaled to an annual basis and divided by the number of RGUs.

Fibre Optics Communication or Fibre refers to a technology used to transmit telephone signals, internet communications and cable television signals. Due to much lower loss of intensity and interference, optical fibre has major advantages over existing copper wire in long-distance and high-demand applications.

Flow TV refers to a television service that enables viewers to watch a scheduled TV programme at the particular time it is offered and on the particular channel it is presented. This is the opposite of e.g. Video-on-Demand.

FTE or Full-Time Equivalents refers to full-time employee equivalents, including permanent employees, trainees and temporary employees but excluding temps and outsourced civil servants.

Incumbent refers to a public telecommunications operator that – when the provision of communications services was a government monopoly – was the only operator able and allowed to offer such services.

Interconnection refers to the provision of access or availability of facilities or services for another provider for the purpose of providing electronic communications services, and exchange of traffic between communications networks used by the same or a different provider. This allows end users of one provider to communicate with end users of the same or another provider, or to access services supplied by another provider.

International roaming is a means of accessing a foreign operator's mobile network that enables customers to automatically make and receive voice calls, send and receive data, or access other services when travelling abroad. Operators in various countries enter into agreements to facilitate such roaming.

IP or Internet Protocol refers to a standard protocol whereby internet-user data is divided into packets to be sent onto the correct network pathway.

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.

Landline telephony refers to PSTN and VoIP.

Line loss refers to the net loss of lines in the copper and fibre network in a given period in TDC's incumbent business, i.e. Consumer, Business and Wholesale. The number of lines is calculated as the sum of RGUs provided with PSTN, VoIP, naked-BSA/xDSL, and full ULL products and services.

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Terminology

LRAIC (Long Run Average Incremental Cost) and LRIC (Long Run Incremental Cost) refer to the most applied pricing regulation methods used to set interconnection prices for operators with SMP status. With the LRIC method, prices are based on the costs of services provided with an increment of the regulated services. LRAIC uses an average of the costs of services. The interconnection prices are set equal to the costs associated with producing the regulated services in a modern and fully effective telecommunications network of the same size as the SMP operator's network

LTE or Long Term Evolution refers to a set of enhancements to UMTS designed to increase capacity and speed on mobile telephone networks. LTE is a 4G network.

Market share refers to TDC's share of total subscribers for a given product. The figures are based on externally available data, which may vary in accuracy. As a result, the historic data may change if we gain more accurate information.

MNO or **Mobile Network Operator** refers to a company that has frequency allocation(s), as opposed to an MVNO, and all the required infrastructure to run an independent mobile network.

Mobile broadband refers to broadband access over the mobile network obtained using dongles or equivalent equipment. It does not include access via mobile or smartphones.

'Mobility services' refers to mobile voice and mobile broadband.

MoU or Minutes of Usage refers to minutes used per subscriber per month.

MTR or Mobile Termination Rate refers to the price for mobile interconnection, i.e. the price paid by an operator for terminating traffic on a mobile operator's network. The Danish mobile termination rates are set by the Danish Business Authority.

MVNO or **Mobile Virtual Network Operator** refers to a mobile operator with no frequency allocation. MVNOs have business arrangements with MNOs to buy traffic and data for sale to their own customers.

No frills refers to a service or product where nonessential features, such as value-added services, have been removed to keep the price low.

Opex (Operational expenditure) refers to operating expenses and includes external expenses, wages, salaries and pension costs, and other income.

'Organised customers' refers to housing associations and antenna associations.

OTT or Over The Top refers to online delivery of video and audio without the internet service provider being involved in the control or distribution of the content itself.

Pair bonding technique refers to increasing the broadband DSL bit rate using advanced multiplexing techniques on several copper pairs between access node (DSLAM) and customer premises.

Penetration refers to the measurement, usually as a percentage, of the take-up of services. As of any date, the penetration is calculated by dividing the number of subscribers by either the population of households or the number of inhabitants to whom the service is available.

Postpaid refers to subscriptions that are paid for at the beginning of the period, whereas the usage charge, which varies depending on the tariff plan selected by the subscriber, is paid at the end of the period.

Prepaid refers to customers paying for a specified amount of credit for services upfront (i.e. via a scratch card).

PSTN or Public Switched Telephone Network refers to the telecommunications network based on copper lines carrying analogue voice and data. PSTN includes ISDN as well.

Remote DSLAM refers to a DSL-based access node in a street cabinet placed closer to the end user than current central office locations to reduce attenuation in copper cables and thereby increase the broadband speed.

RGU or Revenue Generating Unit refers to the total number of customer relationships generating revenue

for TDC, including customers with subscriptions and customers without subscriptions calculated according to the following general principles: Landline customers who have generated revenue within the last 3 months; prepaid cards used at least once within the last 3 months; Dial-up internet customers who accessed the internet at least once within the last 3 months. TDC's RGU statement includes the number of main products sold by TDC's residential, business and wholesale segments. Customer relationships are synonymous with RGUs.

Service provider refers to partners providing services under their own brands to external customers using TDC's infrastructure. The service provider owns the customer relationship.

SKI is a procurement organisation that establishes framework contracts between the public sector in Denmark and private sector companies.

SMP or Significant Market Power refers to a designation assigned to operators with a significant market position in a specific market as determined by the Danish Business Authority due to a market decision regarding the relevant market.

TAK (Danish for 'Thank you'), or Tag Ansvar for Kunden (Take Responsibility for the Customer) refers to a programme implemented in TDC in 2009 to improve customer service.

TDC 2.0 programme refers to a company-wide change programme that focuses on making processes simpler and more goal-oriented.

Telemetric communication between two machines or M2M (machine-to-machine) technology refers mainly to mobile communications. M2M solutions are used for 'Dankort' terminals (debit cards), GPS monitoring, distant reading, alarms, etc.

Triple-play refers to the bundling of telephony, internet and TV services through one access channel only. Triple-play bundles are included as three customers in the total customer figures. A triple-play subscription must entail all three services.

TSR or **Total Shareholder Return** shows the total return on a share to an investor over a given period, i.e. dividends and capital gains.

TVoIP or TV over Internet Protocol refers to a system through which digital TV service is delivered using the internet and internet broadband access networks rather than being delivered through the traditional radio frequency broadcast, satellite signal or cable-TV formats. TVoIP can be either IPTV or web-TV.

ULL or Unbundled Local Loop, often referred to as raw copper, refers to copper lines to which competing carriers have been granted access by the incumbent operator, allowing such alternative carriers to offer data transmission capacity and/or telephony to end users. Full ULL is used for customers without PSTN subscriptions (wholesale or retail at TDC), whereas shared ULL covers customers with PSTN subscriptions.

UMTS or **Universal Mobile Telecommunications Systems** refers to a 3G network designed to provide a wide range of voice, high-speed data and multimedia services.

Vectoring refers to increasing the broadband DSL bit rate and stability using advanced signal coding technologies aiming at reducing noise effects on specific copper cable.

Video-on-demand or VoD refers to transmission delivery of video (movies or other video content) to a single user on request.

VoIP or Voice over Internet Protocol refers to a telephone call over the internet. VoIP can offer quality of service, i.e. guarantee of call quality comparable with PSTN, achieved through prioritising the traffic.

VPN or Virtual Private Network refers to a network that enables organisations to use a private network with LAN functionality for remote sites or users, without a dedicated connection (such as a leased line).

WAN or Wide Area Network refers to a long-distance data communications network that is a geographically dispersed collection of LANs. The internet, for instance, is a WAN, but a network between a company's divisions can also be a WAN.

xDSL is a family of technologies that provides digital data transmission over copper wires, e.g. ADSL, VDSL and SHDSL.

Reported vs. organic growth

Adjustments

In order to evaluate TDC Group's underlying organic growth, TDC's figures are adjusted for a number of factors, including forex effects, effects from acquisitions, divestments and sale of assets, and increased regulation. In total, revenue was negatively affected by DKK 53m, while gross profit and EBITDA were positively affected by DKK 121m and DKK 25m, respectively.

Forex

The development in the NOK and SEK exchange rates vs. 2013 had a negative impact on revenue totalling DKK 183m. Gross profit and EBITDA were negatively affected by DKK 82m and DKK 31m, respectively.

Acquisitions, divestments and sale of assets

Acquisitions, divestments and sale of assets were affected primarily by the acquisition of Get, which is included in the reported figures as of November 2014. Furthermore, the acquisition of ComX in December 2013 generated a positive effect, as did the acquisition of Viridis IT in October 2014. The positive effects were only partly offset by the transfer of the mobile payment business area to Paii in Q4 2013. In total, acquisitions, divestments and sale of assets impacted revenue by DKK 383m, while gross profit and EBITDA were impacted by DKK 331m and DKK 184m, respectively.

Regulation

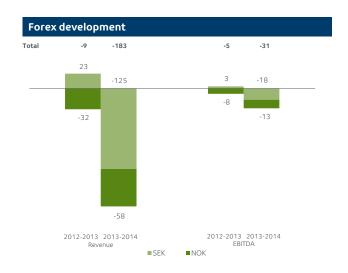
The ongoing negative effects from regulatory price adjustments amounted to DKK 253m on revenue, corresponding to 39% of the reported revenue decline. This is a decline of 61% compared with an effect of DKK 656m in 2013. The majority of the regulatory effects related to mobility services through mobile voice and SMS termination rates (MTR) and EU roaming.

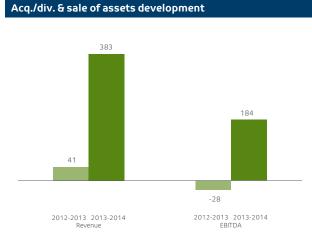
Revenue from mobility services was negatively affected by DKK 203m in 2014 across business lines, corresponding to 44% of the revenue decline.

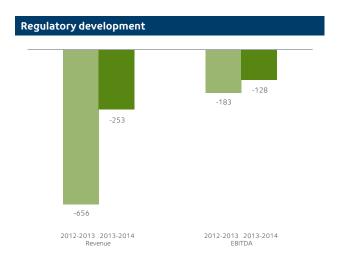
The EU regulation on roaming (SMS, voice and data) was further tightened on 1 July 2014

when the price caps were lowered again. This affected TDC's revenue and had a large negative impact totalling DKK 89m on gross profit as the regulation was only partly counterbalanced in transmission costs. Roaming regulation had a large effect on Business, while the other business lines were also affected. MTR price reductions continued, though lower than in previous years. These reductions counteracted effects on gross profit in landline telephony and mobility services, and generated no negative effects on total gross profit in TDC Group.

To a lesser degree, revenue was influenced by various landline regulations.









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	goods sold	68	3.9	Trade and other payables	86	Cas	sh flow			31 December 2014	111
2.4	External expenses	68	3.10	Pension assets and pension		5.1	Adjustment for non-cash items	100			
2.5	Wages, salaries and pension costs	69		obligations	86	5.2	Change in working capital	100			
2.6	Depreciation, amortisation and					5.3	Investment in enterprises	101			
	impairment losses	70				5.4	Cash Flow from investing activities				
2.7	Special items	71					in discontinued operations	102			
2.8	Income taxes	72									
2.9	Discontinued operations	74									
2.10	Earnings per share (EPS)	74									

Management Statement

Today, the Board of Directors and the Executive Committee considered and approved the Annual Report of TDC A/S for 2014.

The Annual Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the Consolidated Financial Statements and Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2014 as well as their results of operations and cash flows for the financial year 2014. Furthermore, in our opinion, the Management's Review provides a fair review of the developments in the Group's and the Parent Company's activities and financial position, and describes the significant risks and uncertainties that may affect the Group and the Parent Company.

The Annual Report is recommended for approval by the Annual General Meeting.

Copenhagen, 5 February 2015

Executive Committee

Carsten Dilling	
President and Group	Chief Executive Office

President and Group Chief Executive Officer

Peter Trier SchleidtSenior Executive Vice President of Operations and Group Chief Operating Officer

Senior Executive Vice President of Channels

Jens Aaløse

Pieter Knook

Board of Directors

Vagn Sørensen Chairman

C. C	

Jan Bardino		

John Schwartzbach

Pernille Erenbjerg Johan Kirstein Brammer Deputy Chief Executive Officer and Senior Executive Vice President of Consumer

Deputy Chief Executive Officer and Group Chief Financial Officer

Jens Munch-HansenSenior Executive Vice President of Business

Miriam Igelsø Hvidt Senior Executive Vice President of HR and Stakeholder Relations

Pierre Danon Stine Bosse

Angus Porter Søren Thorup Sørensen

Christian A. Christensen Steen M. Jacobsen

Gert Winkelmann

Vice Chairman

TDC Annual Report 2014

Asger Hattel

Senior Executive Vice President of Wholesale and Nordic

and Group Chief Marketing Officer

Independent Auditor's Report

To the Shareholders of TDC A/S

Report on Consolidated Financial Statements and Parent Company Financial Statements

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of TDC A/S for the financial year 1 January to 31 December 2014, which comprise income statements, statements of comprehensive income, balance sheets, statements of cash flow, statements of changes in equity and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies, and for such internal control as Management determines is neces-

sary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements and Parent Company Financial Statements that give

a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2014 and of the re-

Copenhagen, 5 February 2015

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Lars Holtug

State Authorised Public Accountant

sults of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Tue Sørensen

State Authorised Public Accountant

Consolidated Income Statements			DKKm
	Note	2014	2013
Revenue	2.1,2.2	23,344	23,986
Transmission costs and cost of goods sold	2.3	(6,252)	(6,555)
Gross profit		17,092	17,431
External expenses	2.4	(3,376)	(3,386)
Wages, salaries and pension costs	2.5	(3,993)	(4,127)
Other income	2.2	81	61
Operating profit before depreciation, amortisa-			
tion and special items (EBITDA)		9,804	9,979
Depreciation, amortisation and			
impairment losses	2.6	(4,728)	(4,932)
Operating profit excluding special items			
(EBIT excluding special items)		5,076	5,047
Special items	2.7	(1,268)	(932)
Operating profit (EBIT)		3,808	4,115
Financial income and expenses	4.4	(1,015)	(683)
Profit before income taxes		2,793	3,432
Income taxes	2.8	(341)	(354)
Profit for the year from continuing operations		2,452	3,078
Profit from discontinued operations	2.9	776	41
Profit for the year		3,228	3,119
Profit attributable to:			
Owners of the parent		3,239	3,119
Non-controlling interests		(11)	0
Profit for the year		3,228	3,119
Earnings per share (EPS) (DKK)	2.10		
EPS, basic	2.10	4.05	3.90
EPS, diluted		4.03	3.88
EPS from continuing operations, basic		3.08	3.85
EPS from continuing operations, diluted		3.07	3.83

Note	2014	2013
	3,228	3,119
	• •	(149)
	(267)	(285)
4.4	25	49
	2.45	
	245	0
3.10	(1,650)	(1,281)
	()===,	. , - ,
2.8	386	280
	0	93
	(2,174)	(1,293)
	1,054	1,826
	1,065	1,826
	(11)	0
	1,054	1,826
	280	1,785
		41
		1,826
		(913) (267) 4.4 25 245 3.10 (1,650) 2.8 386 0 (2,174) 1,054

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Consolidated Balance Sheets

Assets			DKKm
	Note	2014	2013
Non-current assets			
Intangible assets	3.1	40,893	31,411
Property, plant and equipment	3.2	17,504	15,403
Joint ventures, associates			
and other investments	3.3	77	68
Deferred tax assets	2.8	0	33
Pension assets	3.10	5,205	6,708
Receivables	3.4	312	271
Derivative financial instruments	4.6	214	137
Prepaid expenses	3.5	310	288
Total non-current assets		64,515	54,319
Current assets			
Inventories	3.6	319	331
Receivables	3.4	3,458	3,699
Income tax receivable	2.8	65	0
Derivative financial instruments	4.6	598	266
Prepaid expenses	3.5	660	623
Cash		4,746	1,172
Total current assets		9,846	6,091
Total assets		74,361	60,410

Equity and liabilities			DKKm
	Note	2014	2013
Equity			
Share capital	4.1	812	812
Reserve for currency translation adjustments		(1,604)	(691)
Reserve for cash flow hedges		(123)	(126)
Retained earnings		18,656	18,603
Proposed dividends		802	1,786
Equity attributable to owners of the parent		18,543	20,384
Non-controlling interests		104	0
Total equity		18,647	20,384
Non-current liabilities			
Deferred tax liabilities	2.8	4,271	3,953
Provisions	3.8	992	960
Pension liabilities	3.10	105	92
Loans	4.2	18,630	23,356
Derivative financial instruments	4.6	0	186
Deferred income	3.7	525	633
Total non-current liabilities	3.7	24,523	29,180
Constitution			_
Current liabilities Loans	4.2	20.051	133
	3.9	20,051 7,244	
Trade and other payables Income tax payable	2.8	7,244	6,837 331
Derivative financial instruments	4.6	531	76
Deferred income	3.7	3,074	2,958
Provisions	3.7	290	2,938 511
Total current liabilities	3.8		
Total current habilities		31,191	10,846
Total liabilities		55,714	40,026
Total equity and liabilities		74,361	60,410

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Consolidated Statements of Cash Flow

DKKm

	Note	2014	2013
EBITDA		9,804	9,979
Adjustment for non-cash items	5.1	157	226
Pension contributions	3.10	(140)	(92
Payments related to provisions	3.8	(20)	(9
Special items	2.7	(735)	(583
Change in working capital	5.2	172	57
Interest received	4.4	690	569
Interest paid	4.4	(1,576)	(1,602
Realised currency translation adjustments		(7)	21
Income tax paid	2.8	(1,214)	(1,508
Operating activities in continuing operations		7,131	7,058
Operating activities in discontinued operations		3	150
Total cash flow from operating activities		7,134	7,208
Investment in enterprises	5.3	(12,650)	(240
Investment in property, plant and equipment	3.2	(2,957)	(2,801
Investment in intangible assets	3.1	(896)	(889
Investment in other non-current assets	5.1	(87)	(62
Divestment of joint ventures and associates		0	1
Sale of other non-current assets		61	60
Dividends received from joint ventures and associates	3.3	1	2
Investing activities in continuing operations		(16,528)	(3,929
Investing activities in discontinued operations	5.4	1,096	22
Total cash flow from investing activities		(15,432)	(3,907)
Proceeds from long-term loans		2,974	0
Finance lease repayments		(64)	(66
Change in short-term loans		11,914	00)
Change in interest-bearing debt and receivables		3	0
Dividend paid		(2,961)	(3,036
Capital contributions from non-controlling interests		6	(5,030
Financing activities in continuing operations		11,872	(3,102
Financing activities in discontinued operations		0	0
Total cash flow from financing activities		11,872	(3,102
Total cash flow		3,574	199
Cash and cash equivalents at 1 January		1,172	973
Cash and cash equivalents at 31 December		4,746	1,172

Equity free cash flow			DKKm
	Note	2014	2013
EBITDA		9,804	9,979
Change in working capital	5.2	172	57
Interest paid, net	4.4	(886)	(1,033)
Income tax paid	2.8	(1,214)	(1,508)
Cash flow from capital expenditure		(3,853)	(3,690)
Cash flow related to special items	2.7	(735)	(583)
Realised currency translation adjustments		(7)	21
Finance lease repayments		(64)	(66)
Adjustment for non-cash items	5.1	157	226
Pension contributions	3.10	(140)	(92)
Payments related to provisions	3.8	(20)	(9)
Equity free cash flow		3,214	3,302

Consolidated Statements of Changes in Equity

DKKm

	Attributable to owners of the parent							
		eserve for currency ranslation adjust- ments	Reserve for cash flow hedges	Retained earnings	Proposed dividends	Total	Non- controlling interests	Total
Equity at 1 January 2013	825	(542)	110	19,222	1,898	21,513	0	21,513
Currency translation adjustments, foreign enterprises Fair value adjustments of cash flow hedges Fair value adjustments of cash flow hedges transferred to Financial expenses Remeasurement effects related to defined benefit pension plans Income tax relating to remeasurement effects from defined benefit pension plans Change of corporate income tax rate (relating to defined benefit pension plans)	- - - -	(149) - - - -	(285) 49 - -	0 - - (1,281) 280 93	- - - -	(149) (285) 49 (1,281) 280 93	0 0 0 0 0	(149) (285) 49 (1,281) 280 93
Profit for the year	-	-	-	1,333	1,786	3,119	0	3,119
Total comprehensive income	=	(149)	(236)	425	1,786	1,826	0	1,826
Distributed dividend Cancellation of treasury shares Share-based remuneration Total transactions with shareholders	(13) - (13)	0 - - 0	0 - - 0	(1,138) 13 81 (1,044)	(1,898) - - (1,898)	(3,036) 0 81 (2,955)	- - - 0	(3,036) 0 81 (2,955)
Equity at 31 December 2013	812	(691)	(126)	18,603	1,786	20,384	0	20,384
					·			
Currency translation adjustments, foreign enterprises Fair value adjustments of cash flow hedges Fair value adjustments of cash flow hedges transferred to Financial expenses	- - -	(913) - -	(267) 25	- - -	- - -	(913) (267) 25	0 0 0	(913) (267) 25
Fair value adjustments of cash flow hedges transferred to investments in enterprises Remeasurement effects related to defined benefit pension plans Income tax relating to remeasurement effects from defined benefit	-	-	245	- (1,650)	-	245 (1,650)	0 0	245 (1,650)
pension plans Profit for the year Total comprehensive income	-	(913)	- - 3	386 2,437 1,173	802 802	386 3,239 1,065	0 (11) (11)	386 3,228 1,054
•				· · · · · · · · · · · · · · · · · · ·			(11)	
Distributed dividend Share-based remuneration Additions to non-controlling interests	- - -	0 - -	0 - -	(1,175) 55 -	(1,786) - -	(2,961) 55 -	- - 115	(2,961) 55 115
Total transactions with shareholders	-	0	0	(1,120)	(1,786)	(2,906)	115	(2,791)
Equity at 31 December 2014	812	(1,604)	(123)	18,656	802	18,543	104	18,647

The Parent Company Statements of Changes in Equity specify which reserves are available for distribution. The distributable reserves amounted to DKK 19,287m (before proposed dividend) at 31 December 2014 (2013: DKK 22,019m). At the Annual General Meeting on 5 March 2015, the Board of Directors will propose a dividend of DKK 1.00 per share or DKK 802m in total (adjusted for treasury shares). Including the interim dividend of DKK 1.50 per share distributed on 13 August 2014, the proposed dividend for the financial year 2014 totals DKK 2.50 per share. For the financial year 2013, a dividend of DKK 3.70 per share was distributed.

Dividend payments during the financial year 2014 amounted to DKK 3.70 per share (2013: DKK 3.80 per share).

Section 1 Basis of preparation

This section sets out the Group's basis of preparation that relate to the Financial Statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates. Similarly, sources of estimation uncertainty are described in the notes to which they relate.

Note 1.1 Accounting Policies

TDC's Consolidated Financial Statements for 2014have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the additional disclosure requirements provided in the IFRS Executive Order issued by the Danish Business Authority in pursuance of the Danish Financial Statements Act. For TDC there are no differences between IFRS as adopted by the EU and IFRS as issued by the IASB.

The Consolidated Financial Statements are based on the historical cost convention, except that the following assets and liabilities are measured at fair value: derivatives, financial instruments held for trading, and financial instruments classified as available for sale.

When preparing the Consolidated Financial Statements, Management makes assumptions that affect the reported amount of assets and liabilities at the balance sheet date, and the reported income and expenses for the accounting period. The accounting estimates and judgements considered material to the preparation of the Consolidated Financial Statements appear from note 1.2 below.

TDC has adopted the new standards, amendments to standards and interpretations that are effective for the financial year 2014. None of the changes have affected recognition, measurement or disclosure in the Financial Statements, nor are they expected to have any future impact.

The accounting policies are unchanged from last year.

Following the divestment of TDC's Finnish subsidiaries, these activities are classified as Discontinued operations in TDC's Consolidated Financial Statements. Comparative figures in the Income Statements and Cash Flow Statements are restated accordingly.

Consolidation policies

The Consolidated Financial Statements include the Financial Statements of the Parent Company and subsidiaries in which TDC A/S has direct or indirect control. Joint ventures in which the Group has joint control and associates in which the Group has significant influence are recognised using the equity method.

The Consolidated Financial Statements have been prepared on the basis of the Financial Statements of TDC A/S and its consolidated enterprises, which have been restated to Group accounting policies combining items of a uniform nature.

On consolidation, intra-group income and expenses, shareholdings, dividends, internal balances and realised and unrealised profits and losses on transactions between the consolidated enterprises have been eliminated.

Note 1.1 Accounting Policies (continued)

Foreign currency translation

A functional currency is determined for each of the Group's enterprises. The functional currency is the currency applied in the primary economic environment of each enterprise's operations. Transactions in currencies other than the functional currency are transactions in foreign currencies. The Consolidated Financial Statements are presented in Danish kroner (DKK), which is the Parent Company's functional and presentation currency.

Transactions in foreign currencies are translated at the transaction-date rates of exchange. Foreign exchange gains and losses arising from differences between the transaction-date rates and the rates at the date of settlement are recognised as Financial income and expenses in the Income Statements.

Cash, loans and other amounts receivable or payable in foreign currencies are translated into the functional currency at the official rates of exchange quoted at year end. Currency translation adjustments are recognised as Financial income and expenses in the Income Statements.

The balance sheets and goodwill of consolidated foreign enterprises are translated into Danish kroner at the official rates of exchange guoted at the balance sheet date, whereas the income statements of the enterprises are translated into Danish kroner at monthly average rates of exchange. Currency translation adjustments arising from the translation of equity at the beginning of the year into Danish kroner at the official rates of exchange quoted at year end are recognised directly in equity under a separate reserve for currency translation adjustments. This also applies to adjustments arising from the translation of the Income Statements from the monthly average rates of exchange to the rates of exchange quoted at yearend.

Note 1.2 Critical accounting estimates and judgements

The preparation of TDC's Annual Report requires Management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimates are revised and in any future periods affected.

The following areas involve a higher degree of estimates or complexity and are outlined in more detail in the related notes:

- Revenue recognition (note 2.2)
- Useful lives regarding Intangible assets and Property, plant and equipment (notes 3.1 and 3.2)
- Impairment test of intangible assets (note 3.1)
- Provisions (note 3.8)
- Defined benefit plans (note 3.10)
- Business combinations (note 5.3)

Section 2 Profit for the year

This section focuses on the Group's results and performance. On the following pages you will find disclosures explaining the Group's results for the year, segmental information, special items, taxation and earnings per share. A detailed review of Revenue, EBITDA and Profit for the year is provided in the section '2014 performance'.

Note 2.1 Segment reporting



Worth noting

TDC Group consists of the following segments: Consumer, dedicated to residential households; Business, dedicated to the business market in Denmark; Wholesale, delivering services to service providers in Denmark; and Norway and Sweden; providing telecom solutions for businesses in Norway and Sweden respectively. From 2014 Norway includes services from the Get Group to households as well. Operations and Channels include the shared Danish functions such as call centres, IT, procurement, installation, etc. For further information, see 'Who we are'.

Costs are not fully allocated among segments.



Accounting policies

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors. The operating segments have been determined based on the financial and operational reports reviewed by the Board of Directors.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in the notes. Profit before depreciation, amortisation and special items (EBITDA) represents the profit earned by each segment without allocation of depreciation, amortisation and impairment losses, special items, financial income and expenses and income taxes. EBITDA is the measure reported to the Board of Directors for the purposes of

resource allocation and assessment of segment performance.

Assets and liabilities are not allocated to operating segments in the financial and operational reports reviewed by the Board of Directors, as the review focuses on the development in net working capital for the Group and for each segment.

In presenting information on the basis of geographical markets, segment revenue is based on the geographical location of the enterprise where the sale originates.

Changes in segment reporting

In 2014, TDC made certain changes that impacted TDC's segment reporting:

- As a result of the acquisition of the Get Group and the divestment of the Finnish subsidiaries the Nordic segment was split into two separate segments: Norway and Sweden.
- Transfer of operating expenses related to TDC shops from Consumer to Channels. Now call centres, online services and shops are integrated in one business line, Channels.
- Full integration of Telmore in TDC Group resulting in transfer of operational expenses from Consumer to the cost centres Channels, Operations and Headquarters.
- Other minor transfers between business lines including discontinuation of certain internal cost allocations that impacted on Business and Operations.

Comparative figures have been restated accordingly.

Note 2.1 Segment reporting (continued)

Activities DKKm

	Consu	imer	Busin	ess	Whole	sale
	2014	2013	2014	2013	2014	2013
Mobility services	3,013	3,352	1,765	1,934	437	416
Landline voice	1,251	1,492	1,273	1,432	269	300
Internet & network	2,391	2,332	2,208	2,355	697	686
TV	4,170	4,078	42	37	30	23
Other services	1,077	1,078	1,032	1,046	151	143
Revenue	11,902	12,332	6,320	6,804	1,584	1,568
Total operating expenses excl. depreciation, etc.	(4,075)	(4,359)	(1,971)	(2,057)	(522)	(477)
Other income and expenses	24	(6)	0	(1)	0	0
EBITDA	7,851	7,967	4,349	4,746	1,062	1,091
Specification of revenue:						
External revenue	11,895	12,322	6,091	6,580	1,420	1,379
Revenue across segments	7	10	229	224	164	189

	Norwa	ay	Swed	den	Operations &	Channels ¹	Tot	al
	2014	2013	2014	2013	2014	2013	2014	2013
Mobility services	-	-	_	-	2	2	5,217	5,704
Landline voice	-	-	-	-	17	12	2,810	3,236
Internet & network	-	-	-	-	97	47	5,393	5,420
TV	-	-	-	-	0	0	4,242	4,138
Other services	-	-	-	-	316	317	2,576	2,584
Norway and Sweden	1,271	967	2,537	2,704	-	=	3,808	3,671
Revenue	1,271	967	2,537	2,704	432	378	24,046	24,753
Total operating expenses excl. depreciation, etc.	(968)	(805)	(2,228)	(2,367)	(4,077)	(4,266)	(13,841)	(14,331)
Other income and expenses	0	0	18	3	75	85	117	81
EBITDA	303	162	327	340	(3,570)	(3,803)	10,322	10,503
Specification of revenue:								
External revenue	1,159	852	2,395	2,553	387	300	23,347	23,986
Revenue across segments	112	115	142	151	45	78	699	767

¹ Consists of the two operating segments Operations and Channels

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Note 2.1 Segment reporting (continued)

Geographical markets

Reconciliation of revenue		DKKm
	2014	2013
Revenue from reportable segments	24,046	24,753
Elimination of revenue across segments	(699)	(767)
Revenue from Headquarters	(3)	0
Consolidated external revenue	23,344	23,986

Reconciliation of EBITDA to Profit before income taxes		DKKm
	2014	2013
EBITDA from reportable segments	10,322	10,503
EBITDA from Headquarters Unallocated:	(518)	(524)
Depreciation, amortisation and impairment losses	(4,728)	(4,932)
Special items	(1,268)	(932)
Financial income and expenses	(1,015)	(683)
Consolidated profit before income taxes	2,793	3,432

deographical markets				DRKIII	
	External	revenue	Non-current assets allocated		
	2014	2013	2014	2013	
Denmark	19,790	20,581	44,719	45,252	
International operations:					
Sweden	2,395	2,553	711	741	
Norway	1,159	852	13,586	919	
Finland	-	-	-	461	
Germany	0	0	3	0	
Total international operations	3,554	3,405	14,300	2,121	
Total	23,344	23,986	59,019	47,373	

¹ Non-current assets other than investments in joint ventures and associates, financial instruments, deferred tax assets and pension assets.

Cost allocation

Cost allocations are used only in relation to postage, freight, and electricity for data-centre hosting and rent for TDC shops to ensure incentives to optimise the use of such services. All other costs are not allocated, but are included in the operating expenses of the segment responsible for the service. Accordingly, e.g. costs related to IT services and customer services from Operations & Channels as well as staff services from Headquarters to Consumer, Business and Wholesale are not allocated.

In addition, as the Danish mobile and landline networks (including the coaxial-cable network) are based in Operations, operating expenses and capital expenditure related to these networks are not allocated to Consumer, Business and Wholesale. However, interconnect payments and revenue concerning TDC customers are included in the revenue and expenses of the respective segments.

Headquarters has assumed all pension obligations for the members of the Danish corporate pension fund. Accordingly, pension cost/income for the Danish corporate pension fund are reported in Headquarters. The segments employing the members of the pension fund pay ordinary contributions to Headquarters, and these contributions are included in the operating expenses of the respective segments.

All transactions with Norway and Sweden are made on an arm's length basis.

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Note 2.2 Revenue



Accounting policies

Revenue comprises goods and services provided during the year after deduction of VAT and rebates relating directly to sales. Services include traffic and subscription fees, interconnect and roaming fees, fees for leased lines, network services, TV distribution as well as connection and installation fees. Goods include customer premises equipment, telephony handsets, PCs, set-top boxes, etc.

The significant sources of revenue are recognised in the Income Statements as follows:

- Revenues from telephony are recognised at the time the call is made
- Sales related to prepaid products are deferred, and revenues are recognised at the time of use
- Revenues from leased lines are recognised over the rental period
- Revenues from subscription fees and flatrate services are recognised over the subscription period
- Revenues from non-refundable up-front connection fees are deferred and recognised as income over the expected term of the related customer relationship

 Revenues from the sale of equipment are recognised upon delivery. Revenues from the maintenance of equipment are recognised over the contract period.

Revenue arrangements with multiple deliverables are recognised as separate units of accounting, independent of any contingent element related to the delivery of additional items or other performance conditions. Such revenues include the sale of customer-placed equipment, e.g. switchboards and handsets.

Discounts on bundled sales of handsets and subscriptions are fully allocated to the handset.

Sales of handsets below cost in an arrangement that cannot be separated from the provision of services are not recognised as revenue.

Revenues are recognised gross when TDC acts as principal in a transaction. For content-based services and the resale of services from content providers where TDC acts as agent, revenues are recognised net of direct costs.

The percentage of completion method is used to recognise revenue from contract work in progress based on an assessment of the stage of completion. Contract work in progress includes installation of telephone and IT systems, system integration and other business solutions.

Other income

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



Critical accounting estimates and judgements

Revenue is recognised when realised or realisable and earned. Revenues from non-refundable up-front connection fees are deferred and recognised as income over the expected term of the related customer relationship. The term is estimated using historical customer churn rates. Change of Management estimates may have a significant impact on the amount and timing of the revenues for any period.

Revenue		DKKm
	2014	2013
Sales of goods	1,885	2,196
Sales of services	21,459	21,790
Total	23,344	23,986

External revenue from products and services		DKKm
	2014	2013
Mobile services	5,357	5,779
Landline voice	3,288	3,788
Internet & network	6,307	6,302
TV	4,464	4,139
Other services	3,279	3,520
Other	649	458
Total	23,344	23,986

Note 2.3 Transmission costs and cost of goods sold



Accounting policies

Transmission costs include expenses related to transmission and leased transmission capacity directly related to the Group's primary income.

Cost of goods sold includes terminal equipment and transmission material as well as TV programme and other content costs.

The cost of a handset is expensed when the handset is sold. The sale could be an individual sale or a multiple-element sale with a subscription.

Note 2.4 External expenses



Accounting policies

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

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

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statements on a straight-line basis over the term of the lease.

Note 2.4 External expenses (continued)

Rental expenses for the year for all operating leases		
	2014	2013
Lease payments	971	1,018
Sublease payments	(114)	(103)
Total	857	915

Remuneration to auditors elected by the Annual General Meeting		DKKm
	2014	2013
<u>Statutory</u> audit, PricewaterhouseCoopers	10	11
Other assurance engagements	3	2
Tax advisory services	1	1
Other services	5	7
Total non-statutory audit services, PricewaterhouseCoopers	9	10
Total, PricewaterhouseCoopers	19	21

In addition, remuneration to the auditors of Get (Ernst & Young AS) amounted to DKK 0.1m for statutory audit and DKK 0.0m for non-statutory audit services.

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Note 2.5 Wages, salaries and pension costs

Reference is made to note 6.1 for detailed information on Incentive programmes and note 6.2 on Remuneration for Management.



Accounting policies

Pension costs

See note 3.10.

Share-based remuneration

TDC operates a Deferred Bonus Share Programme and a Performance Share Programme, under which TDC grants the programmes and receives services from employees. The fair value of employee services received is recognised in the Income Statements under wages, salaries and pension costs. The Deferred Bonus Share Programme is a share-based programme with a cash settlement option while the Performance Share Programme is an equity-settled programme.

The fair value of the granted deferred bonus share units takes into account the risk of losing the deferred bonus. The fair value of the granted performance share units takes into account the conditions attached to that programme regarding the TDC share's performance compared with a peer group. Other conditions are included in assumptions about the number of units that are expected to vest.

For both programmes, employees provide services in advance of the grant date. The total expense is recognised over the period from the start of employees providing services until the end of the vesting period, which is the period during which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of matching share units that are expected to vest.

Full-time employee equivalents

The number of full-time employee equivalents includes permanent employees and trainees. Employees who are entitled to pensions on conditions similar to those provided for Danish civil servants and who are seconded to external parties in connection with outsourcing of tasks or divestment of operations are not included in the reported numbers.

Employees in acquired enterprises are included as the average number of full-time employee equivalents from the time of acquisition until 31 December. Employees in divested enterprises are included as the average number of full-time employee equivalents from 1 January until the time of divestment.

Wages, salaries and pension costs		DKKm
	2014	2013
Wages and salaries (including short-term bonus) Pensions:	(3,877)	(3,880)
Defined benefit plans	(158)	(181)
Defined contribution plans	(349)	(361)
Share-based remuneration	(51)	(78)
Social security	(263)	(259)
Total	(4,698)	(4,759)
Of which capitalised as non-current assets	705	632
Total wages, salaries and pension costs recognised in		
the Income Statements	(3,993)	(4,127)

Number of full-time employee equivalents		DKKm
	2014	2013
1 January	8,587	8,885
Redundancy programmes	(636)	(475)
Outsourcing	(704)	0
Acquisitions and divestments	844	135
Hirings and resignations	503	42
31 December	8,594	8,587
Former Danish civil servants	137	163
Employees entitled to pension from TDC's pension fund	1,160	1,257
Other employees	7,297	7,167
31 December	8,594	8,587
Of which in Denmark	6,780	7,612
Average number of full-time employee equivalents, TDC Group 1,2	8,579	8,752

¹ The average number of full-time employee equivalents seconded to external parties in connection with outsourcing of tasks or divestment of operations and entitled to pensions on conditions similar to those provided for Danish civil servants is not included in the reported figures (2014:162 and 2013: 201).

² The figures cover only continuing operations. Calculated including discontinued operations, the average number of full-time employee equivalents amounted to 8,690 in 2014 and 9,007 in 2013.

Note 2.6 Depreciation, amortisation and impairment losses



Accounting policies

See notes 3.1 and 3.2.

Depreciation, amortisation and impairment losses		DKKm
	2014	2013
Depreciation on property, plant and equipment, cf. note 3.2	(2,650)	(2,666)
Amortisation of intangible assets, cf. note 3.1	(2,035)	(2,166)
Impairment losses, cf. note 3.1 and 3.2	(43)	(100)
Total	(4,728)	(4,932)

Comments

The decline in Depreciation, amortisation and impairment losses from 2013 to 2014 reflects primarily lower amortisation of the value of customer relationships according to the diminishing balance method.

Note 2.7 Special items



Worth noting

Special items include significant amounts that cannot be attributed to normal operations such as restructuring costs and special write-downs for impairment of intangible assets and property, plant and equipment. Special items also include gains and losses related to divestment of enterprises, as well as transaction costs and adjustments of purchase prices relating to acquisition of enterprises on or after 1 January 2010.



Accounting policies

Special items as described above are disclosed on the face of the Income Statements. Items of a similar nature for non-consolidated enterprises and discontinued operations are recognised in Profit from joint ventures and associates and Profit for the year from discontinued operations, respectively.

Special items		DKKm
	2014	2013
Costs related to redundancy programmes and vacant tenancies	(600)	(731)
Other restructuring costs, etc.	(187)	(265)
Impairment losses	(390)	(14)
Income from rulings	43	91
Loss from rulings	(14)	(12)
Costs related to acquisition of enterprises	(120)	(1)
Special items before income taxes	(1,268)	(932)
Income taxes related to special items	190	244
Special items related to joint ventures and associates	1	0
Special items related to discontinued operations	754	27
Total special items	(323)	(661)

Comments

Special items improved primarily as a result of the gain from divesting TDC Finland (DKK 754m). In addition, the positive development was due to lower costs related to redundancy programmes and vacant tenancies. Impairment losses related primarily to impairment of TDC Norway¹ (DKK 364m) also impacted negatively.

In both 2014 and 2013, costs related to redundancy programmes and vacant tenancies included a reassessment of the provision for

expected expenses in relation to vacant tenancies. The additional provisions of DKK 241m in 2014 and DKK 298m in 2013 were due to reassessment of the expected sublet of the tenancies and additional vacant premises following staff reductions in Denmark. In 2014, the provision also increased as a result of the decreasing discount rate.

In 2014, Other restructuring costs related primarily to costs associated with the contract with Sitel (DKK 84m) comprising outsourcing of customer support.

In 2013, Other restructuring costs, etc. included costs associated with the contract with Huawei comprising equipment and operation of the mobile network (DKK 194m) as well as the termination of the former contract with Ericsson.

Income from rulings in both years comprised primarily settlement of Swedish disputes over interconnect fees.

Costs related to acquisition of enterprises related primarily to the acquisition of Get.

Cash flow from special items		DKKm
	2014	2013
Redundancy programmes and vacant tenancies	(428)	(411)
Rulings	(10)	42
Other	(297)	(214)
Total	(735)	(583)

See also note 3.1, "Impairment tests of goodwill and intangible assets with indefinite useful lives"

Note 2.8 Income taxes



Worth noting

A large part of TDC's deferred tax liabilities relate to assets that are not expected to be taxed in the foreseeable future (pension assets, customer relationships and brands). The deferred tax liabilities relating to customer relationships and brands stem primarily from the merger between TDC and NTC ApS in 2009 and the resulting adoption of NTC's purchase price allocation.

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Accounting policies

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

Current income tax liabilities and current income tax receivables are recognised in the Balance Sheets as Income tax payable or Income tax receivable.

Deferred tax is measured under the balancesheet liability method on the basis of all temporary differences between the carrying amounts and the tax bases of assets and liabilities at the balance sheet date. However, deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or if it arises from initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit/loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by TDC and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets including the tax value of tax-loss carryforwards are recognised at the value at which they are expected to be realised. Realisation is expected to be effected either by elimination in tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Adjustment of deferred tax is made concerning elimination of unrealised intra-group profit and losses.

Deferred tax is measured on the basis of the tax rules and tax rates in the respective countries that are effective under the legislation at the balance sheet date when the deferred tax is expected to be realised as current income tax. Changes in deferred tax as a result of changes in tax rates are recognised in the Income Statements except for the effect of items recognised directly in Other comprehensive income.

Deferred tax assets and liabilities are offset in the Consolidated Balance Sheets if the Group has a legally enforceable right to set off, and the deferred tax assets and liabilities relate to the same legal tax entity.

Reconciliation of income taxe	S					DKKm
		2014				
	Income taxes cf. the Income Statements	Income tax payable/ (receivable)	Deferred tax liabilities/ (assets)	Income taxes cf. the Income Statements	Income tax payable/ (receivable)	Deferred tax liabilities/ (assets)
At 1 January	-	331	3,920	-	379	5,369
Transferred to discontinued operations Additions relating to acquisition	-	-	34	-	-	-
of enterprises	-	1	1,269	-	0	(13)
Income taxes for the year	(943)	1,159	(216)	(925)	1,400	(475)
Adjustment of tax for previous years	(8)	(341)	349	80	61	(141)
Capitalisation of deferred tax assets	610	0	(610)	0	0	0
Change in tax rate	0	0	0	446	0	(446)
Tax relating to remeasurement effects from defined benefit pension plans	-	-	(386)	-	0	(373)
Income tax paid	-	(1,214)	-	-	(1,508)	-
Currency translation adjustment	-	0	(89)	-	(1)	(1)
Transferred to discontinued operations	-	-	-	45	-	-
Total	(341)	(64)	4,271	(354)	331	3,920
shown in the Balance Sheets as:						
Tax payable/deferred tax liabilities	-	1	4,271	-	331	3,953
Tax receivable/deferred tax assets	-	(65)	0	-	-	(33)
Total	-	(64)	4,271	-	331	3,920
Income taxes are specified as follows:						
Income excluding special items	(531)	_	_	(598)	-	-
Special items	190	-	-	244	-	-
Total	(341)	-		(354)	-	

Note 2.8 Income taxes (continued)

Comments

In 2014, the Group recognised tax losses to be carried forward and other tax assets in TDC Norway of DKK 593m due to the acquisition of the Get Group. Before this acquisition, the utilisation of these assets was uncertain, but due to the expected future profit of the Get Group, it is assessed that these assets will be fully utilised.

The additions to deferred taxes related to acquisition of enterprises relate primarily to the purchase price allocation in connection with the acquisition of the Get Group.

In 2013, the change in tax rate related to an ongoing reduction in the Danish corporate income tax ratefrom25% to 24.5% in 2014, to 23.5% in 2015, and to 22% from 2016. The reduced deferred taxes relate primarily to assets that are not expected to be taxed in the foreseeable future.

All income tax paid is paid in Denmark.

Reconciliation of effective tax rate		%
	2014	2013
Danish corporate income tax rate	24.5	25.0
Limitation on the tax deductibility of interest expenses	3.9	1.7
Other non-taxable income and non-tax deductible expenses	(0.2)	(0.1)
Tax value of non-capitalised tax losses and utilised tax losses, net	(15.2)	(0.5)
Deviation in foreign subsidiaries' tax rates compared with the Danish tax rate	0.2	0.0
Change in tax rates	0.0	(10.2)
Adjustment of tax for previous years	0.2	(2.2)
Other	(0.3)	0.0
Effective tax rate excluding special items	13.1	13.7
Special items	(0.9)	(3.4)
Effective tax rate including special items	12.2	10.3

Specification of deferred t	ax			DKKm
	Deferred tax assets	2014 Deferred tax liabilities	Total	2013
Receivables	(7)	0	(7)	(4)
Other	(120)	0	(120)	(112)
Current	(127)	0	(127)	(116)
Intangible assets Property, plant and equipment Pension assets and pension liabilities	0 (21) (4)	4,167 133 1,145	4,167 112 1,141	2,957 (148) 1,476
Tax value of tax-loss carryforwards	(796)	1,145	(796)	(16)
Other	(226)	0	(226)	(233)
Non-current	(1,047)	5,445	4,398	4,036
Deferred tax at 31 December	(1,174)	5,445	4,271	3,920
Recognised as follows in the Balance Sheets:				
Deferred tax assets			0	(33)
Deferred tax liabilities			4,271	3,953

All Danish Group companies participate in joint taxation with TDC A/S as the management company.

Tax values not recognised					
	2014	2013			
Tax losses	0	594			
Other tax values (temporary differences)	0	198			

Note 2.9 Discontinued operations



Accounting policies

Disclosure of discontinued operations

Discontinued operations are recognised separately as they constitute entities comprising separate major lines of business or geographic areas, whose activities and cash flows for operating and accounting purposes can be clearly distinguished from the rest of the entity, and where the entity has been disposed of or classified as held for sale, and it seems highly probable that the disposal will be effected within twelve months in accordance with a single coordinated plan.

Profit/loss after tax of discontinued operations is presented in a separate line in the Income Statements with restated comparative figures. Revenue, cost 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 flow from operating, investing and financing activities of discontinued operations are presented in separate lines in the Statements of Cash Flow with restated comparative figures.

Note 2.10 Earnings per share (EPS)		
	2014	2013
ge number of treasury shares age number of outstanding shares ge dilutive effect of outstanding share-based instruments (number) age number of diluted outstanding shares DKK) basic diluted com continuing operations, basic com continuing operations, diluted com discontinued operations, basic com discontinued operations, diluted for the year from continuing operations sal of special items before income taxes (cf. note 2.7) sal of special items related to joint ventures and associates	3,228	3,119
Average number of shares	812,000,000	815,632,877
Average number of treasury shares	(11,780,727)	(16,748,627)
Average number of outstanding shares	800,219,273	798,884,250
Average dilutive effect of outstanding share-based instruments (number)	2,634,257	4,656,360
Average number of diluted outstanding shares	802,853,530	803,540,610
EPS (DKK)		
EPS, basic	4.05	3.90
EPS, diluted ¹	4.03	3.88
EPS from continuing operations, basic	3.08	3.85
EPS from continuing operations, diluted	3.07	3.83
EPS from discontinued operations, basic	0.97	0.05
EPS from discontinued operations, diluted	0.96	0.05
Profit for the year from continuing operations	2,452	3,078
Reversal of special items before income taxes (cf. note 2.7)	1,268	932
Reversal of income taxes related to special items (cf. note 2.7)	(190)	(244)
Reversal of special items related to joint ventures and associates		
(cf. note 2.7)	(1)	0
Reversal of amortisation of brands and customer relationships stemming		
from the merger of TDC and NTC ApS (net of tax) ²	723	507
Adjusted profit for the year (DKKm)	4,252	4,273
Adjusted EDS	5 31	5.35
Adjusted EPS	5.31	5.35

Discontinued operations		DKKm
	2014	2013
Revenue	275	619
Total operating costs	(224)	(449)
Income taxes	0	(45)
Results from discontinued operations excluding gain/loss from divestment)	22	14
Gain/loss from divestment of discontinued operations (special items)	756	0
Other special items relating to discontinued operations	(2)	27
Profit for the year from discontinued operations	776	41

Discontinued operations comprise the former 100% owned subsidiaries TDC Oy Finland and TDC Hosting Oy, divested in June 2014.

¹ The calculation of diluted EPS reflects the potential dilutive effect of outstanding convertible share-based instruments related to the Deferred Bonus Share Programme and the Performance Share Programme, cf. note 6.1.

² The reversal in 2013 includes the effect of the reduction in the Danish corporate income tax rate.

Section 3 Operating assets and liabilities

This section shows the assets used to generate the Group's performance and the resulting liabilities incurred. Assets and liabilities relating to the Group's financing activities are addressed in Section 4. Deferred tax assets and liabilities are shown in note 2.8.

Note 3.1 Intangible assets



Worth noting

TDC's intangible assets relate largely to goodwill, customer relationships and brands stemming from the merger between TDC and NTC ApS in 2009 and the resulting adoption of NTC's purchase price allocation. These items amount to DKK 25,542m (2013: DKK 26,961m).



Accounting policies

Goodwill and brands with indefinite useful lives are recognised at cost less accumulated writedowns for impairment. The carrying amounts of goodwill and brands with indefinite useful lives are tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable, and are subsequently written down to the recoverable amounts in the Income Statements if exceeded by the carrying amounts. Write-downs of goodwill are not reversed. For the purpose of impairment testing in the Consolidated Financial Statements, goodwill is allocated to the Group's cashgenerating units. The determination of cashgenerating units is based on the operating segments in the Group's internal management reporting.

Brands with finite useful lives, licences, proprietary rights, etc. are measured at cost less accumulated amortisation and impairment losses and are amortised on a straight-line basis over their estimated useful lives.

Customer-related assets are measured at cost less accumulated amortisation and impairment losses, and are amortised using the diminishing-balance method based on the percentage of churn (5% to 33%) corresponding to the expected pattern of consumption of the expected future economic benefits.

Development projects, including costs of computer software purchased or developed for internal use, are recognised as intangible assets if the cost can be calculated reliably and if they are expected to generate future economic benefits. Costs of development projects include wages, external charges, depreciation and amortisation that are directly attributable to the development activities as well as interest expenses in the production period. Development projects that do not meet the criteria for recog-

nition in the Balance Sheets are expensed as incurred in the Income Statements

The main amortisation periods are as follows:

Brands	2-10 years
Mobile licences	16-22 years
Other licences	1-19 years
Other rights, etc.	2-5 years
Development projects	3-5 years

Development projects in process and intangible assets of indefinite useful lives are tested for impairment at least annually and written down to recoverable amounts in the Income Statements if exceeded by the carrying amount.

Intangible assets are recorded at the lower of recoverable amount and carrying amount.

Impairment tests on goodwill and other intangible assets with indefinite lives are performed at least annually and, if necessary, when events or changes in circumstances indicate that their carrying amounts may not be recoverable.



Critical accounting estimates and judgements

Useful lives

Useful lives for intangible assets are assigned based on periodic studies of customer churn or actual useful lives and the intended use for those assets. Such studies are completed or updated when new events occur that have the potential to impact the determination of the useful life of the asset, i.e. when events or circumstances occur that indicate the carrying amount of the asset may not be recoverable and should therefore be tested for impairment. Any change in customer churn or the estimated useful lives of these assets is recognised in the Financial Statements as soon as any such change is ascertained.

Impairment testing of intangible assets Intangible assets comprise a significant portion of TDC's total assets. The measurement of intangible assets is a complex process that requires significant Management judgement in determining various assumptions, such as cash-flow projections, discount rate and terminal growth rates. The sensitivity of the estimated measurement to these assumptions, combined or individually, can be significant. Furthermore, the use of different estimates or assumptions when determining the fair value of such assets may result in different values and could result in impairment charges in future periods. The assumptions for significant goodwill amounts are set out below in the section Impairment testing of goodwill and intangible assets with indefinite useful lives.

Intangible assets										DKKm
			2014					2013		
		Customer		Other rights,			Customer		Other rights,	
	Goodwill	relationships	Brands	software, etc.	Total	Goodwill	relationships	Brands	software, etc.	Total
Accumulated cost at 1 January	17,472	18,870	5,769	9,910	52,021	17,537	18,774	5,791	9,273	51,375
Transferred to discontinued operations	(502)	(129)	(89)	(52)	(772)	0	0	0	Ō	0
Additions relating to the acquisition of enterprises	6,574	5,033	536	40	12,183	18	139	6	0	163
Additions	0	2	0	798	800	0	1	0	800	801
Assets disposed of or fully amortised	0	(66)	(12)	(313)	(391)	0	(9)	(4)	(141)	(154)
Currency translation adjustments	(528)	(398)	(50)	(29)	(1,005)	(83)	(35)	(24)	(22)	(164)
Accumulated cost at 31 December	23,016	23,312	6,154	10,354	62,836	17,472	18,870	5,769	9,910	52,021
Accumulated amortisation and write-downs										
for impairment at 1 January	(1,258)	(12,289)	(138)	(6,925)	(20,610)	(1,297)	(11,152)	(107)	(6,057)	(18,613)
Transferred to discontinued operations	480	100	0	40	620	0	0	0	0	0
Amortisation	0	(1,031)	(12)	(992)	(2,035)	0	(1,163)	(18)	(1,006)	(2,187)
Write-downs for impairment	(283)	(36)	(46)	(39)	(404)	0	(8)	(17)	(15)	(40)
Assets disposed of or fully amortised	0	66	12	313	391	0	9	4	141	154
Currency translation adjustments	49	29	0	17	95	39	25	0	12	76
Accumulated amortisation and write-downs										
for impairment at 31 December	(1,012)	(13,161)	(184)	(7,586)	(21,943)	(1,258)	(12,289)	(138)	(6,925)	(20,610)
Carrying amount at 31 December	22,004	10,151	5,970	2,768	40,893	16,214	6,581	5,631	2,985	31,411

Comments

Write-downs for impairment of Intangible assets, etc. totalled DKK 404m (2013: DKK 40m). Of this, DKK 364m related to the impairment test in TDC Norway, see also below, and DKK 40m was due to termination of various software projects. These write-downs related to assets in Consumer (DKK 23m), Operations (DKK 11m) and Nordic (DKK 6m).

The carrying amount of assets with indefinite useful lives other than goodwill amounted to DKK 5,941m (2013: DKK 5,591m). DKK 5,444m related to the TDC brand and DKK 497m related to the Get brand.

The carrying amount of software amounted to DKK 1,349m (2013: DKK 1,438m). The addition of internally developed software totalled DKK 212m (2013: DKK 175m). The carrying amount of individually material Danish mobile licences included in Other rights, software etc., amounted to DKK 1,256m (2013: DKK 1,372m). Of this, DKK 507m (2013: DKK 533m) related to the 800 MHz licence, which is amortised over the remaining anticipated useful life of 20 years and DKK 250m to the LTE licence (2013: DKK 266m), which is amortised over the remaining anticipated useful life of 16 years.

Cash flow		DKKm
	2014	2013
Additions, cf. table above	(800)	(801)
Instalments regarding mobile licences	(96)	(96)
Of which related to discontinued operations	-	8
Cash flow from investment in intangible assets	(896)	(889)

Impairment testing of goodwill and intangible assets with indefinite useful lives

The carrying amount of goodwill is tested for impairment annually and if events or changes in circumstances indicate impairment. The annual tests were carried out at 1 October 2014 and 1 October 2013, respectively.

Following the completion of the test at 1 October 2014, total write-downs for impairment of goodwill and other non-current assets of DKK 364m related to the cash-generating unit TDC Norway were recognised. The writedowns resulted primarily from reduced cash flow expectations. As TDC Norway offers mainly operator services, price competition is intense and the company has difficulty in meeting customers' increased demand for integrated communications solutions. The recoverable amount of TDC Norway of DKK 358m is its value in use calculated with a pre-tax discount rate of 11.0% (1 October 2013: 10.1%). As this test was carried out at 1 October, and thereby prior to the acquisition of Get, it does not take into account the integration with Get.

Impairment testing is an integral part of the Group's budget and planning process, which is based on three-year business plans. The discount rates applied reflect specific risks relating to the individual cash-generating unit. The recoverable amount is based on the value in use determined on expected cash flows based on three-year business plans approved by Management. Firstly, each cash-generating unit is tested separately based on the internal cost

allocations as described in note 2.1 Segment reporting. Secondly, Consumer, Business, Wholesale, Operations, Channels and Headquarters are combined to test potential impairment on the assets recognised in Operations, Channels and Headquarters.

Goodwill and intangible assets with indefinite useful lives relate primarily to Consumer and Business. 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 not expected to cause the carrying amount of goodwill to exceed the recoverable value.

Projections for the terminal period are based on general expectations and risks taking into account the general growth expectations for the telecoms industry in the relevant countries. The growth rates applied reflect expectations of relatively saturated markets. The valuation impact of changes in growth rates is minimal.

The three-year business plans are based on historic trends. The budget period includes cash flow effects from completed restructurings combined with effects of strategic initiatives aimed at improving or maintaining trend lines. The terminal period does not include additional effects.

For the impairment testing of goodwill, TDC uses a pre-tax discount rate for each cashgenerating unit. In determining the discount rate, a risk premium on the risk-free interest rate is fixed at a level reflecting Management's expectations of the spread for future financing. The values in use are relatively sensitive to

changes in the discount rate. The increase of the discount rate for Consumer and Business compared with 2013 reflects higher risk premiums.

Assumptions for calculating the value in use for the most significant goodwill amounts

	Consumer	Business
Carrying amount of goodwill at 31 December 2014 (DKKm)	7,326	8,267
Carrying amount of goodwill at 31 December 2013 (DKKm)	7,124	8,267
Market-based growth rate applied to extrapolated projected future		
cash flows for the period following 2017	0.0%	0.0%
Applied pre-tax discount rate at 1 October 2014	7.7%	8.1%
Applied pre-tax discount rate at 1 October 2013	7.3%	7.7%

Assumptions regarding recoverable amounts and projected earnings

Consumer

Projections are based on assumptions of improved YoY gross profit developments vs. 2013 and 2014 levels driven by expected market repair in mobility services and reduced YoY losses from landline voice. The gross profit growth in 2014 on internet & network is expected to continue, and TV is expected to return to positive growth. On the other hand, positive effects from commercial management initiatives are expected to dry out compared with 2014 and 2015 levels. Operating expenses will show a relatively level trend for the three-year period.

Business

Projections are based on assumptions of improved YoY gross profit developments vs. 2014 level. The improvements are expected to come from internet & network, landline voice, and integrator services in NetDesign. The gross profit loss from mobility services is expected to increase slightly, also pressured by increased pressure from EU roaming regulation. Savings in operating expenses are expected to partly compensate for the declining gross profit.

The Get Group

The recoverable value has been based on a fair value corresponding to the acquisition price less costs to sell, since the Get Group was acquired in a recent market transaction, and the business has been performing in line with expectations. The carrying amount of goodwill related to the Get Group amounted to DKK 5,875m at 31 December 2014. The goodwill amount has been determined only provisionally as the initial accounting for the acquisition has not been completed, cf. note 5.3.

Sensitivity

Sensitivity tests have been performed to assess the probability that any probable changes in cash flows or discount rates will result in any impairment loss. The tests showed that the probable changes in the fundamental assumptions will not cause the carrying amount of goodwill to exceed the recoverable amount.

Note 3.2 Property, plant and equipment



Accounting policies

Property, plant and equipment are measured at cost less accumulated depreciation and writedowns for impairment.

Cost comprises purchase price and costs directly attributable to the acquisition until the date on which the asset is ready for use. The cost of self-constructed assets includes directly attributable payroll costs, materials, parts purchased and services rendered by sub-suppliers or contractors as well as interest expenses in the construction period. Cost also includes estimated decommissioning costs if the related obligation meets the conditions for recognition as a provision.

Directly attributable costs comprise wages, salaries and pension costs together with other external expenses calculated in terms of time spent on self-constructed assets in the relevant business units.

The depreciation base is measured at cost less residual value and any write-downs. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The main depreciation periods are as follows:

Buildings	20 years
Telecommunications	
installations	1-30 years
Equipment	3-15 years

The useful lives and residual values of the assets are reviewed regularly. If the residual value exceeds the carrying amount of an asset, depreciation is discontinued.

Property, plant and equipment that have been disposed of or scrapped are eliminated from accumulated cost and accumulated depreciation. Gains and losses arising from sale of property, plant and equipment are measured as the difference between the sale price less selling expenses and the carrying amount at the time of sale. The resulting gain or loss is recognised in the Income Statements under Other income.

Software that is an integral part of telephone exchange installations, for example, is presented together with the related assets. Useful lives are estimated individually.

Installation materials are measured at the lower of weighted average cost and recoverable amount.

Customer-placed equipment (e.g. set-top boxes) is capitalised and depreciated over the estimated useful life of the individual asset, not exceeding five years.

Leased property, plant and equipment that qualify as finance leases are recognised as assets acquired.

Property, plant and equipment are recognised at the lower of recoverable amount and carrying amount.



Critical accounting estimates and judgements

Useful lives

Useful lives for property, plant and equipment 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, i.e. when events or circumstances occur that indicate the carrying amount of the asset may not be recoverable and should therefore be tested for impairment. Any change in the estimated useful lives of these assets is recognised in the Financial Statements as soon as any such change is ascertained.

Note 3.2 Property, plant and equipment (continued)

Property, plant and equipment										DKKm
			2014					2013		
	Land and buildings	Telecom- munications installations	Equipment	Property, plant and equipment under construction	Total	Land and buildings	Telecom- munications installations	Equipment	Property, plant and equipment under construction	Total
Accumulated cost at 1 January	604	28,250	2,510	743	32,107	608	26,500	2,444	683	30,235
Transferred to discontinued operations	(13)	(689)	(61)	0	(763)	0	0	0	0	0
Transfers (to)/from other items	1	1,389	(20)	(1,370)	0	0	548	75	(623)	0
Additions relating to the acquisition of enterprises	0	1,850	4	367	2,221	0	82	2	0	84
Additions	2	1,732	162	1,210	3,106	3	1,884	315	691	2,893
Assets disposed of	(3)	(303)	(115)	0	(421)	0	(545)	(299)	(4)	(848)
Currency translation adjustments	(3)	(264)	(20)	(34)	(321)	(7)	(219)	(27)	(4)	(257)
Accumulated cost at 31 December	588	31,965	2,460	916	35,929	604	28,250	2,510	743	32,107
Accumulated depreciation and write-downs for										
impairment at 1 January	(97)	(14,560)	(1,730)	(317)	(16,704)	(84)	(12,874)	(1,634)	(306)	(14,898)
Transferred to discontinued operations	6	417	43	0	466	0	0	0	0	0
Transfers to/(from) other items	0	(77)	77	0	0	0	0	0	0	0
Depreciation	(13)	(2,298)	(339)	0	(2,650)	(15)	(2,340)	(396)	0	(2,751)
Write-downs for impairment	(2)	(14)	(3)	(10)	(29)	0	(45)	(14)	(15)	(74)
Assets disposed of	1	275	114	0	390	0	545	296	3	844
Currency translation adjustments	1	84	15	2	102	2	154	18	1	175
Accumulated depreciation and write-downs for										
impairment at 31 December	(104)	(16,173)	(1,823)	(325)	(18,425)	(97)	(14,560)	(1,730)	(317)	(16,704)
Carrying amount at 31 December	484	15,792	637	591	17,504	507	13,690	780	426	15,403
Carrying amount of finance leases at 31 December	57	115	4		176	61	48	33	-	142

Comments

In 2014, Write-downs for impairment totalled DKK 29m. Of this, DKK 25m related to assets in Denmark operated by Operations and DKK 4m related to Nordic.

In 2013, Write-downs for impairment totalled DKK 74m. Of this, DKK 68m related to assets in Denmark operated by Operations and DKK 6m related to Nordic.

Damages of DKK 42m received relating to property, plant and equipment were recognised as income (2013: DKK 38m).

Cash flow		DKKm
	2014	2013
Additions, cf. table above	(3,106)	(2,893)
Non-cash additions regarding finance leases	114	10
Non-cash additions regarding decommissioning obligations	35	1
Of which related to discontinued operations	-	81
Cash flow from investment in property, plant and equipment	(2,957)	(2,801)

Note 3.3 Joint ventures, associates and other investments



Accounting policies

Investments in joint ventures and associates are recognised under the equity method.

A proportional share of the enterprises' income after income taxes is recognised in the Income Statements. Proportional shares of intra-group profit and losses are eliminated.

Investments in joint ventures and associates are recognised in the Balance Sheets at the proportional share of the entity's equity value calculated in accordance with Group accounting policies with the addition of goodwill.

Joint ventures and associates with negative equity value are measured at DKK 0, and any receivables from these enterprises are written down, if required, based on an individual assessment. If a legal or constructive obligation exists to cover the joint venture's or associate's negative balance, an obligation is recognised.

Other investments whose fair value cannot be reliably determined are recognised at cost. The carrying amount is tested for impairment annually and written down in the Income Statements. When a reliable fair value is determinable, such investments are measured accordingly. Unrealised fair value adjustments are recognised directly in Other comprehensive income except for impairment losses and translation adjustments of foreign currency investments that are recognised in the Income Statements. The accumulated fair value adjustment recognised in Other comprehensive income is transferred to the Income Statements when realised.

Joint ventures, associates and other investments		DKKm
	2014	2013
Accumulated cost at 1 January	74	96
Transferred to discontinued operations	(1)	0
Additions during the year	37	16
Disposals during the year	(16)	(38)
Accumulated cost at 31 December	94	74
Accumulated write-ups and write-downs for impairment		
at 1 January	(6)	31
Write-ups and write-downs for the year:	· · ·	
Share of profit/(loss) (excluding special items)	(11)	3
Share of special items	1	0
Fair value adjustments	0	2
Dividends	(1)	(14)
Disposals during the year	0	(28)
Accumulated write-ups and write-downs for impairment		
at 31 December	(17)	(6)
Carrying amount at 31 December	77	68
specified as follows:		
Joint ventures	18	7
Associates	9	10
Other investments	50	51
Total	77	68

Profit from joint ventures and associates		DKKm
	2014	2013
Share of profit/(loss) (excluding special items)	(11)	3
Share of special items	1	0
Gain relating to divestment of joint ventures and associates		
(special items)	0	38
Profit from joint ventures and associates	(10)	41
Of which transferred to discontinued operations	0	(39)
Profit from joint ventures and associates in continuing operations	(10)	2

TDC has no material investments in joint ventures and associates.

Note 3.4 Receivables



Accounting policies

Receivables are measured initially at fair value and subsequently at amortised cost. Writedowns for anticipated doubtful debts are based on individual assessments of major receivables and historically experienced write-down for anticipated losses on uniform groups of other receivables.

Receivables		DKKm
	2014	2013
Trade receivables	3,570	3,817
Allowances for doubtful debts	(276)	(324)
Trade receivables, net	3,294	3,493
Receivables from Joint ventures and associates	1	1
Contract work in progress	98	65
Other receivables	377	411
Total	3,770	3,970
Recognised as follows in the Balance Sheets:		
Non-current assets	312	271
Current assets	3,458	3,699
Total	3,770	3,970
Allowances for doubtful debts at 1 January	(324)	(339)
Transferred to discontinued operations	4	0
Additions	(133)	(167)
Deductions	177	182
Allowances for doubtful debts at 31 December	(276)	(324)

Receivables past due		DKKm
	2014	2013
Past due and impaired	628	517
Past due but not impaired:		
Less than 6 months	328	393
Between 6 and 12 months	34	43
More than 12 months	51	66
Total	413	502

Comments

Of the receivables classified as current assets, DKK 0m falls due after more than one year (2013: DKK 4m).

As last year, all past due amounts relate to trade receivables. Write-down for impairment of other receivables is unchanged from last year DKK 16m.

Note 3.5 Prepaid expenses



Accounting policies

Prepaid expenses comprise expenses paid relating to subsequent financial years.

Prepaid expenses are measured at amortised cost.

Prepaid expenses		DKKm
	2014	2013
Prepaid lease payments	55	94
Expenses related to non-refundable up-front connection fees	376	381
Other prepaid expenses	539	436
Total	970	911
Recognised as follows in the Balance Sheets:		
Non-current assets	310	288
Current assets	660	623
Total	970	911

Note 3.6 Inventories



Accounting policies

Inventories are measured at the lower of weighted average cost and net realisable value. The cost of merchandise covers purchase price and delivery costs.

Comments

Inventories recognised as cost of goods sold amounted to DKK 1,852m (2013: DKK 2,090m).

Inventories expected to be sold after more than one year totalled DKK 15m (2013: DKK 14m).

Inventories		DKKm
	2014	2013
Raw materials and supplies	22	35
Work in progress	21	7
Finished goods and merchandise	276	289
Total	319	331

Note 3.7 Deferred income



Accounting policies

Deferred income recognised as liabilities comprises payments received from customers covering income in subsequent years. Deferred income is measured at cost.

Deferred income		DKKm
	2014	2013
Deferred income from non-refundable up-front connection fees	767	872
Deferred subscription revenue	2,362	2,307
Other deferred income	470	412
Total	3,599	3,591
Recognised as follows in the Balance Sheets:		
Non-current liabilities	525	633
Current liabilities	3,074	2,958
Total	3,599	3,591

Note 3.8 Provisions



Accounting policies

Provisions are recognised when the Group has a legal or constructive obligation arising from past events, it is probable that economic benefits must be sacrificed to settle it, and the amount can be estimated reliably.

Provisions for restructuring, etc. are recognised when a final decision thereon has been made before or on the balance sheet date and has been announced to the parties involved, provided that the amount can be measured reliably. Provisions for restructuring are based on a defined plan, which means that the restructuring commences immediately after the decision has been made.

When the Group is under an obligation to demolish an asset or re-establish the site where the asset was used, a liability corresponding to the present value of estimated future costs is recognised and an equal amount is capitalised as part of the initial carrying amount of the asset. Subsequent changes in such a decommissioning liability that result from a change in the current best estimate of cash flows required to settle the obligation or from a change in the discount rate are added to (or deducted from) the amount recognised for the related asset. However, to the extent that such a treatment would result in a negative asset, the effect of the change is recognised as profit or loss for the year.

Provisions are measured at Management's best estimate of the amount at which the liability is expected to be settled. If the expenditure required to settle the liability has a significant impact on the measurement of the liability, such costs are discounted.



Critical accounting estimates and judgements

Management's estimates on provisions are based on expectations concerning timing and scope, future cost level, etc. In connection with large restructurings, Management assesses the timing of costs to be incurred, which influences the classification as current or non-current. The provision for vacant tenancies comprises rent and operating costs for the contract period reduced by the expected rental income. For each category of tenancy (office, exchange, etc.) and in consideration of the geographical location, the probability of sublease and expected sublet rent rates are assessed. The provision is estimated based on certain assumptions, the most significant of which relate to the probability of sublease and expected sublet rent rates.

TDC will continue to vacate and sublet additional tenancies following further reductions in the number of employees and upgrading to technical equipment that requires fewer square metres.

Note 3.8 Provisions (continued)

Provisions					DKKm
		2014	l.		2013
	Decom-	B. at a standard	045		
	missioning obligations	Restructuring obligations	Other provisions	Total	
Provisions at 1 January	165	728	578	1,471	1,321
Transferred to discontinued operations	0	(19)	(1)	(20)	0
Additions relating to the acquisition					
of enterprises	5	0	0	5	0
Provisions made	1	481	106	588	867
Change in present value	38	12	6	56	21
Provisions used (payments)	(1)	(406)	(336)	(743)	(609)
Reversal of unused provisions	(1)	(1)	(66)	(68)	(117)
Currency translation adjustments	0	(5)	(2)	(7)	(12)
Provisions at 31 December	207	790	285	1,282	1,471
Recognised as follows in the					
Balance Sheets:					
Non-current liabilities	207	571	214	992	960
Current liabilities	0	219	71	290	511
Total	207	790	285	1,282	1,471

Comments

Provisions for decommissioning obligations relate to the future dismantling of mobile stations and restoration of property owned by third parties. The uncertainties relate primarily to the timing of the related cash outflows. The majority of these obligations are not expected to result in cash outflow within the next five years.

Provisions for restructuring obligations relate primarily to redundancy programmes and vacant tenancies. The majority of the provisions for redundancy programmes are expected to result in cash outflows in the next five years. The uncertainties relate primarily to the esti-

mated amounts and the timing of the related cash outflows.

TDC has approximately 141 (2013: 141) leased tenancies no longer used by TDC. The leases terminate in 2041 at the latest. See also note 6.4. The uncertainties regarding the provision for vacant tenancies relate primarily to the assumption on probability of sublease and rent rates that will be impacted by e.g. changed market conditions for subletting.

Other provisions relate mainly to pending lawsuits, onerous contracts, and acquisition of enterprises, as well as jubilee benefits for employees. The majority of these provisions are expected to result in cash outflows in the next

Specification of how payments regarding provisions are recognised in the Statements of Cash Flow		DKKm
	2014	2013
Payments related to provisions	(20)	(9)
Cash flow related to special items	(540)	(430)
Change in working capital	0	(158)
Investment in enterprises	(183)	(11)
Investment in property, plant and equipment	0	(1)
Total	(743)	(609)
Of which transferred to discontinued operations	0	10
Total	(743)	(599)

five years. The uncertainties regarding lawsuits and onerous contracts relate to both timing and estimated amounts. The uncertainties regarding jubilee benefits relate to both salary and number of employees included.

In pursuance of Section 32 of the Danish Civil Servants Act, the Group has a termination benefit obligation to former Danish civil servants and to employees with civil-servant status hired before 1 April 1970 who are members of the related Danish pension fund. In the event of termination, such employees have a right to special termination benefits in the amount of three years' salary (tied-over allowance) or three months' full salary and two-thirds

of their full monthly salary for four years and nine months (stand-off pay).

TDC's total termination benefits include wages during the notice period, severance pay, stand-off pay, payments pursuant to the Danish Salaried Employees Act, special termination benefits (in accordance with IAS 19 Employee Benefits), social security contributions and outplacement costs. The average redundancy cost per full-time employee equivalent, calculated as the total cost divided by the number of full-time employee equivalents included in the redundancy programmes during this period, appears from the table below:

Average redundancy cost per full-time employee equivalent		DKK thousands
	2014	2013
Non-civil servants	342	360
Former Danish civil servants	1,234	1,367
Employees with civil-servant status	1,107	1,270
Weighted average per full-time employee equivalent	630	629

Note 3.9 Trade and other payables			
	2014	2013	
Trade payables	4,733	4,273	
Prepayments from customers	241	242	
Amounts owed to joint ventures and associates	5	0	
Other payables	2,265	2,322	
Total	7,244	6,837	

Of the current liabilities, DKK 217m falls due after more than one year (2013: DKK 115m).

Note 3.10 Pension assets and pension obligations



Worth noting

In a defined contribution plan, TDC pays fixed contributions to a third party on behalf of the employees and has no further obligations towards the employees. The benefits for the employees ultimately depend on the third party's ability to generate returns.

In a defined benefit plan, members receive cash payments on retirement, the value of which depends on factors such as salary and length of service. TDC underwrites investment, mortality and inflation risks necessary to meet these obligations. In the event of returns not being sufficient to honour obligations towards the employees,

TDC needs to address this through increased levels of contribution. TDC has defined benefit plans in Denmark (in the separate legal entity: TDC Pension Fund) and in Norway.

TDC makes contributions to its separate pension funds, which are not consolidated in these Financial Statements, but are reflected in the Balance Sheets in Pension assets (TDC Pension Fund) and Pension liabilities (Norway). TDC's pension assets and pension obligations are outlined in more detail in the following.

Note 3.10 Pension assets and pension obligations (continued)



Accounting policies

In a defined benefit plan, TDC is obliged to pay a specific benefit at the time of retirement.

A pension asset or pension obligation corresponding to the present value of the obligations less the defined pension plans' assets at fair value is recognised for these benefit plans.

The obligations are determined annually by independent actuaries using the Projected Unit Credit Method assuming that each year of service gives rise to an additional unit of benefit entitlement, and each unit is measured separately to build up the final obligations. Estimation of future obligations is based on the Group's projected future developments in mortality, early retirement, future wages, salaries and benefit levels, interest rate, etc. The defined pension plan assets are estimated at fair value at the balance sheet date.

Differences between the projected and realised developments in pension assets and pension obligations are referred to as remeasurement effects and are recognised in Other comprehensive income when gains and losses occur.

Pension assets are recognised to the extent that they represent future repayments from the pension plan.

Pension income/(costs) from defined benefit plans consists of the items: service cost, administrative expenses and interest on pension

assets. Service cost and administrative expenses are recognised in Wages, salaries and pension costs, whereas interest on pension assets are presented as an item in Financial income and expenses.

For the defined contribution plans, the Group will pay in a fixed periodic contribution to separate legal entities and will have no further obligations after the payment has been made.



Critical accounting estimates and judgements

Defined benefit plans

Pension related to defined benefit plans is estimated based on certain actuarial assumptions, the most significant of which relate to discount rate, wage inflation and demography (mortality, disability, etc.). The assumed discount rate may fluctuate significantly. We believe the actuarial assumptions illustrate current market conditions and expectations for market returns in the long term. With the updated assumptions, TDC's pension costs related to the Danish defined benefit plan are expected to amount to DKK 62m in 2015 compared with income of DKK 97m in 2014, assuming all other factors remain unchanged. See the separate section Sensitivity analysis for the impact on the defined benefit obligation of sensitivities to discount rate, inflation and mortality.

Pension income/(costs) from defined benefit plans		DKKm
	2014	2013
Specification of plans		
Denmark	97	103
Norway	(22)	(18)
Pension income/(costs) from defined benefit plans	75	85
Recognition in the Income Statements		
Service cost ¹	(149)	(171)
Administrative expenses	(9)	(10)
Wages, salaries and pension costs (included in EBITDA)	(158)	(181)
Interest on pension assets	233	266
Pension income/(costs) from defined benefit plans	75	85

¹ The increase in the present value of the defined benefit obligation resulting from employees' services in the current period.

Contributions to defined benefit plans		DKKm
	2014	2013
Pension contributions (ordinary contributions)		
Denmark	(105)	(68)
TDC Norway	(35)	(24)
Total	(140)	(92)
Special items (extraordinary contributions)		
Denmark	(36)	(12)
TDC Norway	0	0
Total	(36)	(12)

Defined benefit plan in Denmark

Under conditions similar to those provided by the Danish Civil Servants' Pension Plan, 1,319 of TDC's employees (2013: 1,469) were entitled to a pension from the pension fund related to TDC. Of these, 147 (2013: 197) employees were seconded to external parties in connection with outsourcing tasks or divesting operations. In addition, 8,243 (2013: 8,273) members of the pension fund receive or are entitled to receive pension benefits. The pension benefits comprise lifelong old age and disability pensions as well as certain benefits for spouses and children. Future pension benefits are based primarily on years of credited service and on participants' compensation at the time of retirement. Since 1990, no new members have joined the pension fund plans, and the pension fund is prevented from admitting new members in the future due to the articles of association.

The pension fund operates defined benefit plans via a separate legal entity supervised by the Danish Financial Supervisory Authority (FSA). In accordance with existing legislation, articles of association and the pension regulations, TDC is required to make contributions to meet the capital adequacy requirements. Distribution of funds from the pension fund to TDC is not possible until all pension obligations have been met.

Ordinary monthly contributions to the pension fund are made corresponding to a percentage of wages. Extraordinary contributions are made in connection with redundancy programmes and other retirements. Overall, the risk of additional capital contributions to the pension fund can be categorised as investment, longevity and regulatory risks.

Investment risk is managed within risk tolerance limits to mitigate excessive risk that could lead to contribution. The fund invests in a wide variety of marketable securities (predominantly fixed-income securities) and the return on the investments has implications for TDC's financial results. Uncompensated risk related to nominal interest rates and inflation has been hedged.

Since the Danish FSA introduced the longevity benchmark in 2011 for statutory purposes, the fund's actuary has conducted a detailed longevity statistical analysis, that overall underpinned the fund's assumptions regarding observed current longevity. In line with the sector, however, the fund has increased its provisions for future expected improvements to longevity corresponding to the updated Danish FSA benchmark.

Other risks of capital contributions in excess of the planned ordinary contributions and extraordinary contributions in connection with redundancies going forward relate primarily to future changes to pension regulation and benefits concerning which TDC does not have full control.

The surplus under the Danish FSA pension regulation amounted to approx. DKK 1.1bn (2013: DKK 2.7bn).

Plan assets include property with a fair value of DKK 122m used by Group companies (2013: DKK 127m).

Pension (costs)/income				
	Expected 2015	2014	2013	
Service cost	(143)	(131)	(155)	
Administrative expenses	(8)	(9)	(10)	
Wages, salaries and pension costs (included in EBITDA)	(151)	(140)	(165)	
Interest on pension assets	89	237	268	
Pension (costs)/income	(62)	97	103	
Domestic redundancy programmes recognised				
in special items		(113)	(120)	
Total pension (costs)/income recognised in			•	
the Income Statements		(16)	(17)	

Assets and obligations		DKKm
	2014	2013
Specification of pension assets	2014	2015
Fair value of plan assets	29,870	28,421
Defined benefit obligation	(24,665)	(21,713)
Pension assets recognised in the Balance Sheets	5,205	6,708
Change in defined benefit obligation		
Defined benefit obligation at 1 January	(21,713)	(22,625)
Service cost	(131)	(155)
Administrative expenses	(9)	(10)
Interest cost on the defined benefit obligation	(741)	(740)
Termination benefits	(113)	(120)
Remeasurement effect:		
Demographic experience	1,008	380
Demographic assumptions	(978)	0
Financial assumptions	(3,053)	493
Benefit paid	1,065	1,064
Projected benefit obligations at 31 December	(24,665)	(21,713)
Change in fair value of plan assets		
Fair value of plan assets at 1 January	28,421	30,543
Interest income on plan assets	978	1,008
Actual return on plan assets greater/(less) than discount rate		
(remeasurement effect)	1,395	(2,146)
TDC's contribution	141	80
Benefit paid	(1,065)	(1,064)
Fair value of plan assets at 31 December	29,870	28,421
Change in pension assets		
Pension assets at 1 January	6,708	7,918
Pension (costs)/income	(16)	(17)
Remeasurement effects	(1,628)	(1,273)
TDC's contribution (see also table below)	141	80
Pension assets recognised in the Balance Sheets at 31 December	5,205	6,708

Asset allocation by asset categories at 31 December		DKKm
	2014	2013
Assets with quoted prices:		
Government and mortgage bonds (incl. hedges and repos)	9,863	9,815
High-yield bonds	3,425	2,005
Investment grade bonds	7,290	8,375
Emerging markets-debt	2,375	2,022
Property	1,548	1,537
Alternatives	311	286
Equities	1,540	1,373
Cash	(220)	526
Other	(21)	364
Assets without quoted prices:		
High-yield bonds	725	271
Investment grade bonds	1,088	105
Property	665	666
Alternatives	1,235	1,064
Equities	46	12
Fair value of plan assets	29,870	28,421

Assumptions used to determine defined benefit obligations (balance sheet)		
	2014	2013
Discount rate	1.70	3.50
General price/wage inflation	1.45	2.25

Assumptions used to determine pension (costs)/income			%
	2015	2014	2013
Discount rate	1.70	3.50	3.35
General price/wage inflation	1.45	2.25	2.25

The basis for determining the discount rate is the yield of AA-rated euro denominated corporate bonds with an average maturity of 15 years, taking into account that the pension liability is in Danish kroner. For purposes of determining TDC's pension costs, the assumed discount rate was 3.50% (3.35% in 2013) and inflation 2.25% (2.25% in 2013). The assumptions for 2015 reflect a discount rate reduced to 1.70% and a reduction of the assumed inflation rate from 2.25% to 1.45%.

The decreased discount rate during 2014 has resulted in an increased pension benefit obligation compared with year-end 2013. In addition, increased life expectancies resulted in a higher pension obligation. These negative impacts were partly offset by decreasing inflation expectations.

In 2015, with these changed assumptions, pension costs from the domestic defined benefit plan are expected to amount to DKK 62m (2014: income of DKK 97m), assuming all other factors remain unchanged.

The mortality assumptions are based on regular mortality studies. In 2014, the latest study for IAS 19 purposes was completed, which analysed the actual mortality experience of the TDC pension fund plan, found a best fit for a variety of adjusted standard tables, and also took into consideration broader factors impacting mortality globally.

The mortality assumptions use the best fit for TDC's recent experience plus an allowance for future improvement. We assume the life expectancy for males now aged 60 to be 24.7 years rising to 26.7 for those aged 60 in 20 years' time (22.4 before any allowance for future improvement). We assume the life expectancy for females now aged 60 to be 25.6 rising to 28.0 for those aged 60 in 20 years time (23.0 before any allowance for future improvement).

Sensitivity analysis

The table below shows the estimated impact of some of the risks that TDC is exposed to. TDC is also exposed to fluctuations in the market value of assets. For some of these risks, if the defined benefit obligation rises or falls, the market value of assets may move in the opposite direction, thereby eliminating part of the risk.

Projected defined benefit obligation at 31 December 2014		DKKm
	2014	2013
Reported defined benefit obligation	24,665	21,713
Discount rate sensitivity	1.70%	3.50%
Assumption -0.5%	26,603	23,197
Assumption +0.5%	22,944	20,378
General price/wage inflation sensitivity	1.45%	2.25%
Assumption +0.25%	25,641	22,475
Assumption –0.25%	23,743	20,988
Mortality sensitivity		
Assumption +1 year longevity	25,637	22,525
Assumption -1 year longevity	23,640	20,895

TDC's contributions			DKKm
	Expected 2015	2014	2013
Ordinary contributions ¹	97	105	68
Extraordinary contributions in connection with retirements	27	36	12
Capital contributions	0	0	0
Total	124	141	80

¹ The contributions in 2013 were positively impacted by a repayment of DKK 51m from the TDC Pension fund. A review of the pension regulation concluded that TDC had contributed more than required during 2007-2012.

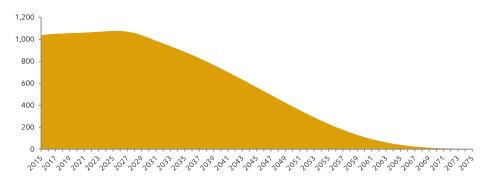
Other information

Ultimately, 536 members of the defined benefit plans will have part of their pension payment reimbursed by the Danish government.

The related benefit obligations of DKK 482m (2013: DKK 453m) have been deducted in the projected benefit obligation.

Projected benefit payments¹

DKKm



 $^{^{\}mbox{\scriptsize 1}}$ The duration of the pension plan is approximately 15 years.

Defined benefit plans in Norway

TDC's foreign defined benefit plans concern employees in Norway. The difference between the actuarially determined pension obligations and the fair value of the pension funds' assets is recognised in the Balance Sheets under pension liabilities.

Pension contributions related to foreign defined benefit plans amounted to DKK 35m (2013: DKK 24m). Pension liabilities related to foreign defined benefit plans amounted to DKK 105m (2013: DKK 92m). The actuarially determined pension obligations amounted to DKK 373m (2013: DKK 299m) and the fair value of the pension funds' assets amounted to DKK 268m (2013: 207m).

Section 4 Capital structure and financing costs

This section explains the Group's capital structure and related financing costs, net interest-bearing debt as well as finance-related risk and how these are managed.

Note 4.1 Equity



Worth noting

The holding of treasury shares may be used in connection with incentive and other remuneration programmes for the Executive Committee and employees, as consideration in acquisitions of other businesses and, subject to the necessary approval of the Annual General Meeting, to complete a share capital reduction.



Accounting policies

Treasury shares

The cost of treasury shares is deducted from equity under retained earnings on the date of acquisition. Similarly, payments received in

connection with the disposal of treasury shares and dividends are recognised directly in equity.

Dividends

Dividends expected to be distributed for the year are recognised in a separate item in equity. Dividends and interim dividends are recognised as a liability at the time of adoption by the Annual General Meeting and the meeting of the Board of Directors, respectively.

Currency translation reserve

Currency translation reserve comprises exchange-rate differences arising from translation of the functional currency of foreign enterprises' financial statements into Danish kroner.

Translation adjustments are recognised in the Income Statements when the net investment is realised.

Share capital

	Shares (number)	Nominal value (DKK)
Holding at 1 January 2013	825,000,000	825,000,000
Capital reduction by cancellation of treasury shares	(13,000,000)	(13,000,000)
Additions	0	0
Reductions	0	0
Holding at 1 January 2014	812,000,000	812,000,000
Additions	0	0
Reductions	0	0
Holding at 31 December 2014	812,000,000	812,000,000

Comments

At the Annual General Meeting on 7 March 2013, it was resolved to reduce the share capital by a nominal amount of DKK 13,000,000 by cancellation of treasury shares. After the capital reduction, the total authorised number of shares is 812,000,000 with a par value of DKK 1 per share. All issued shares have been fully paid up.

Note 4.1 Equity (continued)

Treasury shares

	Shares (number)	Nominal value (DKK)	% of share capital
Holding at 1 January 2013 Cancellation of treasury shares in	26,115,823	26,115,823	3.17
connection with capital reduction	(13,000,000)	(13,000,000)	(1.55)
Additions	0	0	0
Disposals	(100)	(100)	0.00
Holding at 1 January 2014	13,115,723	13,115,723	1.62
Additions	0	0	0.00
Disposals	(1,392,210)	(1,392,210)	(0.18)
Holding at 31 December 2014	11,723,513	11,723,513	1.44

The disposal of treasury shares in 2014 relates to settlement of share-based management incentive programmes.

Note 4.2 Loans and derivatives



Worth noting

TDC is financed primarily through the European bond market. The acquisition of Get was financed via a bridge bank loan, which is intended to be refinanced through a combination of senior unsecured EMTN bonds and hybrid bonds providing 50% equity credit from rating agencies.

Next upcoming maturity is the EUR 800m bond maturing in February 2015 which is expected to be refinanced with bank loans and cash.

TDC's outstanding EMTN bonds have been issued in EUR and GBP with fixed interest rates. The GBP bonds have been swapped to fixed EUR interest rates. A part of the fixed debt has been swapped to floating rate. On 31 December 2014, TDC had a

floating share of debt of 60%, which is within the maximum of 60% as defined in TDC´s Financial Strategy.

Both cash flow hedges (GBP to EUR) and fair value hedges (fixed to floating interest rate) have been accounted for using hedge accounting. Fair value adjustments of cash flow hedges are recognised in Other comprehensive income except for any ineffective part of the hedge which is recognised under fair value adjustments in the Income Statements. Fair value adjustments of both derivatives and loans treated as fair value hedges are recognised in the Income Statements.

Derivatives are used for hedging interest and exchange-rate exposure only, and not for taking speculative positions.



Accounting policies

Loans

Loans are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recog-

nised in the Income Statements over the term of the loan. Fair value hedged loans are measured at fair value excluding the effect of changes in own credit risk.

Other financial liabilities are measured at amortised cost.

Note 4.2 Loans and derivatives (continued)

Finance leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. The cost of finance leases is measured at the lower of the assets' fair value and the present value of future minimum lease payments. The corresponding rental obligations are included in loans. Each lease payment is allocated between the liability and finance charges so as to achieve a constant interest rate on the finance balance outstanding.

Financial instruments

On initial recognition, derivative financial instruments are recognised in the Balance Sheets at fair values and subsequently remeasured at fair values. Depending on the type of instrument, different recognised measurement methods are applied for derivative financial instruments.

Fair value changes of derivative financial instruments are recognised in the Income Statements. However, in case of changes in the fair values of derivative financial instruments designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised in Other comprehensive income. Any ineffective portion of the hedge is recognised in the Income Statements. Changes in the fair value of derivative financial instruments that qualify as hedges of fair value are recognised in the Income

Euro Medium	Term Notes	(EMTNs) a	and Bank loans ¹	ı
-------------	------------	-----------	-----------------------------	---

	2015	2015	2015	2018	2019	2022	2023	Total
Maturity	23 Feb 2015	15-Sep 2015 ²	16 Dec 2015	23 Feb 2018	30 Dec 2019	2 Mar 2022	23 Feb 2023	
Fixed/Floating rate	Fixed	Floating	Fixed	Fixed	Floating	Fixed	Fixed	
Coupon	3.500%		5.875%	4.375%		3.750%	5.625%	
Currency	EUR	EUR	EUR	EUR	EUR	EUR	GBP	
Туре	Bond	Bank loan	Bond	Bond	Bank loan	Bond	Bond	
Nominal value (DKKm)	5,957	11,914	2,037	5,957	2,979	3,723	5,241	37,808
Nominal value (Currency) Hereof nominal value swapped to or with floating	800	1,600	274	800	400	500	550	-
interest rate (EURm)	800	1,600	100	200	400	150	50	3,300
Hereof nominal value swapped from GBP to EUR (GBPm) ³	0	0	0	0	0	0	550	550

1 The maturity of derivatives used for hedging of long-term loans matches the maturity of the underlying loans.

² With up to one year's maturity extension option.

³ The nominal value of the GBP 550m Feb-2023 bond is fully swapped to EUR 658m.

Statements, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged interest rate risk.

Debts relating to finance leases

DKKm

	Minimum p	payments	Present	t value	
	2014	2013	2014	2013	
Maturing within 1 year	58	44	52	39	
Maturing between 1 and 3 years	90	44	80	34	
Maturing between 3 and 5 years	13	11	6	4	
Maturing after 5 years	96	102	59	61	
Total	257	201	197	138	

Debts relating to finance leases concerned primarily lease agreements regarding property and IT equipment.

Note 4.3 Net interest-bearing debt



1 Worth noting

Credit rating

TDC is committed to maintaining an investment grade rating.

TDC is rated by three international rating agencies: S&P's, Moody's and Fitch (see also below).

No assurance can be given that the aims of the credit rating policy will be achieved at all times. If TDC is downgraded, the funding costs may increase.

Following the announcement of TDC A/S' acquisition of Get on 15 September 2014, the rating agencies made the following announcements:

On 16 September 2014, Fitch announced that it does not intend to take a rating action on TDC A/S' BBB ratings with stable outlook.

On 17 September 2014, Moody's downgraded the long term issuer rating of TDC A/S and the senior unsecured rating of all debt issued by TDC A/S to Baa3 from Baa2. The outlooks on all the ratings are stable.

On 19 September 2014, Standard & Poor's revised its outlook on TDC A/S to negative from stable. At the same time, TDC's BBB long term corporate rating was affirmed.

Net interest-bearing debt		DKKm
	2014	2013
Interest-bearing receivables and investments ¹	(307)	(267)
Cash	(4,746)	(1,172)
Long-term loans	18,630	23,356
Short-term loans	20,051	133
Interest-bearing payables	7	3
Derivative financial instruments hedging fair value and currency on loans	(711)	(399)
Total	32,924	21,654

Primarily related to loans to the pension fund, TDC Pensionskasse.

Comments

The net interest-bearing debt increased by DKK 11,270m to DKK 32,924m due primarily to the acquisition of Get and dividends paid, which were partly offset by cash flows from opera-

TDC's Company Ratings at 31 December 2014

Rating	Short-term	Long-term	Outlook	
S&P	A-2	BBB	Negative	
Moody's	Na	Baa3	Stable	
Fitch	F3	BBB	Stable	

TDC financing contains coupon/margin step up clauses, cross default provisions and change of control clauses.

Note 4.4 Financial income and expenses

Financial income and expenses		DKKm
	2014	2013
Interest income	115	45
Interest expenses	(1,033)	(1,066)
Net interest	(918)	(1,021)
Currency translation adjustments	(108)	7
Fair value adjustments	(212)	63
Interest, currency translation adjustments and fair value adjustments	(1,238)	(951)
Profit from joint ventures and associates	(10)	2
Interest on pension assets	233	266
Total	(1,015)	(683)

Interest, currency translation adjustments and fair value adjustments							
	Net interest	Currency translation adjustments	Fair value adjustments	Total			
Euro Medium Term Notes (EMTNs) and							
European Investment Bank loan (EIB) (incl. hedges treated as hedge accounting)	(883)	32	(25)	(876)			
Other hedges (not treated as hedge accounting)	(863)	4	(187)	(183)			
Other	(35)	(144)	0	(179)			
Total	(918)	(108)	(212)	(1,238)			

	Net interest	Currency translation adjustments	Fair value adjustments	Total
Euro Medium Term Notes (EMTNs)				
(incl. hedges treated as hedge accounting)	(891)	(1)	(49)	(941)
Other hedges (not treated as hedge accounting)	0	0	112	112
Other	(130)	8	0	(122)
Total	(1,021)	7	63	(951)

Comments

Interest, currency translation adjustments and fair value adjustments represented an expense of DKK 1,238m in 2014, a DKK 287m increase compared with 2013, primarily driven by:

Interest

2014 was positively impacted by interest income related to refunded income taxes of DKK 64m following a tax case regarding definition of infrastructure assets. 2013 was negatively impacted by interest expenses of DKK 56m related to income tax payable.

Currency translation adjustments

2014 was negatively impacted by DKK 133m due to exchange-rate losses related to an intragroup loan to Get denominated in NOK. This was partly offset by a declining EUR/DKK exchange rate resulting in an exchange-rate gain relating to loans denominated in EUR or hedged from GBP to EUR.

Fair value adjustments

Pre-hedges related to refinancing in 2015 resulted in an expense of DKK 172m due to declining market interest rates.

Cash flow from net interest		DKKm
	2014	2013
Interest received	690	569
Interest paid	(1,576)	(1,602)
Net interest paid	(886)	(1,033)
Specified as follows:		
Euro Medium Term Notes (EMTNs) (incl. hedges treated as hedge		
accounting)	(862)	(886)
Other hedges (not treated as hedge accounting)	(15)	(72)
Other	(9)	(75)
Net interest paid	(886)	(1,033)

Comments

Net interest paid of DKK 886m in 2014, represented a DKK 147m decrease compared with 2013, primarily driven by:

Interest payments related to refunded income taxes of DKK 64m following a tax case regarding definition of infrastructure assets positively

impacted 2014. 2013 was negatively impacted by interest payments of DKK 56m related to income tax payables. In Q4 2014, TDC also received a positive inflow from derivatives relating to the hedge of the acquisition of Get. This was partly offset by fees paid in relation to financing of Get in Q4 2014.

Note 4.5 Financial risks



1 Worth noting

TDC is exposed to financial market and credit risks when buying and selling goods and services denominated in foreign currencies as well as due to its investing and financing activities. As a consequence of TDC's capital structure and financing, TDC faces interest and exchange-rate risks. TDC's Group Treasury identifies monitors and manages these risks through policies and procedures that are revised on an annual basis, if necessary, and approved by the Board of Directors.

TDC's latest financial strategy (with certain subsequent amendments) was approved in December 2012 and defines maxima/minima for interest-rate, exchange-rate and counterparty risks as well as maxima/minima for a range of other variables. Together with market values of financial assets and liabilities, these exposures are calculated and monitored weekly. All risk measures are reported to the Group Chief Financial Officer on a weekly basis.

Interest-rate risks

TDC is exposed to interest-rate risks in the euro area, as 100% of the nominal gross debt is denominated in or swapped to EUR.

The interest-rate risk emerges from fluctuations in market interest rates, which affect the market value of financial instruments and financial income and expenses.

Throughout 2014, TDC monitored and managed its interest-rate risks using several variables in accordance with TDC's financial strategy to protect primarily TDC's financial policy targets. The following variables are monitored:

• Floating interest-rate debt shall not exceed 60% of the total gross debt (including related derivatives)

- The maximum share of TDC's fixed-rate debt (including related derivatives) to be reset within one year shall not exceed 25% in year two and 30% in year three, respectively. The Chief Financial Officer can approve breaches of the limit for up to three months during which Group Treasury must take action or have plans approved by the Chief Financial Officer to reduce the interest resetting risk to below the limit
- The BPV (basis point value modified duration measured in DKK) shall not exceed the BPV of the bond portfolio

The duration of TDC's financial assets (bank accounts, marketable securities and deposits) shall not exceed 0.25 years

Monitored interest-rate risk variables (end-of-peri	iod)								
	Maxima/								
	minima	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14	Interval 2014	Average 2014	Average 2013
Share of floating interest-rate debt	Max. 60%	33%	35%	36%	37%	53%	35%-60%	40%	30%
Actual financial portfolio BPV (DKKm)		9.3	9.5	9.8	9.4	9.5	9.0-11.2	9.6	9.8
Max. BPV of the financial portfolio (DKKm)		11.6 ¹	11.1	10.8	10.4	10.0	9.9-11.2	10.6	12.6
Duration of financial assets (years)	Max. 0.25	0.00	0.00	0.00	0.00	0.00	0.00-0.00	0.00	0.00
The maximum share of fixed interest-rate gross debt to									
be reset within one year in year two ²	Max. 25%	11%	8%	6%	6%	5%	0%-10%	6%	9%
The maximum share of fixed interest-rate gross debt to									
be reset within one year in year three ²	Max. 30%	0%	0%	0%	0%	0%	0%-0%	0%	7%

¹ At 31 December 2014, a +/- 1 percentage point parallel shift in the interest-rate curve would impact profit for the year by approx. DKK +/- 33m due to changes in fair value adjustments and paid interest (2013: approx. DKK +/- 45m). The impact on Equity is estimated to be immaterial

² Average figures for reset risk in 2014 and 2013 are defined as the average of the maximum share of the fixed interest-rate gross debt to be reset within one year for the next five years.

Note 4.5 Financial risks (continued)

Exchange-rate risks

TDC is exposed primarily to exchange-rate risks from NOK, USD, SEK and EUR. The exchange-rate exposure from TDC's business activities relates principally to profits and cash flow for the year generated in foreign subsidiaries, as income and expenses generated in these entities are denominated in primarily local currencies.

For Danish companies, the net exchange-rate exposure relates to payables and receivables mainly from roaming and interconnection agreements with foreign operators as well as equipment and handset suppliers.

Due to TDC's capital structure, the exposure from financial activities in EUR is significant, as 100% of the nominal gross debt (including derivatives) is denominated in EUR. However, due to the fixed EUR/DKK exchange-rate policy of Danmarks Nationalbank (the Danish central bank), TDC does not consider its positions in EUR to constitute a significant risk. TDC has a EUR exposure of DKK 36.5bn in 2014 (DKK 24.6bn in 2013).

Throughout 2014, TDC monitored and managed its exchange-rate risks using several variables in accordance with TDC's financial strategy to protect primarily TDC's financial policy targets. The following variables are monitored:

- Total open gross position, including payables and receivables, cash accounts, financing (including derivatives) and marketable securities in other currencies than DKK and EUR must not exceed DKK 400m
- Budgeted EFCF in other currencies than EUR and DKK in the coming year must be hedged if foreign currencies constitute a risk to EFCF of more than 0.65% of total EFCF (is measured and tested on an annual basis)

In addition to the above variables, the financial strategy includes a range of exchange-rate hedging policies that e.g. stipulate the guiding rule that, EUR positions of TDC companies with local currencies in DKK or EUR are not to be hedged. Further, foreign subsidiaries with other reporting currencies than DKK or EUR are, as a guiding rule, to hedge payables/receivables in other currencies than DKK and EUR to local currency. Finally, to the largest extent possible, foreign subsidiaries should pay out net cash holdings as dividend to TDC A/S subject to maintaining an appropriate capitalisation and liquidity position for the subsidiary.

Further, as a guiding rule, TDC does not hedge exchange-rate exposure arising from foreign investments in the Nordic countries as these are regarded as long-term investments. This also applies to intra-group loans.

Net investments in foreign subsidiaries, joint ventures ar	DKKm	
	2014 Carrying amount	2013 Carrying amount
SEK	751	472
EUR	6	597
NOK	11,676	880
Total at 31 December	12,433	1,949

Note 4.5 Financial risks (continued)

Monitored exchange rate risk variables (end-of-pe	riod)								DKKm
	Maxima	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14	Interval 2014	Average 2014	Average 2013
Total open gross position in other currencies than DKK and EUR ¹	400	179²	263	241	223	252	95-400	245	277

¹ Including payables and receivables, cash accounts and financing (including derivatives).

Credit risks

TDC is exposed to credit risks principally as a supplier of telecommunications services in Denmark and abroad, and as counterparty in financial contracts. The credit risk arising from supplying telecommunications services is handled by the individual business lines, whereas the credit risk in relation to financial contracts is handled centrally by Group Treasury. Credit risk arising in relation to financial contracts is governed by the financial strategy that defines a maximum exposure for each counterparty. The maxima are based primarily on the lowest credit ratings of the counterparties from either Standard & Poor's (S&P) or Moody's Investor Services (Moody's).

Financial transactions with a potential financial exposure for TDC are entered into only with counterparties holding the long-term credit rating of at least BBB+ from Standard & Poor's or Baa1 from Moody's. Each counterparty credit line is determined by the counterparty's credit rating and is of a size that spreads the credit risks of total credit lines over several counter-

parties. However, should one of TDC's counterparties default, TDC might incur a loss but this is considered as being minimal. Credit risk is monitored on a weekly basis.

TDC's maximum credit risk is amounting to DKK 8,432m at 31 December 2014 (2013: DKK 4,878m).

Liquidity risks

To reduce refinancing risks, the maturity profile of the debt portfolio is spread over several years. The committed Revolving Credit Facilities in the total amount of EUR 700m (or DKK 5,213m) and cash generated by the business activities are deemed sufficient to handle upcoming redemption of debt.

Based on TDC's financial planning, stable access to the debt capital markets, the available cash, interest-bearing receivables and undrawn credit lines are sufficient to maintain current operations to complete projects underway, to finance stated objectives and plans, and to meet short- and long-term cash requirements.

Undrawn credit lines

At year-end 2014, TDC had undrawn committed credit lines totalling DKK 5,777m, of which DKK 3,724m was syndicated.

Maturity profiles

The maturity analysis of financial assets and liabilities is disclosed by category and class and is allocated according to maturity period. All interest payments and repayments of financial liabilities are based on contractual agreements. Interest payments on floating-rate instruments are determined using forward rates.

² At 31 December 2014, foreign currencies constituted a maximum translation risk of approx. DKK 83m in relation to EFCF (2013: approx. DKK 19m) (with 95% certainty within a time frame of one year).

Note 4.6 Financial instruments, etc.

Maturity profiles of expected cash flows ¹							DKKm
				2014			
Financial liabilities measured at fair value through profit or loss	< 1 year	1-3 years	3-5 years	> 5 years	Total	Fair value	Carrying amount
Derivatives							
Inflow	8	16	35	120	179		
Outflow	(101)	(232)	(170)	(214)	(717)		
Total derivatives, liabilities	(93)	(216)	(135)	(94)	(538)	(531)	(531)
Financial liabilities measured at amortised cost							
Euro Medium Term Notes (EMTNs)	(7,994)	0	(5,957)	(8,964)	(22,915)	(25,129)	(23,136)
European Investment Bank Ioan (EIB)	0	0	(2,979)	0	(2,979)	(2,979)	(2,975)
Other bank loans	(11,914)	0	0	0	(11,914)	(11,914)	(11,914)
Debt relating to finance leases	(58)	(90)	(13)	(96)	(257)	(197)	(197)
Other loans	(96)	(192)	(162)	(66)	(516)	(459)	(459)
Total Loans	(20,062)	(282)	(9,111)	(9,126)	(38,581)	(40,678)	(38,681)
Euro Medium Term Notes (EMTNs) and bank loans, interest	(289)	(1,417)	(1,173)	(1,598)	(4,477)	-	-
Euro Medium Term Notes (EMTNs) and bank loans, interest accrued	(772)	0	0	0	(772)	(772)	(772)
Trade and other payables ²	(3,475)	(10)	(13)	0	(3,498)	(3,498)	(3,498)
Total financial liabilities measured at amortised cost	(24,598)	(1,709)	(10,297)	(10,724)	(47,328)	(44,948)	(42,951)
Total 2014	(24,691)	(1,925)	(10,432)	(10,818)	(47,866)	(45,479)	(43,482)
Total 2013	(4,797)	(9,868)	(7,504)	(10,807)	(32,976)	(29,011)	(27,430)

Financial assets and liabilities measured at fair value relate to derivatives. The calculation of fair value of these derivatives is based on observable inputs such as interest rates, etc. (Level 2 in the IFRS fair value hierarchy).

¹ All cash flows are undiscounted. The table only reflects the cash flow from financial liabilities. Therefore no positive cash flow from financial assets is disclosed.
2 As not all Trade and other payables recognised in the Balance Sheets are financial instruments (e.g. unbilled payables do not constitute not a financial liabilities), the amount differs from the amount disclosed in the Balance Sheets.

Section 5 Cash flow

This section gives information on the Group's cash flow. Furthermore, information on development in the cash flow items is included in note 2.7 Special items, note 3.1 Intangible assets, note 3.2 Property, plant and equipment, 3.8 Provisions, note 3.10 Pension assets and pension obligations as well as note 4.4 Financial income and expenses.



Accounting policies

Cash flow from operating activities is presented under the indirect method and is based on profit before interest, taxes, depreciation, amortisation and special items adjusted for non-cash operating items, cash flow related to special items, changes in working capital, interest received and paid, realised currency translation adjustments as well as income taxes paid. Interest received and paid includes settlement of interest-hedging instruments.

Cash flow from investing activities comprises acquisition and divestment of enterprises, purchase and sale of intangible assets, property, plant and equipment as well as other noncurrent assets, and purchase and sale of securities that are not recognised as cash and cash equivalents. Cash flows from acquired enterprises are recognised from the time of acquisi-

tion, while cash flows from enterprises divested are recognised up to the time of divestment.

Cash flow from operating, investing and financing activities of discontinued operations are presented in separate lines in the Statements of Cash Flow with comparative figures.

Cash flow from financing activities comprises changes in interest-bearing debt, purchase of treasury shares and dividends to shareholders.

Cash and cash equivalents cover cash and marketable securities with a remaining life not exceeding three months at the time of acquisition, and with an insignificant risk of changes in value.

	DKKm
2014	2013
158	181
51	78
(2)	(1)
(50)	(32)
157	226
	158 51 (2) (50)

Note 5.2 Change in working capital		DKKm
	2014	2013
Change in inventories	10	(11)
Change in receivables	434	510
Change in trade payables	42	(27)
Change in deferred income	(169)	(141)
Change in prepaid expenses	38	(58)
Change in other items, net	(183)	(216)
Total	172	57

Note 5.3 Investment in enterprises



Accounting policies

On acquisition of subsidiaries, joint ventures and associates, the purchase method is applied, and acquired assets, liabilities and contingent liabilities are measured on initial recognition at fair values on the date of acquisition. Identifiable intangible assets are recognised if they can be separated and the fair value can be reliably measured. Deferred tax on the revaluation made is recognised.

Any positive differences between cost and fair value of the assets, liabilities and contingent liabilities acquired on acquisition of subsidiaries are recognised as goodwill in the Balance Sheets under Intangible assets. The cost is stated at the fair value of shares, debt instruments as well as cash and cash equivalents. Goodwill is not amortised, but is tested annually for impairment. Negative balances (negative goodwill) are recognised in the Income Statements on the date of acquisition. Positive differences on acquisition of joint ventures and associates are recognised in the Balance Sheets under Investments in joint ventures and associates.

For acquisitions prior to 1 January 2010, the cost of the acquisition includes transaction costs. For acquisitions on or after 1 January 2010, such costs are expensed as incurred.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, adjustments made within twelve months of the acquisition date to the provisional fair value of acquired assets, liabilities and contingent liabilities or cost of the acquisition are adjusted to the initial goodwill. The adjustment is calculated as if it were recognised at the acquisition date and comparative figures are restated. Changes in estimates of the cost of the acquisition being contingent on future events are recognised in the Income Statements except changes in estimates regarding acquisitions prior to 1 January 2010, which are adjusted in goodwill.

Acquired enterprises are recognised in the Consolidated Financial Statements from the time of acquisition.



Critical accounting estimates and judgements

The most significant assets acquired in a business combination generally comprise goodwill, customer relationship and property, plants and equipment. As no active market exists for the majority of acquired assets and liabilities, in particular in respect of acquired intangible assets, management makes estimates of the fair value.

The method applied on customer relationships is based on the present value of future cash flows calculated based on profitability of the revenue, churn rates or other expected cash flows related to the specific asset. Estimates of fair value may be associated with uncertainty.

Acquisitions in 2014

On 20 October 2014, TDC A/S acquired 100% of the shares in the Get Group. The Get Group is the leading Norwegian cable-TV company, serving approximately 500,000 households and businesses in Norway. The consideration was paid in cash.

The acquisition of the Get Group is expected to deliver cost and revenue synergies, related mainly to the commercial benefits from a large-scale Scandinavian cable-TV operation, achieved by utilising Get's network for business customers, and through other cost savings.

The initial accounting for the business combination has not been completed. Consequently, the fair values shown in the table above are only provisional.

Goodwill related to the acquisition was provisionally calculated at DKK 6,334m on recognition of identifiable assets, liabilities and contingent assets at fair value. Goodwill represents

the value of current employees and know-how as well as expected synergies arising from the combination with TDC.

No significant contingent liability was identified at acquisition.

The acquisition of the Get Group contributed DKK 386m to Revenue and DKK 133m to Profit for the year in 2014.

Calculated as though the acquisition took place at 1 January 2014, the Get Group would have contributed DKK 2,358m to Revenue and DKK 144m to Profit for the year in 2014.

The costs of DKK 117m related to the acquisition of the Get Group are recognised as special items.

Note 5.3 Investment in enterprises (continued)

Assets and liabilities at the time of acquisition DKKm The Get Group Fair value at time of acquisition 5,561 Intangible assets Property, plant and equipment 2,212 236 Receivables (gross contractual amounts receivable: DKK 256m) 339 Derivative financial instruments 94 Prepaid expenses Cash 191 Deferred tax assets/(liabilities), net (1,268)Provisions (5) (11)Pension liabilities Trade and other payables (495) Deferred income (298)**Net assets** 6,556 Goodwill 6.334 Acquisition cost 12,890 Cash in acquired subsidiaries (191)Settlement of derivative (339)12,360 Net cash flow on acquisition of the Get Group Net cash flow on other acquisitions (see below) 290 Total net cash flow on acquisition 12,650

Other aca	IIICITIANC	16 2014

		Proportion
Segment	Date of recognition	acquired
Consumer	1 April 2014	51%
Sweden	1 October 2014	100%
Operations	19 December 2014	100%
	Consumer Sweden	Consumer 1 April 2014 Sweden 1 October 2014

At the date of other acquisitions, the cost of the assets and liabilities acquired was DKK 290m. Following adjustment of net assets to fair value, goodwill was measured at DKK 240m. Goodwill represents the value of current employees and know-how as well as expected synergies arising from the business combinations

In addition to the amount mentioned above, DKK 155m has been paid in relation to acquisitions in prior years.

The other acquisitions had no significant impact on the Income Statements for 2014.

The costs of DKK 3m related to other acquisitions are recognised as special items.

Acquisitions in 2013

				Proportion
	Enterprises and activities acquired	Segment	Date of recognition	acquired
	Installation and service activities from Eltel Networks A/S	Business	31 August 2013	100%
	ComX Networks A/S	Operations	29 November 2013	100%

At the date of acquisition, the cost of the assets and liabilities acquired was DKK 251m. Following adjustment of net assets to fair value, goodwill was measured at DKK 18m. Goodwill represents the value of current employees and know-how as well as expected synergies arising

from the business combinations. In addition to the amount mentioned above, DKK 10m has been paid in relation to acquisitions in prior years.

The acquisitions had no significant impact on the Income Statements for 2013.

Note 5.4 Cash flow from investing activities in discontinued operations

In 2014, TDC divested TDC OY Finland and TDC Hosting OY. These divestments have been presented as discontinued operations.

The carrying amount of assets and liabilities in discontinued operations consists of the following at the time of divestment:

The carrying amount of assets and liabilities in discontinued operations DKKm at the time of divestments

	2014	2013
Intangible assets	151	0
Property, plant and equipment	296	0
Other non-current assets	36	0
Inventories	1	0
Receivables	125	0
Cash	96	0
Provisions	(62)	0
Deferred income	(52)	0
Trade and other payables	(127)	0
Net assets	464	0
Profit/(loss) relating to divestments of discontinued operations including tax	756	0
Sales costs not paid, net	(7)	0
Cash in discontinued operations	(96)	0
Net cash flow on divestments	1,117	0
Cash flow from investing activities in discontinued operations excluding divestments	(21)	22
Net cash flow from investing activities in discontinued operations	1,096	22

Section 6 Other disclosures

This section contains statutory notes or notes that are presumed to be less important for understanding the Group's financial performance.

Note 6.1 Incentive programmes

Bonus programmes

Approximately 280 TDC top managers participate in a short-term bonus programme called the Top Managers' Compensation Programme, and around 350 TDC managers and specialists participate in a short-term bonus programme called the Managers' Compensation Programme.

The short-term bonus programmes are based on specific annual targets including personal, financial and operational targets. These targets 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 multiplied by the bonus percentage multiplied by the degree of target fulfilment

The bonus achieved when targets are met is called the on-target bonus.

For the Top Managers' Compensation Programme, the bonus percentage is fixed in the contract of employment with the individual employee and usually varies within a range of 10%-33% of basic salary. The bonus percentage is somewhat lower for the Managers' Compensation Programme. The bonus achieved can be maximum 200% of the on-target bonus.

The short-term bonus programme for the members of the Executive Committee is based on the same principles as those for other managers, with a bonus percentage of 50.

Deferred bonus

For the Executive Committee and approximately 50 other executives reporting directly to the Executive Committee, a deferral element applies. The Executive Committee members are obliged to defer 50% of their short-term bonus for three years with an option to defer an additional 50% of their bonus for three years. The other eligible executives have the option to defer up to 50% of their bonus for three years. Deferred bonuses are immediately converted into deferred bonus share units in TDC with a corresponding value. Deferred bonus share units vest and are converted into shares in TDC after three years, depending on how TDC's Equity free cash flow (EFCF) per share performs compared with the base case in TDC's business plan. Participants will receive the following shares:

Note 6.1 Incentive programmes (continued)

EFCF per share compared with	Deferred bonus		
base case business plan	share units	Matching share units ¹	Total share units ²
2.5% higher	100%	100%	200%
Equal to	100%	75%	175%
2.5% lower	100%	62.5%	162.5%
5% lower	100%	50%	150%
5.01-15% lower	100%	0%	100%
15.01% lower	0%	0%	0%

¹ Linear calculation of matching share units between 75%-100% and 50%-75%.

The value of the bonus that the Executive Committee members are obliged to defer at the beginning of 2015 amounted to DKK 10.7m (beginning of 2014: DKK 10.2m). The value of the bonus that the Executive Committee members and other executives have the option to defer at the beginning of 2015 amounted to DKK 19.0m (beginning of 2014: DKK 17.8m). The value of potential matching shares amounted to DKK 11.7m (2013: DKK 12.0m).

Liabilities arising from share-based remuneration amounted to DKK 12m (2013: DKK 18m).

The EFCF for 2012 to 2014 has been calculated and resulted in a 100% vesting for the 2012 grant.

Performance Share Programme

Approximately 250 TDC managers, including the Executive Committee, participate in a Performance Share Programme that rewards long-term performance.

All eligible participants are granted performance share units annually. Vested performance share units are converted into shares in TDC. The value of performance share units granted is calculated as a percentage of participants' base salary depending on tier level and individual performance. The number of performance share units granted is determined by the fair value per unit on the basis of a Monte Carlo simulation. For the Executive Committee, this corresponds to 30% of base salary and, for other TDC managers, up to 25% of their base salary.

Ownership of shares will pass to participants only provided the performance share units vest. Performance share units vest three years from the date of granting subject to TDC's performance as measured by Total Shareholder Re-

turn (TSR-calculated as share price movements plus dividends received over a stated period divided by the share price at the beginning of such period) relative to a peer group of 12 telecommunications companies (excluding TDC):

TSR performance relative to peer group	Vesting share units ¹
No. 1-3	150%
No. 4-6	100%
No. 7-8	75%
No. 9-10	50%
No. 11	25%
No. 12-13	0%

Dividends paid out on shares in the vesting period will result in annual corresponding increases of each participant's number of performance share units. A participant who terminates employment during the vesting period for reasons of voluntary resignation or misconduct will not vest any performance share units. Participants who terminate employment for other reasons will vest performance share units as if their employment had continued throughout the vesting period.

The TSR for 2012 to 2014 has been calculated and resulted in a 50% vesting for the 2012 grant (100% vesting for the 2011 grant).

Mandatory share ownership for the Executive Committee

For the Executive Committee, a mandatory perpetual share ownership representing a value equivalent to two years' annual base salary, net of taxes, was implemented with effect from 1 January 2011. The required share ownership will be set as a fixed number of shares based on the individual Executive Committee member's base salary and the share price at the time of

implementation and for new Executive Committee members at the time of hire/promotion. The number of shares required to be owned by Executive Committee members can be changed by a Board decision if the share value or salary level changes significantly. For Executive Committee members employed before 2013, share ownership can be built up over a maximum of three years. For Executive Committee members employed from 2013, the share ownership can be built up over a maximum of five years, but with mandatory increasing ownership for each year.

² Dividends paid out on shares in the deferral period will result in corresponding increases of each participant's number of share units. A participant who terminates employment during the vesting period for reasons of voluntary resignation or misconduct will receive no matching shares. Participants who terminate employment for other reasons will receive matching shares as if their employment had continued throughout the vesting period.

0

0

83,536

222,471

Note 6.1 Incentive programmes (continued)

Deferred honus share units

2012 grant to the Executive Committee

2012 grant to other managers¹

Deterred Donas Silai e dines						
			2014			
	Outstanding at					Outstanding at
	1 January	Granted	Transferred	Vested	Forfeited	31 December
2014 grant to the Executive Committee	-	104,614	0	0	0	104,614
2014 grant to other managers ¹	-	67,627	0	0	0	67,627
2013 grant to the Executive Committee	78,785	-	(39,092)	0	0	39,693
2013 grant to other managers ¹	93,675	-	39,092	0	(9,719)	123,048

		2013				
	Outstanding at 1 January	Granted	Transferred	Vested	Forfeited	Outstanding at 31 December
2013 grant to the Executive Committee	-	106,407	(27,622)	0	0	78,785
2013 grant to other managers ¹	-	66,053	27,622	0	0	93,675
2012 grant to the Executive Committee	162,685	-	(36,311)	0	0	126,374
2012 grant to other managers ¹	143,322	-	36,311	0	0	179,633

126,374

179,633

(42,838)

42,838

0

0

 $^{^{\}rm 1}\,$ Incl. retired Executive Committee members.

Note 6.1 Incentive programmes (continued)

Performance share units						
			2014			
	Outstanding at 1 January	Granted	Transferred	Vested	Forfeited	Outstanding at 31 December
2014 grant to the Executive Committee		145,299	7,097	0	0	152,396
2014 grant to other managers ¹	¥	1,050,418	(7,097)	0	(27,875)	1,015,446
2013 grant to the Executive Committee	200,292	-	11,190	0	(62,842)	148,640
2013 grant to other managers ¹	1,393,526	-	(11,190)	0	(59,782)	1,322,554
2012 grant to the Executive Committee	209,101	-	14,000	0	(71,219)	151,882
2012 grant to other managers ¹	1,352,784	-	(14,000)	0	(47,785)	1,290,999
2011 grant to the Executive Committee	189,583	-	0	(189,583)	0	0
2011 grant to other managers ¹	952,394	-	0	(952,394)	0	0

	Outstanding at 1 January	Granted	Transferred	Vested	Forfeited	Outstanding at 31 December	
2013 grant to the Executive Committee		255,511	(24,812)	0	(30,407)	200,292	
2013 grant to other managers ¹		1,420,475	24,812	0	(51,761)	1,393,526	
2012 grant to the Executive Committee	276,160	=	(31,044)	0	(36,015)	209,101	
2012 grant to other managers ¹	1,365,926	=	31,044	0	(44,186)	1,352,784	
2011 grant to the Executive Committee	250,372	-	(28,795)	0	(31,994)	189,583	
2011 grant to other managers ¹	938,568	=	28,795	0	(14,969)	952,394	

¹ Incl. retired Executive Committee members.

None of the outstanding performance share units at 31 December 2014 were exercisable.

The Performance Share Programme for 2012 vested on 1 January 2015. The market value at 31 December 2014 of the shares transferred to the participants amounted to DKK 43.5m.

The fair value at grant date was DKK 48.61 per unit for the 2014 grant (DKK 37.00 per unit for the 2013 grant). The fair value of the 2014 grant is calculated using a Monte Carlo simulation model with an interest rate of 0.29%, a volatility of 25.1% for TDC, an average correlation between TDC and peers of 41.7% and a share price at the time of grant of DKK 52.60.

The fair value of the 2013 grant was calculated using a Monte Carlo simulation model with an interest rate of 0.07%, a volatility of 21.4% for TDC, an average correlation between TDC and peers of 46.0% and a share price of DKK 40.04 at the time of grant.

Note 6.2 Remuneration for Management

TDC's executive remuneration

- is closely linked to company performance and shareholder value creation. The executive remuneration comprises a mix of base salary and incentive programmes that are measurable, controllable, well defined and aligned with shareholder interests
- varies by level and consists of a base salary, pension contribution, a cash-based incentive and share performance programmes based on Total Shareholder Return, company performance and peer group performance. The split between base salary and variable remuneration is set to ensure a clear focus on short-term performance and achievement of our long-term business objectives
- is assessed against a benchmark of large Danish companies – some include international activities to ensure competitiveness
- is decided by the Compensation Committee

Remuneration for the Board of Directors ¹		DKK thousands	
	2014	2013	
Vagn Sørensen (Chairman)	1,450	1,350	
Pierre Danon (Vice Chairman)	825	775	
Stine Bosse	550	500	
Pieter Knook ^{2, 3}	502	300	
Angus Porter	525	475	
Lars Rasmussen ³	102	475	
Søren Thorup Sørensen	650	600	
Jan Bardino	400	400	
Christian A. Christensen	400	400	
Steen M. Jacobsen	400	400	
John Schwartzbach	400	400	
Hanne Trebbien ³	73	400	
Gert Winkelmann	400	400	
Total	6,677	6,875	

Excluding social security of DKK 314 thousand for members outside Denmark as well as certain of TDC products available for the members of the Board of Directors. For further information about the members of the Board of Directors including duties related to the Compensation, Nomination and Audit Committees, see Management.

² The remuneration for 2013 for this member does not comprise remuneration for the full year for all duties.

³ The remuneration for 2014 for this member does not comprise remuneration for the full year for all duties.

Note 6.2 Remuneration for Management (continued)

Remuneration rates for the Board of Directors	DKK thousands	
	2014	2013
Chairman of the Board	1,100	1,100
Vice Chairman of the Board	700	700
Other members of the Board	400	400
In addition:		
Chairman of the Audit Committee	250	200
Member of the Audit Committee	150	100
Chairman of the Compensation Committee	150	100
Member of the Compensation Committee	100	50
Chairman of the Nomination Committee	50	50
Member of the Nomination Committee	25	25

Number of shares in TDC A/S					
	1 January 2014²	Additions	Divestments	31 December 2014	
Present Board of Directors ¹					
Vagn Sørensen	325,392	0	0	325,392	
Pierre Danon	45,085	0	0	45,085	
Stine Bosse	2,310	0	0	2,310	
Søren Thorup Sørensen	3,074	0	0	3,074	
Jan Bardino	1,790	0	0	1,790	
Christian A. Christensen	4,017	0	0	4,017	
Steen M. Jacobsen	740	0	0	740	
John Schwartzbach	740	0	0	740	
Gert Winkelmann	750	0	0	750	
Total	383,898	0	0	383,898	
Present Executive					
Committee					
Carsten Dilling	405.070	F0 422	0	725 710	
9	685,078	50,632	-	735,710	
Pernille Erenbjerg Johan Kirstein Brammer	85,580	37,861	0	123,441	
Peter Trier Schleidt	235	0	0	235	
	9,596	0	0	9,596	
Jens Munch-Hansen	298,014	46,099	0	344,113	
Asger Hattel	27,551	0	0	27,551	
Jens Aaløse	0	0	0	0	
Miriam Igelsø Hvidt	58,653	16,012	(18,921)	55,744	
Total	1,164,707	150,604	(18,921)	1,296,390	

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

² For new members: The shareholding at the time of appointment.

Remuneration for the Executive Committee ¹				DKKm	
		2014			2013
	CEO Carsten Dilling	Deputy CEO Pernille Erenbjerg	Other members	Total	Total
Base salary (incl. benefits)	7.4	4.5	19.1	31.0	34.0
Bonus (incl. deferred bonus)	4.3	2.7	10.2	17.2	24.8
Pensions ²	1.4	0.9	3.6	5.9	5.4
Performance share remuneration ³	2.1	1.3	(0.8)	2.6	6.3
One-off consideration	0.0	0.0	0.6	0.6	2.0
Redundancy compensation	-	-	1.7	1.7	7.3
Total	15.2	9.4	34.4	59.0	79.8

¹ During 2014, the remuneration for the Executive Committee (excluding redundancy compensation) comprises 8.0 members on average

(2013: 8.0 members). For further information on the Executive Committee members, see Management. 2 Defined contribution plans.

³ Fair value of performance share units granted. The performance share remuneration for 2014 was reduced by DKK 4.4m (2013: DKK 3.2m) due to cancellation of performance share units due on retirement.

The amounts for deferred bonus and performance share remuneration included in the table above are the fair values of instruments granted during the year.

The fair values are expensed over the vesting period. The expense for 2014 amounted to DKK 21.0m (2013: DKK 38.1m). Total remuneration expenses for the Executive Committee amounted to DKK 60.2m (2013: DKK 86.8m).

The Executive Committee members' service contracts include 12 months' notice in the event of termination by the Company. In addition, one member is entitled to receive severance payment equal to six months' base salary plus on-target bonus on retirement from the position as Executive Committee member, unless terminated on grounds of misconduct. In case of change of control of the Company, the 12 months' notice is prolonged to 24 months for two Executive Committee members, in the event of termination by the Company.

Note 6.3 Related parties

In addition to the joint ventures and associates shown in note 6.8, the Group has one related party: the pension fund TDC Pensionskasse located in Copenhagen, Denmark.

Danish Group companies have one lease contract with the pension fund, TDC Pensions-kasse. The lease contract is interminable until 2022. In addition, annual contributions are paid to the pension fund, see note 3.10 Pension obligations. TDC A/S has issued a subordinated loan to the pension fund.

Remuneration for the Board of Directors and the Executive Committee is described in note 6.2. In addition to the remuneration for the membership of the Board of Directors, the Vice Chairman Pierre Danon provided consultancy services totalling DKK 410 thousand in 2014 (2013: DKK 410 thousand).

The Group has the following additional transactions and balances with related parties; income/(expenses), receivables/(debt):

Related parties		DKKm
	2014	2013
TDC Pensionskasse		
Rental expense	(3)	(3)
Investment advisory fees	16	16
Interest income of subordinated loan and other income	4	4
Debt regarding lease agreements and other payables	(27)	(40)
Subordinated loan	149	149
Other receivables	27	27
Joint ventures and associates		
Receivables	1	1
Payables	(5)	0

Note 6.4 Other financial commitments

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Worth noting

Commitments represent amounts TDC has contractually committed to pay to third parties in the future. This gives an indication of future cash flows.

Lease agreements can commit TDC to significant future expenditure. The table below discloses TDC's commitments to make such payments. Except for the provision for vacant tenancies (cf. note 3.8), such commitments are not recognised in the Balance Sheets.

TDC sublets a number of the leased properties where such properties, or part of such properties, are no longer required for use. The table below discloses the commitments sub-lessors have made in respect of such arrangements. These commitments are not recognised in the Balance Sheets. However, they are included in the basis for determining the provision for vacant leases.

Note 6.4 Other financial commitments (continued)

Other financial commitments		DKKm
	2014	2013
Lease commitments for all operating leases ¹		
Properties and mobile sites	7,044	7,637
Machinery, equipment, computers, etc.	548	566
Total	7,592	8,203
Future sublease payments	(206)	(166)
Net commitments	7,386	8,037
Total lease commitments can be specified as follows:		
Due not later than 1 year	755	814
Due later than 1 year and not later than 5 years	1,922	2,035
Due later than 5 years	4,915	5,354
Total	7,592	8,203
Capital and purchase commitments		
Investments in intangible assets	796	822
Investments in property, plant and equipment	952	1,452
Commitments related to outsourcing agreements	854	911

¹ Lease commitments include commitments on vacant tenancies for which a provision of DKK 487m has been recognised in the Balance Sheets, cf. note 3.8.

Comments

Some of the leases are expected to be transferred to a new lessee instead of being subleased. This will reduce the commitments. Operating leases, for which TDC is the lessee, are related primarily to agreements on fibre networks, sea cables, cars and agreements on property leases and mobile sites. The lease agreements will terminate in 2041 at the latest.

Note 6.5 Contingencies

Contingent liabilities

TDC is party to certain pending lawsuits and cases pending with public authorities and complaints boards. Based on a legal assessment of the possible outcome of each of these lawsuits and cases, Management is of the opinion that these will have no significant adverse effect on TDC's financial position.

During the ownership period of the subsidiary TDC Oy Finland, TDC has provided a guarantee for the lease payment for the former subsidiary's domicile. The guarantee remains valid after the divestment of TDC Oy Finland, but TDC is currently negotiating the conditions for a release from the guarantee. The acquirer DNA has provided a corresponding guarantee to TDC. At 31 December 2014, the future lease payments in the period of interminability amount to approx. DKK 350m.

Change of control

The EU Takeover Directive, as partially implemented by the Danish Financial Statements Act, contains certain rules for the disclosure by listed companies of information on capital and ownership structure, etc., and change-of-control provisions in material agreements.

Information on TDC's ownership is provided in Shareholder information.

TDC is licensed to provide mobile telecommunications services in Denmark. The Danish Business Authority may withdraw existing licences if TDC does not meet the licence conditions, which may include obtaining the regulator's consent in the event of a change of control. In the event of a withdrawal of a licence for any technology that is important for the provision of TDC's service offerings, TDC could be forced to stop using that technology, and TDC's business, revenue and earnings could be adversely affected.

Certain of TDC's other contracts with third parties include change-of-control clauses too. A change of control could lead to termination of such contracts. Termination of such contracts would not individually or combined have a material adverse effect on TDC's revenue and earnings.

Note 6.6 Events after the balance sheet date

None.

Note 6.7 New accounting standards

At 31 December 2014, IASB had approved the following new accounting standards (IFRSs and IASs) and interpretations (IFRICs) that are effective for 2015 or later, and are judged relevant for TDC:

• IFRS 9 Financial Instruments- addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other comprehensive income and fair value through Profit & Loss. A new expected credit loss model replaces the incurred loss impairment model used in IAS 39. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one Management actually use for risk management purposes. The Group is yet to assess the full impact of IFRS 9.

• IFRS 15 Revenue from Contracts with Customers¹ - deals with revenue. Revenue is recognised when a customer obtains control of a good or service. The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations. The Group is assessing the impact of IFRS 15 on e.g. revenue arrangement with multiple deliverables and up-front connection fees.

As part of the annual improvement project, the IASB has approved changes to several existing standards.

The IASB has approved further new standards and interpretations that are not relevant to The Group and will have no effect on the Financial Statements.

Note 6.8 Overview of Group companies at 31 December 2014

Company name	Domicile	Currency	TDC owner- ship share (%)	Number of subsidiaries, joint ventures and associ- ates not listed here ¹
Consumer				
Ecosys ApS	Silkeborg, Denmark	DKK	51.0	
Bet25 A/S	Silkeborg, Denmark	DKK	51.0	
Business				1
TDC Mobil Center A/S	Odense, Denmark	DKK	100.0	
Wholesale				
OCH A/S ²	Copenhagen, Denmark	DKK	33.3	
4T af 1. oktober 2012 ApS ²	Copenhagen, Denmark	DKK	25.0	
Justfone A/S ²	Herlev, Denmark	DKK	50.0	
Norway				
Thor Norway Topco AS	Oslo, Norway	NOK	100.0	
Get AS	Oslo, Norway	NOK	100.0	
Homebase AS	Oslo, Norway	NOK	100.0	
TDC AS	Oslo, Norway	NOK	100.0	1
Sweden				
TDC Nordic AB	Stockholm, Sweden	SEK	100.0	1
TDC Sverige AB	Stockholm, Sweden	SEK	100.0	2
TDC Hosting AB	Stockholm, Sweden	SEK	100.0	
Viridis IT AB	Malmö, Sweden	SEK	100.0	1
Operations				
Dansk Kabel TV A/S	Copenhagen, Denmark	DKK	100.0	
ComX Networks A/S	Albertslund, Denmark	DKK	100.0	
Channels				
TDC Telco ApS	Taastrup, Denmark	DKK	100.0	
TDC Contact Center Europe A/S	Sønderborg, Denmark	DKK	100.0	
Contact Center Europe GmbH	Flensburg, Germany	EUR	100.0	
Other				3
ADSB Telecommunications B.V. ²	Amsterdam, the Netherlands	EUR	34.7	
TDC Reinsurance A/S	Copenhagen, Denmark	DKK	100.0	

¹ In order to give the reader a clear presentation, some minor enterprises are not listed separately in the overview. In pursuance of Section 6 of the Danish Financial Statements Act, the following subsidiaries have chosen not to prepare an annual report: Kaisai A/S, 4WEB A/S and TDCH III ApS.

² The enterprise is included under the equity method.

¹ Not yet endorsed by the EU.

Did you know that ...

- ... in 2014, TDC's foreign and domestic investors received dividends of **DKK 3.0bn** to the benefit of e.g. pension funds
- ... TDC had **8,594 full-time employees** and paid DKK 4.2bn in wages and pensions in 2014
- ... TDC paid **DKK 1.2bn in corporate income taxes** and **DKK 4.5bn in VAT and taxes** on behalf of the employees in 2014
- ... TDC provides 98% of the population with 4G and 99% with 3G mobile network coverage
- ... in 2014, TDC invested **DKK 4.0bn** in infrastructure, innovation and development projects
- ... TDC provides **55% of Danish households** with access to 100 mbps broadband