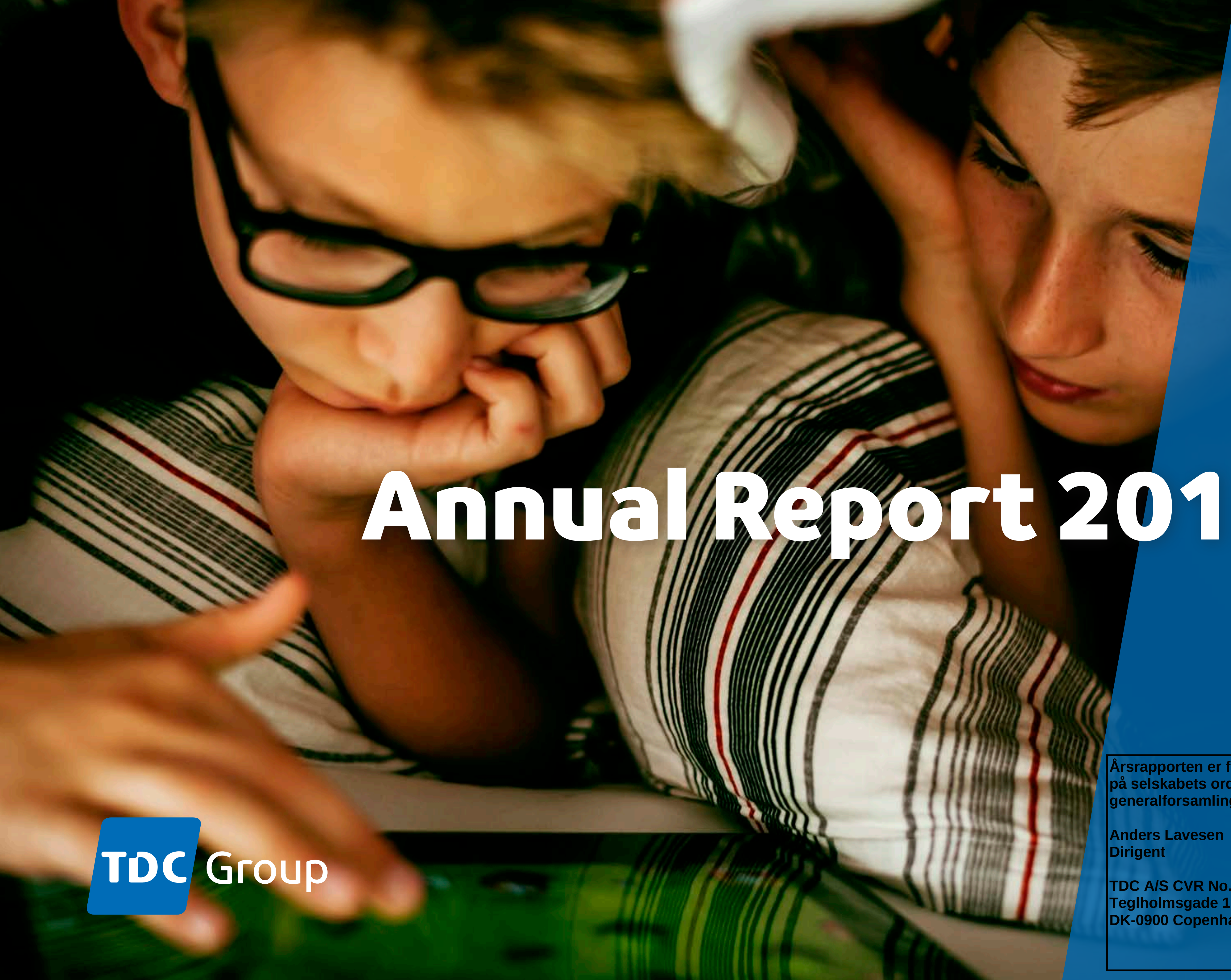

Annual Report 2015

TDC Group

Årsrapporten er fremlagt og godkendt på selskabets ordinære generalforsamling den 10. marts 2016.

Anders Lavesen
Dirigent

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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", "plans", "seeks", "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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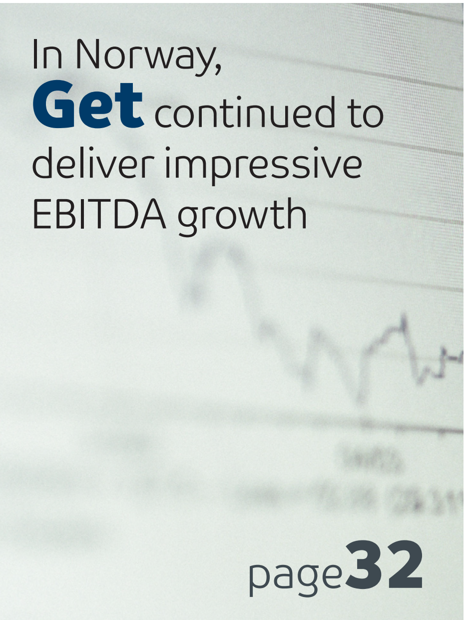

In Norway, **Get** continued to deliver impressive EBITDA growth

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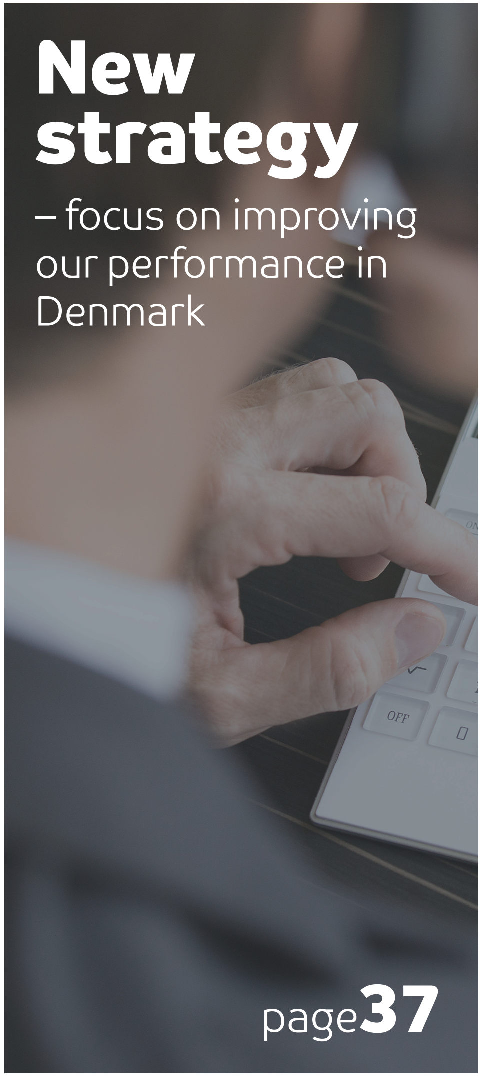

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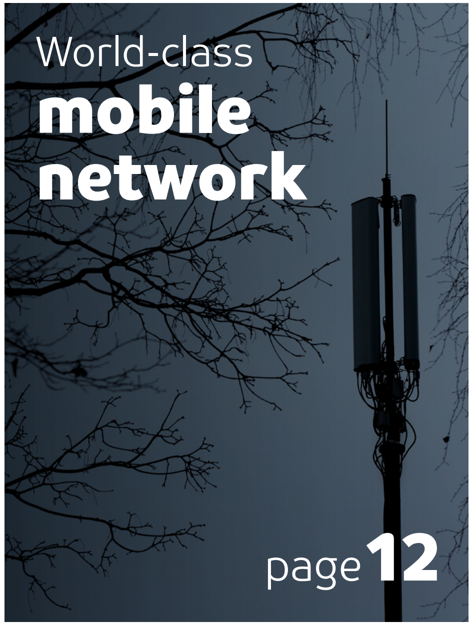

World-class **mobile network**

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Dear stakeholders

TDC Group's 2015 results were in line with guidance; however cancellation of the remaining dividend payment for 2015 was necessary to meet the continued headwind in 2016. A new 2018 strategy announced to address the challenging Danish market.

The activities outside Denmark recorded a strong development. In Norway, Get delivered 10% EBITDA growth fuelled by upselling broadband to its TV customers, making broadband the leading product measured in terms of gross profit. Sweden also achieved EBITDA growth that points to a promising future.

Like most other telco's, we are facing intense price competition across products, and especially the Danish markets have been very challenging in 2015. We have succeeded in maintaining a high EBITDA margin and cash flow generation, but we have not transformed TDC Group as planned. In order to do this, we need financial headroom to continue to invest and enable a return to growth by 2018.

We have therefore decided to cancel payment of the remaining 2015 dividend and change our dividend policy. Needless to say, the decision has not been taken lightly, but preserving an investment grade rating while continuing to make profitable investments was essential to support a viable future for TDC Group.

New 2018 strategy

We are confident that our new strategy will equip us with the right tools to improve the trend towards EBITDA and cash flow growth in 2018. Our guiding strategic principle is summed up by "Always simpler and better" to the benefit of all our stakeholders.

Better connectivity: We have upgraded our mobile network to 'Denmark's best network', and several tests confirm that it is world-class in terms of speeds offered. Now we are planning an extensive upgrade of the cable networks, resulting in gigabit speeds throughout Get's footprint in Norway and for half of the Danish households by 2018. Gigabit speeds are ten times faster than the Danish political ambition for 2020. By uniting our unique assets in Denmark, we are also able to provide a 'lifeline' of up to 10 Mbps for all households in 2018.

Better offerings: By transforming YouSee to a countrywide premium household supplier, our customers gain access to the best suite of integrated services within a unified household brand – that is simple for the customers and for us. In the SMB segment, we will focus on strengthening the value proposition with strong convergent offerings through simple and standardised product portfolios. In Norway, we will launch a B2C mobile solution that enables Get to offer fully integrated services and release further growth potential.

Better customer experience: Despite call volumes remaining high in 2015, we are back on track in terms of availability after too many of our customers had an unacceptable experience in 2014. We are determined to take customer experience to the next level by thinking simple, digital and mobile first. Premium customers can expect 24/7 support as part of our differentiated customer service from 2016.

A simple, digital operating model: The planned B2C and B2B simplifications will result in significant opex savings during the strategy period.

TDC Group's strategy involves further investments in Denmark despite telecom service prices being among the lowest, and service quality among the highest, in Europe. We will invest financially disciplined, aiming to keep our network advantage and high service quality for the benefit of our customers. A stable and predictable regulation and a public sector that focuses on quality and innovation will support our investment plans.

The new strategy is by no means a 'quick fix'. Our skilled employees must achieve targeted execution on a daily basis and work as a team to create the highest customer satisfaction in our local markets, deliver a satisfactory return to our shareholders and emphasise that TDC Group is a key player in Danish society.

"Always the best offerings – on the best networks in the country"
Vagn Sørensen,
Chairman of the Board

"Simpler, more digital operating model – to the benefit of all stakeholders"
Pernille Erenbjerg
Group CEO

2015 at a glance

Positive and negative aspects of TDC Group's 2015 financial and operational performance are presented below. Most developments are as expected, for more information about expectations, see page 17.

Positive aspects

- TDC Group met **2015 guidance** on revenue and EBITDA
- 10.0% EBITDA growth in **Get** driven by strong broadband performance; a number of successful product launches fuelled high customer satisfaction scores
- Strong pipeline and EBITDA growth of 1.0% in **Sweden**, despite negative effects from one off as well as the loss of a very large customer in 2014
- Improved **accessibility** to customer service with a historically low share of customers queuing for more than 3 minutes when calling (< 10%)
- As the first European operator, TDC Group now delivers up to **400 Mbps on mobile services in Denmark**; several tests conclude that our network outperforms competing networks on all relevant parameters
- The Consumer division managed to increase the number of **mobile voice customers** by **25k** in 2015 (vs. a loss of 111k in 2014) through targeted upselling to households and improved churn rates
- YouSee delivers **high-speed broadband** of 300 Mbps to 45% of all Danish households; demanded broadband speeds on coax now higher than on fibre in DK
- **Organic opex savings** (1.4%) at a lower level than in 2014, as continued high level of efficiency improvements in cost centre and a positive effect from a one-off in TDC Norway was partly offset by increasing SAC/SRC spending

Negative aspects

- Cancellation of the remaining 2015 **dividend** payment
- Profit for the year impacted by **impairment losses on goodwill** (DKK 4,618m)
- Downward pressure on TDC Group's **share price** in 2015 resulted in a negative shareholder return of 24%
- EBITDA in our **Danish B2B division decreased by 16.6%** vs. 2014 due to continued price pressure affecting all products and segments
- Consumer **mobile voice ARPU down** by DKK 4 or 3.4% with an accelerating trend throughout the year. Pricing initiatives launched in late 2015
- TDC brand lost 24k **broadband customers** as competitors utilised lower wholesale prices (LRAIC) to set lower retail prices
- YouSee lost 4.6% or 53k **TV customers** in 2015 and faced continued cord shaving
- Loss of a large **MVNO contract** in Wholesale with financial effect from 2016
- **TDC Norway** performance challenged; a restructuring plan initiated
- The **strategic transformation programme**, TDC+ showed limited progress in 2015 with slower than expected development in new growth areas
- Upcoming **EU roaming regulation** has led to increased commercial pressure

Guidance summary 2015 & 2016

	2015 Guidance	2015 Actuals
Organic Revenue[1]	Organic revenue development at the same level as 2014: -2.5%	-1.9% ✓
EBITDA	EBITDA at the same level or slightly better than 2014: ≥9.8 bn assuming DKK/NOK ~0.85	9.8 bn ✓
Capex	~4.3 bn	4.5 bn (✓)
DPS	Dividend of 2.50 DKK per share	1.00 DKK per share ✗ was paid out in connection with Q2 2015 Earnings Release

	2016 Guidance
EBITDA	~8.8 bn assuming DKK/NOK and DKK/SEK of ~0.80
EFCF	~1.9 bn
DPS	1.00 DKK per share will be paid out in Q1 2017

[1] Reported revenue excluding the impact from foreign exchange, regulatory price adjustments as well as the impact from acquisitions and divestments.

Five-year overview

TDC Group

Income statement	DKKm	2015	2014	2013	2012	2011
Revenue		24,366	23,344	23,986	25,472	25,606
Gross profit		17,484	17,092	17,431	18,154	18,811
EBITDA		**9,809**	**9,804**	**9,979**	**10,136**	**10,306**
Operating profit (EBIT)		**(618)**	**3,808**	**4,115**	**4,438**	**4,347**
Profit/loss before income taxes		(1,725)	2,793	3,432	4,320	3,817
Profit/loss for the year from continuing operations		(2,384)	2,452	3,078	3,691	2,721
Profit/loss for the year		**(2,384)**	**3,228**	**3,119**	**3,784**	**2,752**
Income statement, excluding special items						
Operating profit (EBIT)		**4,498**	**5,076**	**5,047**	**5,176**	**5,194**
Profit before income taxes		3,391	4,060	4,364	4,298	4,664
Profit for the year from continuing operations		**2,502**	**3,529**	**3,766**	**3,344**	**3,389**
Profit for the year		2,502	3,551	3,780	3,448	3,442
Balance sheet	DKKbn					
Total assets		64.6	74.4	60.4	63.5	65.2
Net interest-bearing debt		26.0	32.9	21.7	21.9	21.0
Hybrid capital		5.6	0	0	0	0
Total equity		20.4	18.6	20.4	21.5	22.2
Average number of shares outstanding (million)		801.7	800.2	798.9	802.3	816.7
Capital expenditure		**(4,537)**	**(3,909)**	**(3,606)**	**(3,406)**	**(3,344)**
Statement of cash flow	DKKm					
Operating activities		7,819	7,131	7,058	6,720	6,972
Investing activities		(4,604)	(16,528)	(3,929)	(2,862)	(3,546)
Financing activities		(7,602)	11,872	(3,102)	(4,448)	(2,815)
Total cash flow from continuing operations		**(4,387)**	**2,475**	**27**	**(590)**	**611**
Total cash flow in discontinued operations[1]		(2)	1,099	172	74	47
Total cash flow		**(4.389)**	**3,574**	**199**	**(516)**	**658**
Equity free cash flow		**3,227**	**3,214**	**3,302**	**3,128**	**3,494**

Key financial ratios		2015	2014	2013	2012	2011
Earnings Per Share (EPS)	DKK	(2.87)	4.05	3.90	4.72	3.37
EPS from continuing operations, excl. special items	DKK	3.12	4.41	4.71	4.17	4.15
Adjusted EPS	DKK	3.86	5.31	5.35	5.40	5.53
Dividend payments per share	DKK	1.00	2.50	3.70	4.60	4.35
Dividend payout (% of EFCF)	%	24.8	62.9	89.3	118.3	99.1
Gross profit margin	%	71.8	73.2	72.7	71.3	73.5
EBITDA margin	%	40.3	42.0	41.6	39.8	40.2
Adjusted net interest-bearing debt/EBITDA[2]	x	2.9	3.4	2.1	2.1	2.0
Retail RGUs in Denmark						
Mobile subscriptions	('000)	2,576	2,566	2,655	2,679	2,729
TV	('000)	1,386	1,420	1,393	1,392	1,337
Broadband	('000)	1,329	1,358	1,361	1,327	1,289
Landline voice	('000)	847	1,010	1,193	1,350	1,483
Employees[3]						
FTEs (end-of-year)	#	8,705	8,594	8,587	8,885	9,551
FTEs and temps (end-of-year)	#	8,854	8,681	8,712	9,097	10,051
Customer satisfaction in Denmark						
Recommend score	Index YaV	64	65	66	-	-
Unacceptable customer experiences[4]	Index YaV	64	73	59	-	-
Other KPIs						
ESAT	Index	78	75	78	80	79
100 Mbps population coverage	%	66	65	49	45	42
CO2 emissions	('000) tons	70	97	119	128	144

1 TDC Finland (divested in 2014) is presented as discontinued operations.
2 Net interest-bearing debt is adjusted for 50% of the hybrid capital. 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 have been excluded from the calculation of FTEs. 156 seconded civil servants were included in FTE figures EOP 2011.
4 Q1 2009 = Index 100, a lower index equals a more positive customer experience.

Who we are

Our profile and ambitions

TDC Group

"Always simpler and better"

Profile

For the last 130 years, connecting people has been TDC Group's simple purpose. As part of the evolution of communication services from the introduction of traditional landline voice services to high-speed broadband, Pay-TV and mobile solutions, TDC Group has helped to change people's lives while continuously empowering society as technology progresses.

Today, TDC Group operates in the Scandinavian communications and entertainment markets with a presence in Denmark, Norway and Sweden and strives to provide households and businesses with best-in-class integrated solutions.

TDC Group's network is the foundation for offering customers high-quality integrated solutions across Scandinavia. TDC Group strives to deliver the best connectivity with significant investments in a compelling combination of infrastructure assets (coax, fibre, mobile and copper) in order to provide the best customer experience in terms of high speeds, quality and coverage.

In Denmark, TDC Group is the leading provider of integrated communications and entertainment solutions for B2C and B2B customers. Our Danish B2B division also delivers effective hosting and IT systems that connect companies securely and reliably with their customers.

The telecommunications market in Denmark, which is characterised by strong competition, is among the most strictly 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 in accordance with the LRAIC method and offering third parties access to TDC Group's network.

Outside Denmark, TDC Group has a significant footprint in the strategically important area of digital content services for the B2C market through ownership of Get, Norway's second-largest cable company. TDC Group's presence in the Scandinavian business market also includes fully owned subsidiaries in Sweden and Norway offering pan-Nordic business solutions. These challenge the local incumbent operators by offering corporate customers seamlessly integrated business solutions that include hosting and systems integration in Sweden.

To ensure delivery of the best customer experience, TDC Group leverages its collaboration with internal resources and external partners. Internal resources consisted of 8,705 employees at the end of 2015, organised in a customer-centric structure that highlights 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.

Our business model

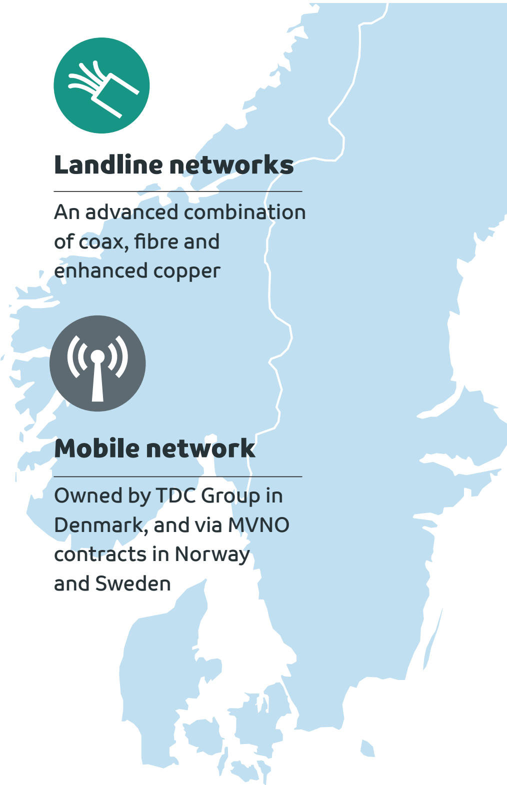
TDC Group's unique and diverse **networks** across Scandinavia forms the core foundation of our business ...

... which by linking a mixture of **internal resources** and **external partnerships** ...

... enables us to deliver high quality **integrated solutions** to our B2C and B2B customers ...

... while creating **value** for our stakeholders and supporting further network investments

Our networks



Landline networks

An advanced combination of coax, fibre and enhanced copper

Mobile network

Owned by TDC Group in Denmark, and via MVNO contracts in Norway and Sweden

Our operating model

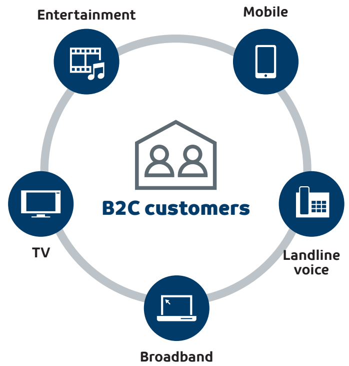
Internal resources

- IT development
- Product management
- Field force
- Customer relations

External partners

- Content providers
- Telco connectivity agreements
- Hardware and software providers
- Customer services
- Operator of mobile network

Our solutions



Our performance

DKK bn

Gross profit in 2015

Internet & network	5.9
Mobility services	4.2
TV	3.1
Landline voice	2.4
Other services	1.9

Our networks

TDC Group's unparalleled and diverse network is the foundation of our business. The infrastructure spanning mobile and landline networks enables us to deliver high-quality products and services across Scandinavia, and the flexibility to invest with respect to local technological footprint hereby avoiding investments in overlapping infrastructure.

Denmark

TDC Group owns and operates the most extensive telecommunications network in Denmark, delivering a full range of communication and entertainment services to residential, business and wholesale customers.

In 2015, our 4G mobile network covered 99.5% of the population in Denmark, and independent tests confirmed its superior performance characteristics compared with our competitors[1]. Through the use of 4G+, TDC Group is capable of offering speeds of up to 400 Mbps.

Our Danish hybrid fibre coaxial network covers 1.5 million homes passed and serves 1.1 million customers. The network is capable of delivering broadband speeds of 300 Mbps to 45% of all Danish households. Our ambition is to deliver speeds of 1 Gbps to 50% of the population in the near future.

TDC Group's copper access network covers almost all of the population in Denmark. This network is essential for providing basic and advanced telephony and broadband services. TDC Group is continuing to optimise utilisation of the copper network through use of remote DSLAM upgrades outside the coax footprint.

Optical fibre cables in the access network provide high-capacity links to residential, business and wholesale customers and mobile base stations. TDC Group has also entered into a strategic partnership with a large Danish utility company providing fibre access to 100k homes passed.

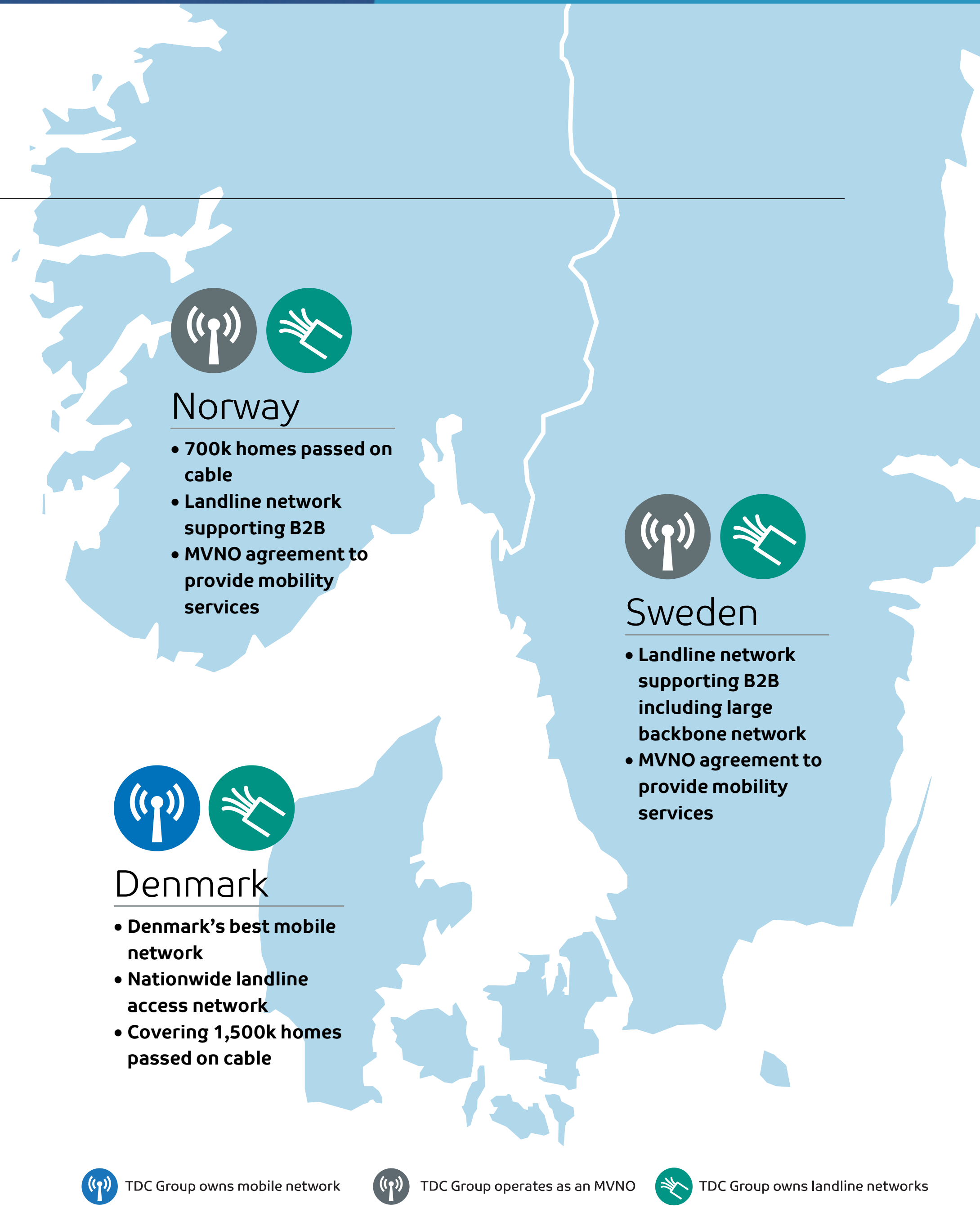
Norway

Our Norwegian hybrid fibre coaxial network covers around 700k homes passed including 75k homes connected on partner networks. 500 Mbps is now offered in Get's broadband product line-up.

TDC Group's Norwegian assets also include a landline network supporting business customers. TDC Group operates as an MVNO in the mobile market.

Sweden

TDC Group has one of Sweden's largest transmission backbone networks, and serves business customers through its own optical fibre and copper access network. In addition, TDC Group also operates as an MVNO.



[1] Nationwide analysis carried out by the Technological Institute of Denmark.

Our markets

Denmark

In Denmark, TDC Group is the leading provider of communications and entertainment solutions as well as seamlessly integrated business solutions.

The mobile market is characterised by a long-term history of price competition. In 2015, fierce competition from other mobile operators continued to focus on price and large mobile handset subsidies. The modest growth in the mobile market stems from population growth, and increased penetration with the elderly and children. The growth also stems from people having one mobile for work and another for personal use as well as the continued migration from landline voice to mobile only, which is gradually eroding the landline voice market.

The customer base in the pay-TV market continued to decline in 2015, driven by changes in customers' TV habits, with a market moving towards streaming services.

Despite a high penetration rate of 83% compared with other OECD countries, the broadband market is still growing due partly to increased digitalisation. Customer demand for high speeds and capacity is also growing, and consequently our strong network and access to content and integrated solutions are our main competition differentiators.

Norway

In Norway, TDC Group is present in both the B2C and B2B markets. Through Get, TDC Group is Norway's second-largest operator in the pay-TV and broadband B2C markets – both attractive and growing markets. Get covers approximately one quarter of the Norwegian households and has a pay-TV market share of 19% excluding partners. In the B2B market, TDC Group challenges the incumbent operator in mainly the IP-VPN and mobile markets.

Sweden

In Sweden, TDC Group also challenges the incumbent operator in both the IP-VPN and mobile markets. TDC Sweden focuses on delivering integrated operator and integrator solutions to the public sector and large- and medium-sized businesses.

	Total market share	Position	B2C market share	Position	B2B market share	Position
Mobile voice	41%	#1			<5%	#5
TV	54%	#1	19%	#2		
Internet & network	56%	#1	17%	#2	18%[1]	#2
Landline voice	64%	#1				

Source: TDC Market Intelligence.

[1]) IP-VPN market share.

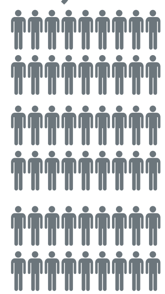
Our organisation year-end 2015 – commercial business lines

	Brands	Description	Share of revenue	Share of opex	Employees (EoP)
Consumer	youSee, TDC, TELMORE, FULLRATE, BLOCKBUSTER	Consumer is responsible for TDC's commercial go-to-market strategy, including pricing and marketing as well as product specification and customer lifetime management in the Danish B2C market. Consumer also has a sales and service organisation devoted to organised customers.	46%	13%	516
Business	TDC, TDC Hosting, TDC NetDesign	Business is responsible for TDC's proactive go-to-market strategy and product innovation in the Danish B2B market. Its strong sales organisation is dedicated to clearly differentiated segments reflecting customer needs and purchasing behaviour.	23%	13%	1,099
Wholesale		Wholesale is responsible for reselling landline voice, mobile voice and internet & network to external partners as well as handles national and international traffic and roaming for other network owners. Wholesale also handles interconnect agreements across TDC Group.	6%	2%	108
Norway	TDC, Get	The Norwegian business line consists of the cable-TV and broadband provider Get and the B2B operator TDC Norway. Norway is responsible for sales, marketing, customer service and product innovation in the Norwegian market and operates its own support functions.	12%	11%	908
Sweden	TDC	The B2B activities in Sweden are organised in three business areas; networking, unified communications and direct in order to clearly reflect customer needs and purchasing behaviours. Sweden operates its own sales organisation and support functions.	11%	9%	809

Our organisation year-end 2015 – cost centres

	Brands	Description
Operations	Dansk Kabel TV ComX	Operations manages a number of vital support functions, such as IT, procurement, installation and networks. Operations focuses on building Denmark's best network and 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.
Channels	bet25.dk red25.dk	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 expanding online sales, services and support. TDC Group has outsourced its call centre support function.
Head-quarters		Headquarters handles important staff services such as legal and regulatory affairs, HR, communications, strategy including M&A, and finance.

Share of revenue	Share of opex	Employees (EoP)
2%	52%	5,265



As a major step towards achieving its strategy for 2018, TDC Group has reorganised its Danish business, a process completed on 1 January 2016. The goal is to set the right framework for executing the strategy and providing customers with the best experiences through a focus on agility, closer cooperation and customer segments. This involves dividing the Danish B2C unit Consumer in two, Household Brands and Online Brands (the two household brands, YouSee and TDC brand, will during 2016 merge to one brand called YouSee). Furthermore, customer service functions are splitted from Channels into the commercial business lines and a new unit with a transverse customer focus is established.

2015 performance

2015 guidance follow-up

TDC Group met its 2015 financial guidance on revenue and EBITDA. As shown below, this included an expected materialisation of the majority of the underlying assumptions, while the outcome of a few assumptions differed to those expected by TDC Group.

	2015 Guidance	2015 Actuals
Organic revenue	-2.5%	-1.9% ✓
EBITDA	≥9.8bn	9.8bn ✓
Capex	~4.3bn	4.5bn (✓)
DPS	2.50	1.00 ✗

Better than expected

- Lower cash outflow to income taxes than expected, compensating on EFCF for the higher–than-guided capex spending
- Other income in TDC Norway, positively affected by termination of a defined benefit plan (DKK 34m)

As expected

- Danish economy with little or no spending growth
- Impact from regulation at the same level as in 2014
- Gross profit from mobility services in Consumer down by 8.2%, affected by the YoY mobile voice ARPU loss and spill-over effects from the loss of mobile customers throughout 2014
- Gross profit growth in Denmark from YouSee broadband offset by challenged development in TDC Brand due to LRAIC spill-over effects
- Gross profit decline of 15.1% from landline voice in Denmark in line with trend in earlier years
- TV gross profit returned to growth supported by subscriber growth in TDC TV and ARPU increases in YouSee
- Strong EBITDA growth rate in Get (10.0%)
- Flattish EBITDA development in Sweden in local currency
- Organic opex savings of 1.4% at a lower rate than experienced in 2014 (3.4%)

Worse than expected

- Gross profit in Business decreased by 12.8% across products vs. 7.1% in 2014
- NOK/DKK exchange rate of 0.835 vs. a guidance assumption of 0.85, negatively affecting EBITDA by DKK 23m
- Cancellation of the remaining 2015 dividend payment due to expected weak 2016 financial performance in Denmark

Income statements

- Reported revenue growth driven by the acquisition of Get in 2014
- Reported EBITDA level with 2014
- The Danish business challenged, resulting in non-cash impairment losses of DKK 4.6bn

	DKKm	Growth
Revenue	24,366	4.4%
EBITDA	9,809	0.1%
Profit for the year	-2,384	-173.9%

Revenue

In 2015, TDC Group achieved a 4.4% or DKK 1,022m increase in reported revenue, which was driven by the acquisition of Get (DKK 1,941m). This was partly offset by the continued negative impact from regulation and foreign exchange rates. Adjusted for these effects, organic revenue decreased by 1.9% or DKK 473m. This decline related mainly to Business and Consumer and was partly offset by growth in Get and Sweden.

Gross profit

In TDC Group, reported gross profit increased by 2.3% or DKK 392m in 2015 due to the acquisition of Get (DKK 1,527m). Organic gross profit decreased by 4.6% or DKK 841m, driven by the revenue decreases in Business and Consumer. The gross margin decreased from 73.2% in 2014 to 71.8% in 2015, driven by a changed product mix with a larger revenue share coming from low-margin areas.

Operational expenditure[1]

Reported operational expenditure increased by 5.3% or DKK 387m in 2015, as a result of the acquisition of Get (DKK 549m). Organic operational expenditure improved by 1.4% or DKK 110m as savings in the Danish cost centre, marketing and a one-off on other income in TDC Norway (DKK 34m) were only partly offset by increased SAC/SRC spending.

EBITDA

In 2015, reported EBITDA increased by 0.1% or DKK 5m. Organic EBITDA decreased by 6.9% or DKK 731m.

[1] Including other income.

Profit for the year

Profit for the year decreased by DKK 5,612m to a loss of DKK 2,384m. 2014 was positively impacted by the gain from divesting TDC Finland (DKK 754m) and 2015 was negatively impacted by impairment losses following the yearly impairment test of goodwill (DKK 4,618m). The declining profit level in the Danish business lines resulted in the need to write-down goodwill stemming from NTC's acquisition of TDC in 2006[2]. The impairment loss was caused primarily by the negative development and challenging outlook in Business. In addition, the negative impacts from regulation have resulted in a need for write-downs in Wholesale.

Profit for the year from continuing operations excluding special items decreased by 29.1% or DKK 1,027m, due mainly to higher depreciation and amortisation resulting from the acquisition of Get (DKK 684m) and the non-recurring impact on deferred taxes in 2014 from capitalisation of tax losses related to TDC Norway (DKK 593m).

[2] And the merger between NTC ApS and TDC A/S in 2009.

Comprehensive income

Total comprehensive income decreased by DKK 3,360m. The decrease in profit for the period (DKK 5,612m) was partly offset by the higher other comprehensive income (DKK 2,252m) that related primarily to defined benefit plans. The gains in 2015 and the losses in 2014 from defined benefit plans were caused primarily by the respective increases and decreases in the discount rate, as the recognised pension obligation is calculated by discounting the expected future pension payments.

Statements of cash flow, equity and NIBD

- Positive cash contribution from Get
- Lower income tax paid from lower taxable income and tax refund in 2015 and decrease in cash outflow related to special items
- Equity increase and NIBD decrease due chiefly to issuance of hybrid bonds treated as equity in the balance sheet

	DKKm	Growth
EFCF	3,227	0.4%
Equity	20,354	9.2%
NIBD	-26,031	

Capital expenditure
In 2015, capital expenditure totalled DKK 4,537m, an increase of 16.1% or DKK 628m, which was due to the inclusion of Get and increased investments in IT. The increase in IT spending supports the enhanced strategic focus on digitalisation. Investments in the Danish mobile network decreased in 2015 as large investments were made in 2014 due to the nationwide upgrade. Future investments will ensure TDC Group retains a best-in-class mobile network. In 2015, investments in the Danish hybrid fibre coaxial-cable network increased our capacity to offer higher broadband speeds to Danish households.

Equity free cash flow
The increase of DKK 13m in equity free cash flow includes a declining cash contribution (EBITDA-capex) in Denmark (DKK 1,035m) and an increase in Get (DKK 395m). This was offset by a decrease in income tax paid (DKK 414m) due to decreasing taxable income in combination with tax refunded in 2015 regarding previous years.

In addition, equity free cash flow was positively impacted by a lower cash outflow from special items (DKK 186m), affected by a lower level of redundancies as well as transaction costs in 2014 related to the acquisition of Get.

Equity
During 2015, total equity increased by DKK 1.7bn to DKK 20.4bn due chiefly to the issuance of hybrid bonds (DKK 5.6bn), which are accounted for as equity in the balance sheet. This was partly offset by the negative total comprehensive income (DKK 2.3bn) and distributed dividends (DKK 1.6bn).

Net interest-bearing debt
Net interest-bearing debt decreased by DKK 6,893m to DKK 26,031m.

The hybrid bonds of EUR 750m issued by TDC are accounted for as equity (DKK 5.6bn) and are not included in NIBD, while the earlier bridge bank loan was included in NIBD. Hybrid coupon payments will be recognised directly in equity at the time the payment obligation arises and will be recognised in the statement of cash flow and equity free cash flow upon payment.

The hybrid bonds are assigned 50% equity credit from rating agencies. Adjusted NIBD is calculated by adding 50% of the hybrid capital.

Accordingly, adjusted NIBD was DKK 28.8bn compared with DKK 32.9bn at the end of 2014.

The decreases in both NIBD and adjusted NIBD were attributable mainly to the issuance of hybrid bonds and cash flow from operations that were partly offset by dividends.

Refinancing
In February 2015, the bridge bank loan stemming from the acquisition of Get (EUR 1,600m), was refinanced through a combination of senior unsecured EMTN bonds (EUR 800m, 12 years' maturity, 1.75% coupon) and hybrid capital (EUR 750m, 6 years non-call, 3.5% coupon). The EUR 800m bond that matured in February 2015 was also refinanced with bank loans (EUR 650m) and cash.

In addition, the EUR 274m EMTN bond that matured in December 2015 was refinanced with bank loans and cash.

TDC Group's performance per business line in 2015

In the illustration below, TDC Group's 2015 performance is presented using our traditional business line reporting. Costs in Denmark are not allocated, but are included in the business line responsible for the service, cf. segment note 2.1. A detailed description of the individual business lines' 2015 performance will follow on the next pages.

DKKm/ Growth in local currency	TDC Group	Consumer	Business	Wholesale	Cost Centre	Denmark in total	Get [2]	TDC Norway	Sweden
		Denmark					Norway		Sweden
Revenue [1]	24,366	11,154	5,922	1,685	473	19,011	2,327	810	2,697
	+4.4%	-3.3%	-7.2%	-7.9%	+6.3%	-5.0%	+5.2%	-2.3%	+9.3%
Gross profit [1]	17,484	8,413	4,647	1,104	343	14,360	1,820	280	1,033
	+2.3%	-4.5%	-12.8%	-5.0%	+24.3%	-7.0%	+7.8%	-11.6%	+3.9%
EBITDA [1]	9,809	7,445	3,664	947	-3,842	8,210	1,153	126	320
	+0.1%	-5.9%	-16.6%	-4.1%	+6.7%	-10.5%	+10.0%	+6.3%	+1.0%

[1] Both absolute figures and growth rates are excluding eliminations and therefore do not amount to 100%.
[2] The growth figures show Get's growth from 2014 to 2015 based on full year inclusion of Get in 2014.

Consumer

	DKKm/Growth	Share of TDC Group
Revenue	**11,154** -3.3%	 **46%**
EBITDA	**7,445** -5.9%	

- EBITDA decreased by 5.9% in 2015
- Mobile voice customer-base turnaround
- High-speed broadband of up to 500 Mbps
- Revitalised TV offering in household brands launched

2015 performance

In 2015, Consumer's EBITDA decreased by 5.9% or DKK 469m to DKK 7,445m, resulting from a YoY mobile voice ARPU loss of 3.4% and spill-over effects from the loss of mobile customers in 2014 as well as the continued decline on landline voice. The 5.9% decrease compared unfavourably with the EBITDA decrease of 1.1% in 2014. The worsened development stemmed mainly from increased SAC/SRC spending and decreasing impacts from fees.

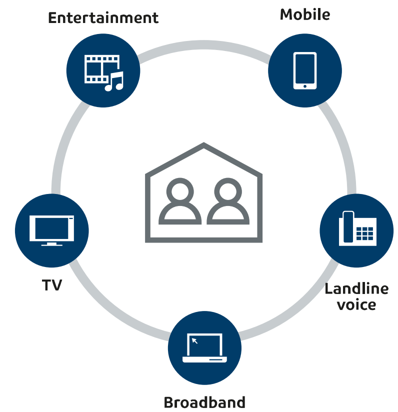
Despite its less favourable financial performance, Consumer succeeded with a number of significant strategic initiatives in 2015:

Firstly, Consumer successfully reduced churn and reversed the negative customer development in mobile seen in recent years. This improvement was achieved by offering existing customers unlimited data in a campaign launched in mid-2015 to celebrate the new mobile network, and by targeted upselling of mobile products to existing TV and broadband customers, particularly in YouSee. YouSee was the best-performing mobile voice brand in Denmark in 2015 and was a major reason for the 8.0% increase in households with a minimum of three products within the same brand. In addition, the TDC brand launched a new flexible benefit programme in Q4, which gives customers the freedom to choose from a range of different benefits, and thereby increases customers' value proposition.

Secondly, Consumer is well underway with revitalising its TV offering to meet the increasing popularity of on-demand services, including high-speed broadband. Consumer has invested heavily in strengthening YouSee and TDC brands' entertainment universe, and content consumption and functionality usage have increased significantly over the past year. YouSee customers enjoy broadband speeds of up to 500 Mbps, and the average speed increased from 36 to 88 Mbps during 2015. High broadband speeds and a strong mobile network are important enablers for delivering integrated solutions including entertainment to households regardless of time, place and device.

Finally, Consumer's no-frills brand, Fullrate, continued to increase its customer base in 2015 by offering simple products targeting the price-conscious customer segment, though the last quarter was challenging. Meanwhile, Telmore stabilised its mobile customer base after years of losses. This was achieved partly by a good development in Telmore Play, which also improved customer satisfaction.

Products and solutions



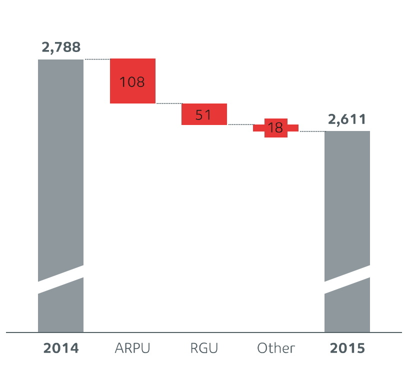
Consumer

Mobility services

- In 2015, reported revenue from mobility services in Consumer decreased by 6.3% or DKK 177m to DKK 2,611m. This related to lower ARPU due to the price-competitive market as well as an unsatisfactory customer base development in 2014
- The development in Consumer's mobile voice customer base turned around in 2015 and increased by 25k. This related largely to lower churn rates driven by retention activities with product upgrades and the unlimited data campaign for existing customers
- After years with stable ARPU, Consumer's mobile voice ARPU decreased by DKK 4 with an accelerating trend throughout the year and was negatively affected by customers migrating to lower price points as well as cross-selling to existing TV and broadband customers in line with our household strategy. The recent price initiatives have only had a marginal effect to date

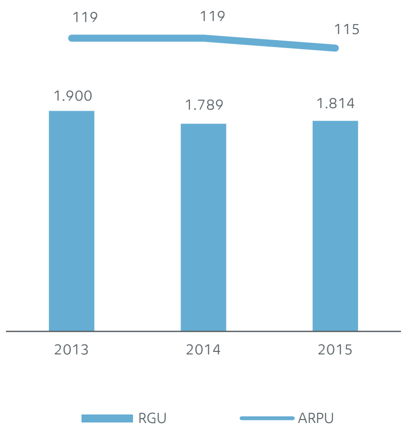
Revenue growth in mobility services

DKKm



Mobile voice ARPU and RGUs

DKK per month/('000)

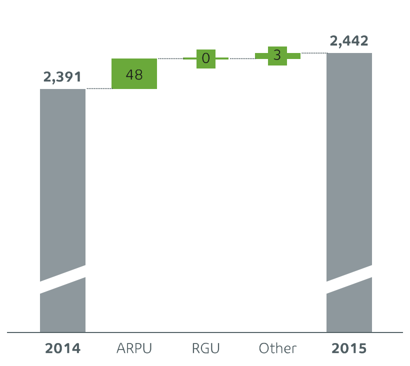


Internet & network

- In 2015, Consumer's reported revenue from internet & network increased by 2.1% or DKK 51m to DKK 2,442m, driven by a rise in ARPU
- Consumer's broadband customer base decreased by 10k. TDC brand saw a worsened development, with 24k broadband customers lost to competitors utilising the lower wholesale prices (LRAIC) to set lower retail prices. This was partly offset by growth in YouSee. YouSee attracted customers with the opportunity for high speeds and value-added services such as TV on-the-go combining products in solutions
- Consumer's broadband ARPU increased by DKK 4 due primarily to price increases in the TDC brand and customers migrating to higher speeds in YouSee

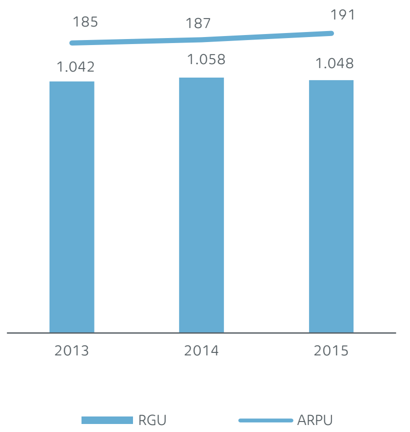
Revenue growth in internet & network

DKKm



Broadband ARPU and RGUs

DKK per month/('000)



Consumer

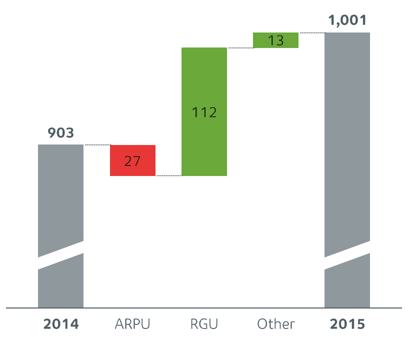
TDC/Fullrate brand TV

- In 2015, TDC/Fullrate brands TV succeeded in delivering total reported revenue growth of 10.9% or DKK 98m, up to DKK 1,001m, driven by growth in the customer base
- The growth of 19k TV customers in 2015 was driven by attractively priced packages featuring premium content in both the TDC brand and Fullrate brand
- TDC/Fullrate brands' TV ARPU declined, due to a changed product mix. This was only to a lesser extent offset by price increases as of 1 January 2015[1]. In total, TDC/Fullrate brand TV ARPU declined by DKK 10 in 2015

[1] 4-8% price increase on TDC TV.

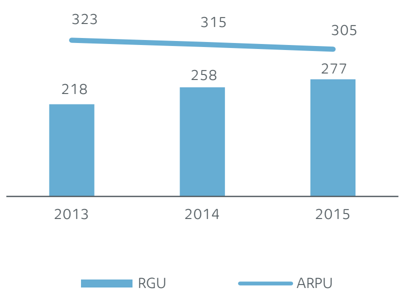
Revenue growth in TDC/Fullrate brand TV

DKKm



TDC/Fullrate brand TV ARPU and RGUs

DKK per month/('000)



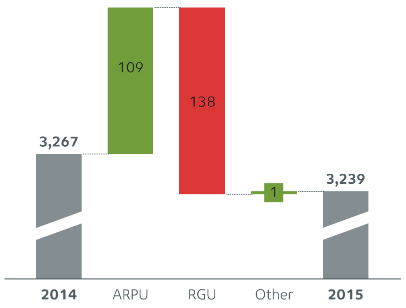
YouSee brand TV

- Reported revenue from TV in YouSee decreased by 0.9% or DKK 28m to DKK 3,239m, reflecting a decline in the customer base that was partly offset by higher ARPU
- YouSee's customer base decreased by 53k subscribers in 2015 partly as a result of cord cutting at both individual customers and antenna associations. In addition, YouSee lost a low-ARPU antenna association (-14k) in Q1 2015. The same association was regained in 2015 with financial effect from January 2016 including delivery of a full TV-offering as opposed to previously
- YouSee's ARPU rose by DKK 8 in 2015 prompted by price changes effective as of 1 January 2015[2] with the main effect stemming from a large price change in the full package, as this constitutes a significant part of the total customer base
- As expected, the price changes resulted in customers migrating to smaller TV packages. This cord shaving effect, combined with the generally increasing use of streaming services vs. flow TV, means that more customers now have only a basic TV package

[2] 5-6% price increases on packages.

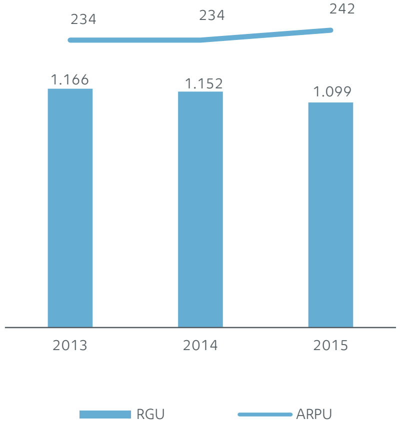
Revenue growth in the YouSee brand TV

DKKm



YouSee brand TV ARPU and RGUs

DKK per month/('000)



Consumer

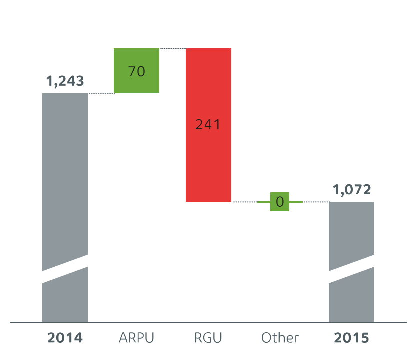
Landline voice

- In 2015, Consumer's reported revenue from landline voice decreased by 13.8% or DKK 171m to DKK 1,072m due to the loss of customers
- The 121k decrease in Consumer's landline voice customer base reflected the shift to mobile only. However, churn rates were lower in 2015 than 2014
- Price changes[1] in the TDC brand in mid-2014 and as of 1 January 2015 resulted in an ARPU increase. This was partly offset by lower revenue from variable traffic and a larger share of VoIP customers. In total, ARPU increased by DKK 8 compared with 2014

[1] A DKK 15 price increase on subscription fee's covering 50% of Consumer's landline voice customer base, effective as of 1 July 2014, and an increase of DKK 0.08 in price per minute for landline phones calling mobile phones covering almost 90% of Consumer's landline voice customer base, effective as of 1 January 2015.

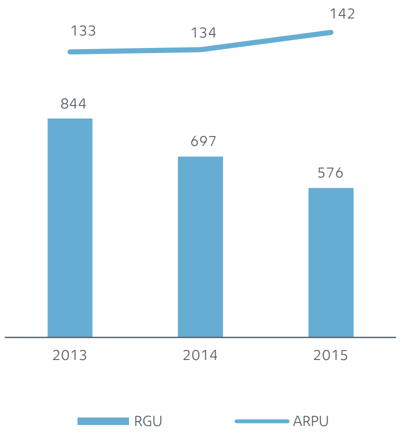
Revenue growth in landline voice

DKKm



Landline voice ARPU and RGUs

DKK per month/('000)



Other services

- In 2015, revenue from other services declined by 16.4% or DKK 155m to DKK 789m due to lower revenue from mobile handsets sold with a positive margin as a result of lower sales to third-party vendors as well as decreasing effects from fees

Business

	DKKm/Growth	Share of TDC Group
Revenue	**5,922** -7.2%	 **23%**
EBITDA	**3,664** -16.6%	

- Unsatisfactory development with EBITDA loss of 16.6%
- Mobile voice ARPU significantly impacted by low SKI prices
- Significant improvement in mobile voice churn rate for small and medium-sized businesses in second half of 2015
- Write-downs for impairment of goodwill related to Business (DKK 3,900m)

2015 performance

Business experienced an unsatisfactory development in 2015 with an EBITDA loss of 16.6% or DKK 731m to DKK 3,664m, driven by intense competition across products and segments and a worsened opex development. This is an unfavourable development compared with 2014 and represented a low point for performance in recent years.

In the very competitive Danish B2B market, Business has yet to succeed in shifting its customers' main focus from pricing to value creation through seamlessly integrated solutions.

In the high-end segment, this focus on price has particularly affected contract renegotiations with the largest customers, where the pricing of the public (SKI) agreement won in H2 2014 has had spill-over effects. In addition, the SKI agreement had a direct negative impact on revenue. To rectify the development in the high-end segment, Business is intent on becoming a trusted advisor with a mindset highlighting mainly solutions that fulfil customer needs and create value for the customer. A more proactive approach to the renegotiations is also being adopted.

In the segment for small and medium-sized businesses higher pricing because of additional functionalities has been under pressure. Customers tend to compare prices with the simpler and lower-priced products in the residential market, which has resulted in the continued loss of customers, and ARPU declines. In 2015, Business expanded its value proposition for small and medium-sized businesses by providing easy access to dedicated account manager teams while launching a number of value added services in the mobile portfolio. The transformation carried out to enhance market position and customer experience resulted in a significant improvement in mobile voice churn rates for the small and medium-sized businesses in the second half of 2015. In addition, unified communications solutions, such as TDC Scale and TDC One, continued to grow.

The increasing complexity of Business' products and processes has long been a challenge and negatively affected customer satisfaction for reasons of e.g. lack of invoice transparency. An important part of the strategy to improve customer satisfaction and performance in Business therefore relates to simplifying both products and processes in order to deliver advanced solutions in simpler ways.

Products and solutions

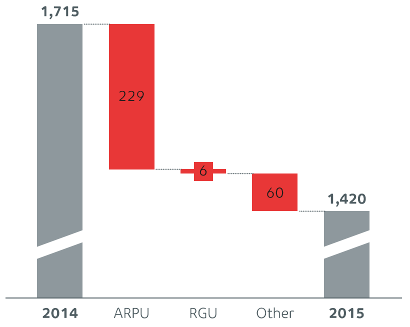
Business

Mobility services

- Reported revenue from mobility services in Business declined by 17.2% or DKK 295m to DKK 1,420m in 2015 due to an ARPU decrease of DKK 24 or 15.3%. This was a consequence of renegotiations (incl. SKI) in the high-end segments and continued price competition in the low-end segments. Revenue from mobile broadband also declined in 2015
- Business saw a net loss of 15k mobile voice subscriptions in 2015 due to the loss of small and medium-sized business customers, which was only partly offset by an increase in public customers
- During 2015, the mobile churn rate among small and medium-sized businesses improved considerably. This was spurred on by the introduction of a new mobile portfolio that ensures a higher customer value proposition through inclusion of more value added services

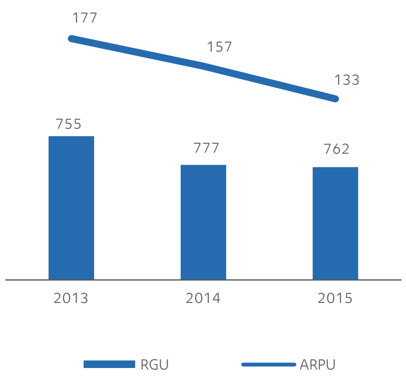
Revenue growth in mobility services

DKKm



Mobile voice ARPU and RGUs

DKK per month/('000)

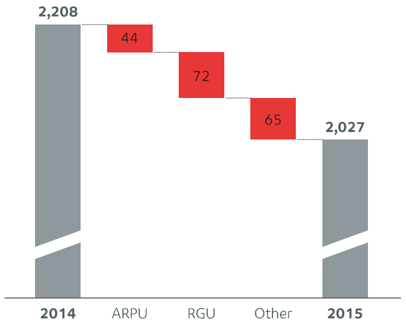


Internet & network

- In 2015, Business' reported revenue from internet & network decreased by 8.2% or DKK 181m to DKK 2,027m. The decline in revenue related to both broadband and other revenue from fibre connections and other data connections
- Revenue from broadband was negatively affected by a declining customer base combined with a DKK 16 ARPU decrease resulting from leakage and migration of high-ARPU legacy customers and price pressure during renegotiations
- Revenue loss from internet & network was partly offset by growth of 2.6% or DKK 12m in TDC Hosting

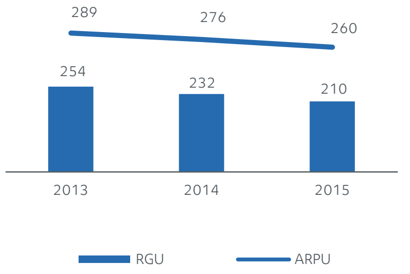
Revenue growth in internet & network

DKKm



Broadband ARPU and RGUs

DKK per month/('000)



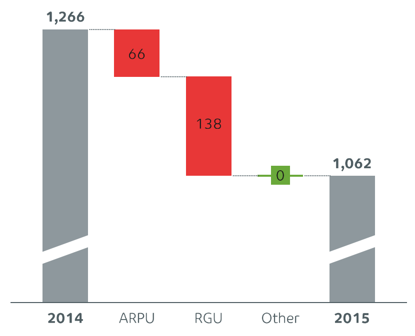
Business

Landline voice

- Reported revenue stemming from landline voice in Business declined by 16.1% or DKK 204m to DKK 1,062m in 2015. This was driven by the declines in the customer base and ARPU. The decrease in revenue was more pronounced than in 2014
- The 40k decrease in the customer base resulted from the generally declining market for landline voice
- The landline voice ARPU decrease of DKK 18 was negatively affected by SKI renegotiations and was only partly balanced by continued growth in the high-ARPU integrated solutions TDC One and TDC Scale

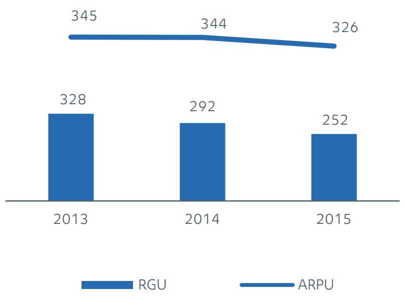
Revenue growth in landline voice

DKKm



Landline voice ARPU and RGUs

DKK per month/('000)



Other services

- NetDesign is the largest IT advisor and network integrator in Denmark. NetDesign supplies Danish companies with customer-specific IT and communications end-to-end solutions accompanied by an advanced service concept. In 2015, NetDesign revenue improved by 13.7% or DKK 113m to DKK 936m. The growth was driven exclusively by low-margin hardware and software sales, which resulted in a negative gross profit development, as the corresponding costs increased at a higher rate
- Revenue from handset sales in Business increased due to partner sales and higher iPhone and iPad sales

Wholesale

	DKKm/Growth	Share of TDC Group
Revenue	**1,685** -7.9%	 **6%**
EBITDA	**947** -4.1%	

- EBITDA decrease of 4.1% in 2015 driven by regulatory price adjustments and price pressure
- Increased customer bases in both mobility services and broadband
- Loss of a large MVNO contract in Wholesale with financial effect from 2016
- Write-downs for impairment of goodwill related to Wholesale (DKK 572m)

2015 performance

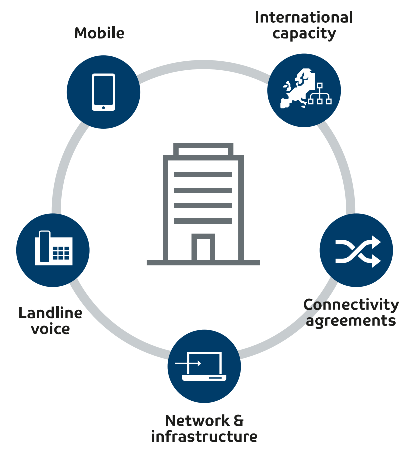
In 2015, Wholesale reported an EBITDA loss of 4.1% or DKK 41m to DKK 947m driven by general price pressure and regulatory price adjustments. This was partly offset by an improvement in operational expenditure.

The price pressure resulted from the very competitive Danish market where wholesale customers compare prices with the various offers in the residential market. This price focus negatively affected contract renegotiations in 2015, resulting in lower ARPU across products. Price pressure also led to the loss of large MVNO contracts, one as of 1 January 2015 and the other with financial effect from 2016.

In 2015, 37% of revenue in Wholesale was regulated. The regulatory price adjustments affected various wholesale products. The national products mobility services, internet and landline voice are partly regulated through mobile termination rates and LRAIC. In 2015, LRAIC regulation significantly affected broadband ARPU, as BSA prices were considerably reduced. In the international wholesale business, roaming is regulated by the EU.

As the products and services provided by Wholesale range from plain access to full service packages, the offerings can be scaled to suit customer needs, e.g. within internet from rent of raw copper to rent of the full broadband product, including internet access, traffic and equipment. Through a service transformation, the strategic focus will be on moving the portfolio from simple access products to more value-based products with add-ons. For that reason, Wholesale adopted a more proactive approach to contract renegotiations in 2015, with a higher focus on customer value creation. This focus will continue in 2016.

Products and solutions



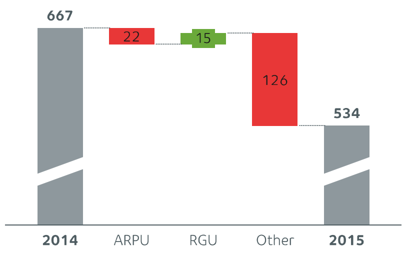
Wholesale

Mobility services

- Reported revenue from mobility services decreased by 19.9% or DKK 133m to DKK 534m in 2015. The decrease was due primarily to the loss of a large MVNO contract as of 1 January 2015 and a decrease in interconnect due to regulatory MTR adjustments, primarily SMS with no gross profit effect
- ARPU decreased by DKK 9 driven by price pressure and a change in customer mix with new customers generally entering at a lower ARPU level
- The customer base increased by 18k, positively affected by service providers' successful campaigns

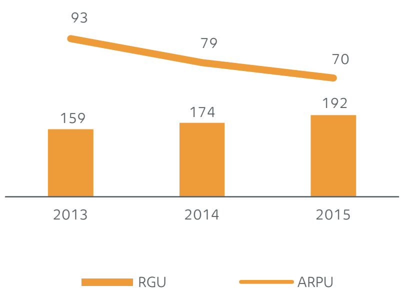
Revenue growth in mobility services

DKKm



Mobile voice ARPU and RGUs

DKK per month/('000)

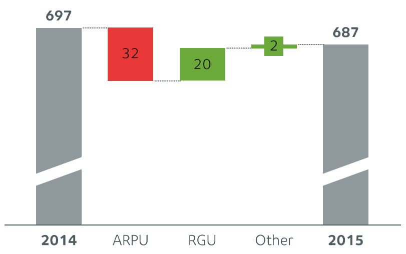


Internet & network

- Reported revenue from internet & network decreased by 1.4% or DKK 10m to DKK 687m in 2015. This stemmed from a decline in broadband revenue that was only partly offset by an increase in international capacity
- The decline in broadband resulted from a decrease in ARPU, which was affected by regulatory price adjustments (LRAIC) with lower BSA prices. However, this was partly counterbalanced by an increasing broadband customer base (20k), positively affected by wholesale customers' successful campaigns
- International capacity saw increasing revenue, but with only limited gross profit effect due to price pressure and a changed mix favouring lower-margin products

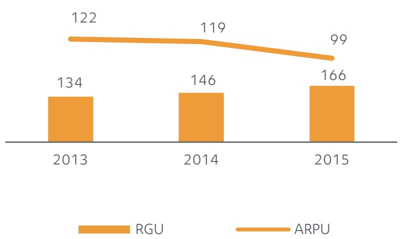
Revenue growth in internet & network

DKKm



Broadband ARPU and RGUs

DKK per month/('000)



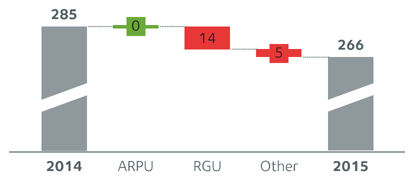
Wholesale

Landline voice

- Reported revenue from landline voice decreased by 6.7% or DKK 19m to DKK 266m in 2015, stemming primarily from a decrease in service provider customers
- The 15k decrease in service provider customers was in line with the loss in 2014 and was due to the continuous decline in the overall landline voice market
- A decrease in other revenue related to national interconnection, which was negatively affected by regulation and lower traffic volumes
- ARPU remained unchanged compared with 2014

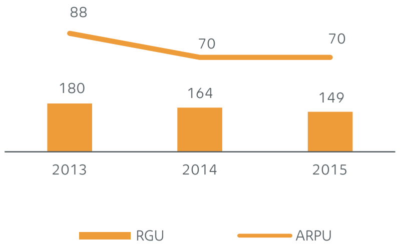
Revenue growth in landline voice

DKKm



Landline voice ARPU and RGUs

DKK per month/('000)



Cost centre

- Savings of 4.8% in operational expenditure at cost centre
- Customer waiting times and support accessibility improved in 2015
- Increased productivity and fewer faults reduced cost and number of hours spent on fault-handling
- 46 fewer FTEs in cost centre vs. 2014, driven by Operations, but partly offset by manning in customer service to meet the sales ambition

	DKKm/Growth	Share of TDC Group
Opex	**-4,185** 4.8%	 **52%**
EBITDA	**-3,842** 6.7%	

2015 performance

In 2015, TDC Group continued to increase efficiency and maintained a focus on optimising processes. This resulted in an improved performance in operational expenditure[1] in cost centre of 4.8% or DKK 210m. When the positive one-off regarding the strategic review from Q4 2014 is excluded, savings are at the 2014 level. Gross profit from cost centre improved by 24.3% or DKK 67m prompted by increased installation activities in Dansk Kabel TV and managed services. Overall, this led to a 6.7% or DKK 277m improvement in cost centre EBITDA in 2015.

The strong development in cost reductions in cost centre across categories was successfully achieved through a series of focused initiatives.

[1] Including other income.

Firstly, structured and focused contract renegotiations facilitated savings in larger contracts, including an enhanced contract for mobile operations and IT service agreements.

Secondly, several field force initiatives with a focus on customer satisfaction and operational excellence reduced the number of faults by 10.6% at customer sites and time spent on fault-handling by 9.6% in 2015. This led to less internal time allocated to fault-handling as well as a lower need for external contractors. The analysis of field force outsourcing was completed in early 2015 and a competitive internal agreement was made with TDC Group's union. The agreement paved the way for insourcing installation tasks from an external partner.

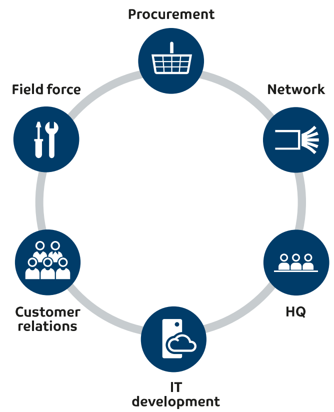
Thirdly, facility management initiatives and lower power consumption due to a reduced unit cost and mild summer weather further reduced costs in cost centre.

Efficiency was also improved in customer support, despite an increasing number of calls. Outsourcing of customer support handling in late 2014 showed positive results in 2015 with a significantly enhanced performance. Customer waiting times[2] dropped from 31.1% in 2014 to 4.4% in 2015 and accessibility across touch points improved by 30.0% in 2015.

To secure future efficiency improvements and financial savings, TDC Group invested in end-to-end lean projects during 2015 and will continue this journey in 2016.

[2] The share of customers waiting more than three minutes when calling customer support.

Cost centre activities



Norway

- Get delivered strong EBITDA growth of 10.0% in local currency
- TDC Norway faced declining earnings; restructuring plan initiated
- Get received Broadband Provider of the Year award

	DKKm/Growth	Share of TDC Group
Revenue	**3,131** 3.0%[1]	 **12%**
EBITDA	**1,279** 9.7%[1]	 **13%**

[1] Growth rates are in local currency and based on 2014 full-year inclusion of Get.

2015 performance

In 2015, reported EBITDA in Norway increased by NOK 1,184m to NOK 1,533m driven by the acquisition of Get in 2014[2]. Based on 2014 full-year inclusion of Get, EBITDA in Norway increased by 9.7% or NOK 135m.

Get

In 2015, Get celebrated another successful year after delivering strong organic EBITDA growth of 10.0% in local currency, with EBITDA up by NOK 126m to NOK 1,380m. This was driven by growth in the customer base with increased broadband penetration and higher TV ARPU.

In the Norwegian B2C market, Get is the second-largest TV and broadband operator after the incumbent operator. In 2015, Get successfully increased both TV and broadband market shares while also raising household ARPU by 4% YoY. For seven consecutive years, Get has delivered the strongest broadband subscriber growth of all broadband providers in Norway[3].

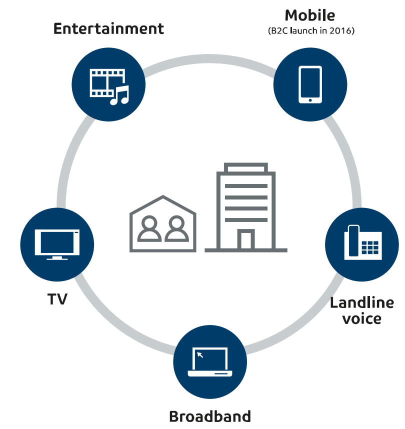
Get is committed to delivering the best customer experiences and solutions in a constantly more complex digital world. In 2015, this goal was supported by several launches of value added services that strengthened Get's offerings for Norwegian households. As the first in the world, Get included unlimited cloud storage in all broadband subscriptions. Get also launched a music streaming service and TV content on-the-go for all customers.

Get received a number of awards for its innovative services in 2015, including Broadband Provider of the Year at the Tek Awards 2015[4] and two cross-industry innovation awards (Farmandprisen[5]) for Get TV app and the most innovative website.

TDC Norway

In the B2B market, TDC Norway's reported EBITDA increased by NOK 9m or 6.3%. EBITDA was boosted by a positive one-off from terminating a defined benefit plan, partly off-set by a one-off on transmission costs in Q1 2014. Adjusted for this, EBITDA declined by a disappointing 12.5% or NOK 18m. TDC Norway has initiated a proactive restructuring plan, including cost savings and a refocused product line-up to prioritise higher gross profit products.

Products and solutions



[2] Get was included in TDC's figures for only two months in 2014 and for the full year in 2015.

[3] According to Norwegian Communication Authorities, May 2015.

[4] www.tek.no is Norway's largest consumer technology website.
[5] www.farmandprisen.no.

Norway

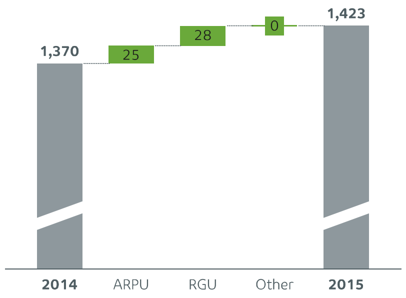
TV in Get

- In 2015, Get's organic revenue from TV increased by 3.9% or NOK 53m to NOK 1,423m, driven by both growth in ARPU and a larger customer base
- Get increased its TV customer base by 6k customers. This achievement was driven by both organic customer growth as well as footprint expansion
- TV ARPU increased by NOK 6 as a result of increased subscription fees effective as of 1 January 2015
- From H1 2014 to H1 2015, Get raised its TV market share by 0.5 percentage points to 19% of total TV subscriptions in Norway. In the same period, Get increased its market share of cable TV by 0.7 percentage points to 43% of cable-TV subscriptions[1]

[1] Norwegian Communication Authorities, first half of 2015.

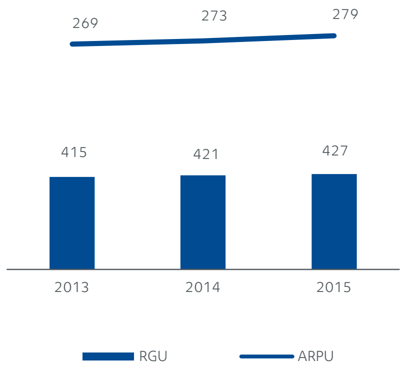
Revenue growth in TV

NOKm



TV ARPU and RGUs

NOK per month/('000)



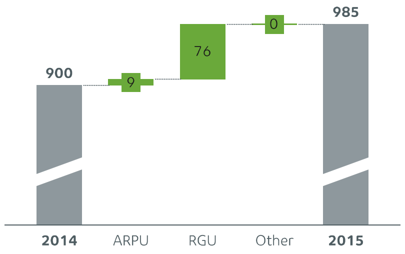
Broadband in Get

- Get's reported revenue from broadband increased by a healthy 9.4% or NOK 85m to NOK 985m in 2015 as Get successfully expanded its customer base
- High broadband customer base growth of 27k prompted a 5.0 percentage points increase in broadband penetration to 81% of TV customers. Get attracted more customers with high-speed offerings and value-added services such as unlimited cloud storage
- Broadband ARPU increased by NOK 3 driven by migration of customers to higher speeds as well as upselling
- From H1 2014 to H1 2015, Get increased its broadband market share by 1.4 percentage points to 17% of total broadband subscriptions in the B2C market[2]

[2] Norwegian Communication Authorities, first half of 2015.

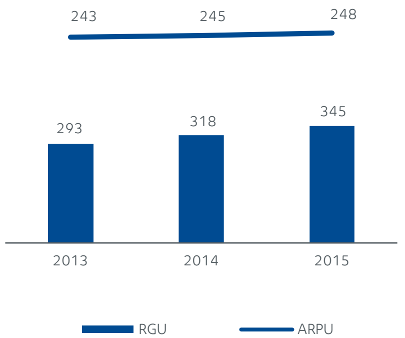
Revenue growth in broadband

NOKm

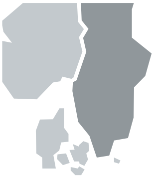


Broadband ARPU and RGUs

NOK per month/('000)



Sweden



- Revenue increase of 9.3% in 2015
- Successful sales of integrated solutions with several major wins
- High mobile subscription growth of 57k (56.4%)
- Majority of mobile customers successfully migrated to new MVNO contract
- EBITDA growth of 1.0%, however with stronger underlying performance
- Strategic review of Sweden initiated

	DKKm/Growth	Share of TDC Group
Revenue	**2,697** 9.3%[1]	 **11%**
EBITDA	**320** 1.0%[1]	**3%**

[1] Growth rate in local currency.

2015 performance

In 2015, Sweden resumed its revenue growth with revenue in local currency rising to SEK 3,381m. This strong 9.3% increase represented a significant improvement compared with the decrease of 1.3% in 2014.

EBITDA increased by a modest 1.0%, though when adjusted for the negative effect of the loss of a very large customer in H2 2014 and one-off of SEK 18m on transmission costs in Q1 2014, underlying EBITDA growth was stronger.

The improved performance in Sweden was driven by successful sales of integrated communications solutions through a mix of operator and integrator services, further strengthened by the acquisition of Viridis in October 2014. This mix enables Sweden to offer solutions within both unified communications, which includes landline and mobility services, and within networking, which includes IP-VPN connections. In 2015, Sweden also offered more service-based products e.g. the concept of Network-as-a-Service, which resulted in several large wins. This concept provides the customer with full end-to-end network services as Sweden both owns and manages the customer's internal and external networks.

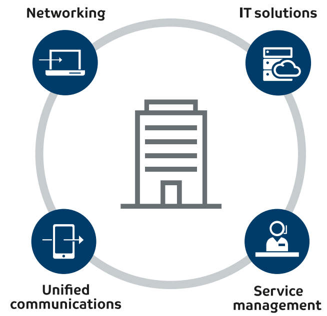
The focus on integrated solutions and end-to-end services has contributed to successfully expanding customer focus from purely price to value added solutions.

Within operator services, Sweden achieved strong growth in mobility subscriptions, accompanied by an increasing market share. The number of mobile subscriptions was driven up via the higher sales of integrated solutions, as mobile subscriptions are sold mainly as a combined offering within unified communications.

Sweden operates as the largest B2B MVNO in the Swedish mobile market and by signing a new MVNO contract with TeliaSonera in 2015, ensured its ability to continue delivering high-quality services on 2G, 3G and 4G mobile networks. By the end of 2015, the majority of mobile customers had been migrated.

In the integrator business, project sales and service agreements within network and low-margin hardware sales in particular contributed to the revenue growth.

Products and solutions



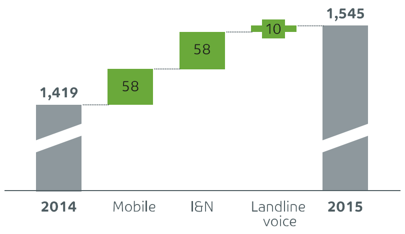
Sweden

Operator business

- Reported revenue from the operator business increased by 8.9% driven by growth across products
- Reported revenue from mobility services increased by 37.4% in local currency driven by strong growth in mobile subscriptions (57k) spurred on by increased sales of integrated solutions with mobility services included
- Mobile ARPU negatively affected by price competition in both new contracts and renegotiations and a high intake of public customers with lower ARPU
- IP-VPN generated an increase of 6.6% in internet & network revenue resulting from growth in the number of connections despite fierce competition
- Growth in low-margin landline voice connections triggered a small increase in landline voice revenue

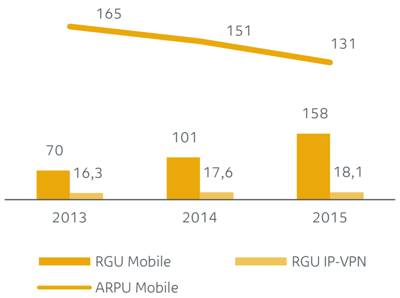
Revenue growth in operator business

SEKm



Mobile and IP-VPN ARPU and RGUs

SEK per month/('000)

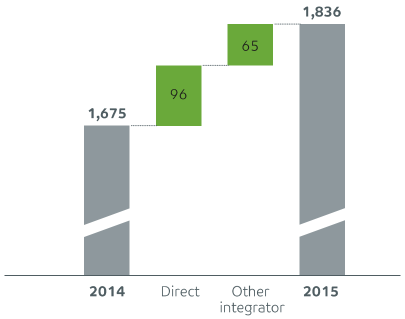


Integrator business

- Reported revenue from integrator business rose by 9.6% driven by direct business and network solutions
- Growth in direct business was with limited gross profit effect as it related mainly to sales of low-margin hardware
- Increased revenue from network solutions related mainly to projects and service agreements

Revenue growth in integrator business

SEKm



Looking ahead

Strategy execution challenged in 2015

During its recent three-year strategic plan up to 2015, TDC Group sought to improve its financial and operating performance through a number of group-wide initiatives. These centred on enhancing customer service; developing complementary growth opportunities; updating platforms and optimising economies of scale; and improving employee empowerment and teamwork.

While keeping these goals in sight, however, TDC Group has had to respond to challenging market developments. In Business, ARPU has been significantly pressured by both contract renegotiations and competing consumer offerings. The renegotiation of large public contracts (e.g. SKI) has resulted in price points at which a sufficient profitability cannot be generated without reducing service quality substantially.

In Consumer, customers continue to disconnect their landline voice subscriptions in large numbers and migrate to mobile-only solutions. Intense price competition in the mobile segment has made Denmark one of the most competitive global markets with some of the lowest price points in the EU.

Regulation also pressured TDC Group's performance during this period, including the impact of mobile roaming tariffs and reduced pricing on wholesale broadband products.

This environment of intense price competition, coupled with adverse regulatory effects, has led to a decreasing profit pool in the core Danish market.

Not all of TDC Group's challenges are external. Many of the factors that have adversely impacted performance are due to previously unaddressed internal issues. Left unchecked, these internal factors could undermine TDC Group's objective of being the leading provider of integrated solutions for households and businesses. TDC Group is therefore determined to transform any remaining elements of its incumbent mindset to become fully customer-centric. It intends to achieve this by providing seamless, technology-agnostic solutions for customers while eliminating all vestiges of a 'silo' approach to business lines and product development. Rather than developing numerous proprietary solutions, TDC Group will also pursue simplified and repeatable solutions in partnership with third parties.

In addition, fundamentally, TDC Group is mobilising its resources to significantly improve and align its image in the markets where it operates to support its ambitions as a provider of leading communications and entertainment solutions.

TDC Group areas set for change

	From ...	... to
Mindset	Incumbent mindset	Customer-centric development
System	Silo business-line thinking	Integrated businesses & technology-agnostic solutions
Offering	Product and RGU focus	Integrated household and SMB solutions
Development	Proprietary TDC-developed solutions	White label solutions, partnerships & co-innovations
Image (TDC Group)	Negative market perception	Intuitive positive reaction from all stakeholders

Strategic focus in 2016 and going forward

TDC Group's ambition is to provide leading communications and home entertainment solutions in its core markets. To realise this goal, TDC Group is reinvigorating its strategic plan and intensifying its execution focus via a renewed 2016-18 strategy centred on providing best-in-class customer satisfaction and improving the trend towards EBITDA and cash flow growth in 2018.

The new strategy vision reflects the guiding principle of "Always simpler and better". This principle describes how TDC Group will interact with its customers, including a commitment to differentiating itself in a highly competitive marketplace by delivering on a core set of customer promises: Better connectivity, offerings and customer experience.

"Always simpler and better" also describes the ways TDC Group organises itself and seeks to operate as a streamlined business. TDC Group has recently reorganised its Danish operations to sharpen its focus on delivering a better customer experience. A simplification of both the B2C and B2B operating models will optimise investment and marketing spending and reduce complexity and duplication. As a result of the company-wide simplification programme, TDC Group expects to exit the plan with a meaningfully lower run-rate of operating expenses.

Always simpler & better

Better connectivity

- TDC Group will leverage its world-class mobile network and accelerate upgrading its cable network to market-leading 1 gigabit speeds
- Through technologies such as vectoring, TDC Group will boost the Danish nationwide copper network – avoiding investments in overlapping infrastructure
- TDC Group's customers, both consumers and businesses, will enjoy best-in-class, ubiquitous broadband connectivity – irrespective of network type

Better offerings

- By unifying premium B2C services in Denmark, customers will benefit from a suite of integrated services – delivered via a unified go-to-market strategy
- Simple, easy-to-use digital-first approach to marketing, sales and service
- Launch of Get mobile in 2016
- Within the B2B division, reducing complexity in the product portfolio will be in focus. Enterprise and SMB customers will benefit from more standardised products and a more clearly defined proposition

Better customer experience

- TDC Group will utilise enhanced customer insights to proactively shape its product development efforts and increasingly digitalise the customer service experience
- By pursuing end-to-end customer-centric journeys, TDC Group will substantially reduce churn, increase customer loyalty, enhance cross-selling and up-selling opportunities and improve customer satisfaction scores
- Differentiated customer service, including 24/7 call centre availability, will enhance TDC Group's customer experience

Simplified digital operating model

- Simplified B2B operations
- Trim-to-invest
- Simplified & standardised processes
- Cost efficient online focus
- IT consolidation
- Capex optimisation

Best customer satisfaction | **Best cash flow generation**

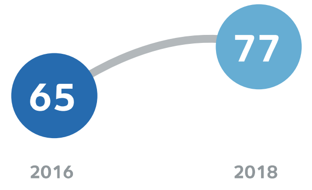
Financial guidance and strategic ambition

2016 guidance

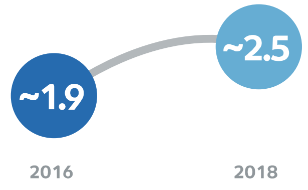
EBITDA	EFCF	DPS
~8.8 bn	~1.9 bn	1.00 DKK per share
assuming DKK/NOK and DKK/SEK of ~0.80		will be paid out in Q1 2017

2018 ambitions

Recommend score



EFCF in billions



Assumptions

- Regulatory impact expected at same level as 2015
- High single-digit EBITDA growth rates in Norway and Sweden
- Substantial EBITDA decline in Business, however less severe compared with the 2015 development
- Lower YoY decline from Consumer mobile as ARPU pressure eases off after recent market price increases
- Negative impact from loss of a large MVNO contract in Wholesale
- Deteriorated gross profit in Consumer TV due to lower price increases than in 2015
- Deteriorated gross profit in Consumer broadband due to increased competition
- Unchanged YoY loss from Consumer landline voice
- Decreasing non-service revenue in Consumer
- Higher net interest following the financing of the Get acquisition
- Flat development in tax paid
- Increases in cash capex due to different timing of payment and expected mobile licence fee (1800 MHz)

Assumptions

- Declining regulatory impact compared with 2015 level
- Continued high growth in Get and Sweden
- Improved development in Business compared with 2015 level
- Positive gross profit contribution from Consumer mobile following ARPU stabilisation
- Lowered declines in gross profit from Consumer landline voice
- Substantial opex savings; 2018 opex DKK 600-700m lower than 2015 level
- Slight decrease in cash outflow related to capex
- EFCF improvement in 2018 driven by EBITDA increase, lower capex level, and lower special items cash outflow
- TDC Group will offer half of Danish households with access to broadband speeds of 1 Gbps
- Full household penetration (TV+broadband+mobile voice) increase from 249k in 2015 to 450k by 2018

Short- and long-term 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 and guidance process, an extensive risk assessment is conducted in which business lines and corporate functions identify all significant risks.

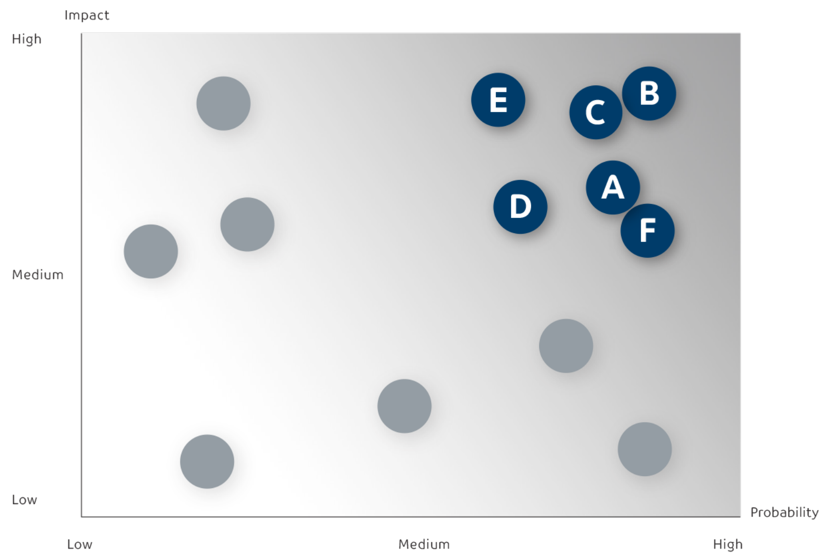
The risks are then consolidated and assessed at Group level and displayed in a heat map based on their potential impact and probability, which is then reported to the Board of Directors. The heat map is illustrated to the right. Responsibilities are assigned for significant risks, and mitigating initiatives are established and tracked.

See also the notes to the consolidated financial statements including note 3.6 on provisions, note 3.8 on pension obligations, note 4.5 on financial risk disclosures and note 6.6 on contingencies.

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

TDC Group heat map

The heat map below illustrates six key risks and several other risks that may impact TDC Group's cash flow in the short term. The key risks are described in more detail on the following page accompanied by an overall description of risks and potential mitigations.



Short-term key risks
– detailed description on next page

- A Mobile pricing in Denmark
- B Broadband pricing in Denmark
- C Accelerating TV cord cutting/shaving in Denmark
- D Contract renegotiations of large B2B customers in Denmark
- E Unsuccessful operational expenditure savings in Denmark
- F Macroeconomic slowdown in Norway
- New and/or strengthened regulatory requirements
- Other risks include additional market & operational risks, IT & network risks as well as other financial & tax risks

Long term risks

TDC Group also focuses on long-term risks and has identified two risks with limited financial impact and probability of realisation in the short term that involve a risk of long-term growth. Across the Group, strategic initiatives focus on mitigating these risks.

1. A new political agreement concerning the telecoms industry framework may lead to further regulation, including further universal service-like initiatives in rural areas that may impose a financial impact on TDC Group.
2. Currently, TDC Group obtains a major part of earnings from aggregating and selling content and value added services on our infrastructure. In the long term, there is a risk that content owners (both broadcaster and OTT players) to a higher degree starts selling directly to end-customers reducing our profit from content aggregation.

Key short-term risk factors

	Description of risks	Mitigation initiatives
A	**Mobile pricing in Denmark:** The fierce competition in the Danish B2C mobile market may continue to exert pressure on ARPU levels and increase subscriber acquisition costs. Spill-over effects may continue to negatively impact mobile prices in the low-end B2B segment	• Continuing focus on household solutions and exploitation of Denmark's best mobile network • Ongoing focus on reducing churn by offering attractive mobile packages with premium content • Initiatives introduced to improve the low-end B2B segment by expanding the value proposition, providing easy access to dedicated account manager teams and new VAS in the mobile portfolio
B	**Broadband pricing in Denmark:** Increased spill-over effects on broad-band retail prices in the Danish B2C and low-end B2B segments from the lowered LRAIC BSA prices in 2015 and TDC Group's obligation to connect wholesale fibre customers within 30 metres	• Offering customers with high-speed broadband, digital entertainment services, bundled solutions and broadband-only via cable to improve customer experience and reduce churn • Further expand the value proposition and provide easy access to dedicated account manager teams to drive improvements in the low-end B2B segment
C	**Accelerating TV cord cutting/shaving in Denmark:** An acceleration in customers cord shaving and cord cutting TV packages due to changing customer TV habits and increasing competition from low-price OTT and streaming services may negatively impact TDC Group's TV performance in Denmark	• Cord shaving and cord cutting reduced by introducing a new YouSee set-top box with new functionalities and easy access to content to improve the customer experience • Revitalising content packages with premium content and improved TV on-the-go solutions • Continuing focus on households, encouraging growth in household penetration to reduce churn rates in TV
D	**Contract renegotiations of large B2B customers in Denmark:** Con-tract renegotiations in the enterprise segment may continue to become exposed to spill-over effects from low-pricing in the public segment (e.g. SKI & WAN pricing). Existing public customers may switch to the WAN contract that TDC Group did not recover in 2015	• Improving the renegotiation process to address broader product penetration and focus on retention through early involvement and efficient account handling • Continue to focus on integrated solutions that create general value for customers • Proactively contacting public customers to prevent churn due to loss of the WAN contract
E	**Unsuccessful operational expenditure savings in Denmark:** Efforts to simplify and standardise may not be successfully implemented, thereby challenging efficiency ambitions with limited effect of end-to-end lean projects, and continued high levels of calls to customer service due to complex products and the slower digitalisation progress	• Implement a strategic focus area to identify and fix root causes of why people need to call by ad-dressing broadband, TV and invoice customer explanations, and by deflecting calls to online sources through incentivising online services • Increase investments and manning in IT to secure a successful digitalisation outcome • Focused execution of end-to-end lean projects with ensured funding and manning • Simplified operating model by merging consumer brands and a simplified B2B product portfolio
F	**Macro economic slowdown in Norway:** Slowdown in the macroeconomic development in Norway and increased competition from OTT and FTTH providers may lead to pressure on Get's TV and broadband products.	• Continuous launching of innovative products by Get, such as a cross-device TV experience, and migrating broadband customers to higher speeds to create higher perceived value for customers • Strengthen the division responsible for proactive customer management

Corporate matters

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 42,000 shareholders at year-end 2015.

TDC has been informed by the following shareholders that they hold more than 5% of TDC A/S' ordinary shares and voting rights[1]:

- Thornburg Investment Management, USA (5.0%)
- Massachusetts Financial Services Company, USA (10.1%)
- The Capital Group Companies, Inc. (14.1%)

Dividend for 2015-2016
TDC guidance reflects a 2015 dividend payment of DKK 2.50 per share. The Board of Directors approved a dividend payment of DKK 1.00 in August 2015 and the remaining dividend payment of DKK 1.50 has been cancelled.
For the financial year 2016, the Board of Directors expects to recommend a dividend of DKK 1.00 per outstanding share, which will be distributed in the first quarter of 2017.

Dividend policy
It is TDC's ambition to pay an attractive return to shareholders subject to financial performance, investment needs and investment grade rating commitment and to be paid as either dividends or through share buy backs.

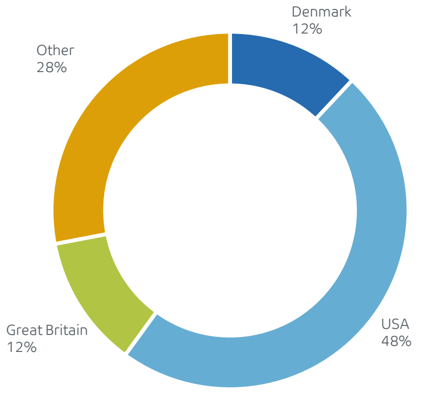
Capital structure
The Board of Directors has assessed TDC Group's capital and share structure, and found that it ensures that the strategy and long-term value creation of the Company are in the best interests of the shareholders and the Company.

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 2015, TDC held 10,281,931 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.

Shareholder geography at year-end 2015



Authorisations to the Board of Directors
Until the Annual General Meeting 2016, the Board of Directors is authorised to allow the Company to acquire its own shares up to 10% 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.

[1] For further information, see announcements of 6 August 2015, 8 May 2015 and 3 February 2016, respectively.

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 positions warrant 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

TDC 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.

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 calendar 2016 (extract)

10 March	Annual General Meeting
4 May	Interim financial statements Q1 2016
10 August	Interim financial statements Q2 2016
2 November	Interim financial statements Q3 2016
31 December	End of financial year 2016

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-or-explain” principle. TDC’s Corporate Governance Statement 2015 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 44 of the 47 numbered recommendations and partial compliance with the remaining three 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 2015 on internal control and risk management systems for financial reporting is included as part of TDC’s Corporate Governance Statement 2015 at investor.tdc.com/governance.cfm.

The Board of Directors

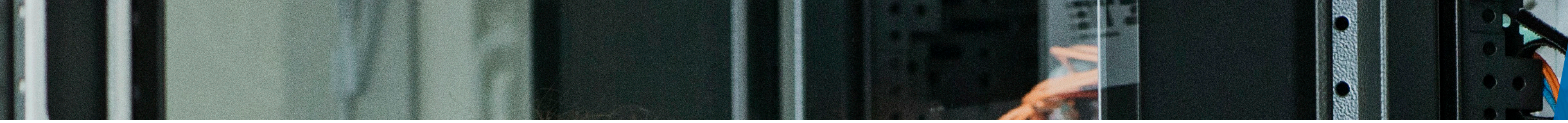
TDC’s Board of Directors has 12 members, seven elected by the General Meeting and five elected by the employees. From the Annual General Meeting 2016, at which point in time the term of the current members elected by the employees expires, there will be four members elected by the employees.

The Board of Directors has an international profile and some diversification in relation to age, gender, nationality and professional background. 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%.

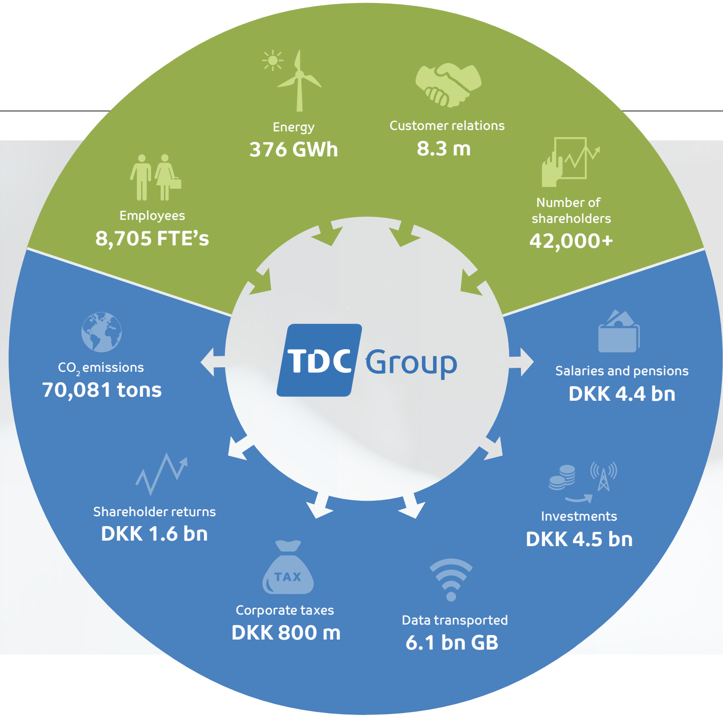
In 2015, the percentages of female and male board members were 14% and 86%, respectively. After the Annual General Meeting 2016, the percentages of female and male board members are expected to be 28% and 72%, respectively.

The wide variety of competences and experience represented on the Board of Directors includes: financial competency; legal competency; customer relationship experience; 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 2015, 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 interaction in the Board of Directors and with the Executive Committee, the structure of the Board of Directors’ work (including the use of Board Committees), succession (including the Board of Directors’ competences) and a number of other work areas such as the Board of Directors’ involvement in the strategy process. 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 reflects our ambition to run and develop our business in a manner that promotes sustainability throughout society, while also generating business value.

As a business, our work with CSR helps us to reduce risks, foster innovation, increase mutual understanding with stakeholders and support our reputation in society.

We are committed to working with CSR in a global context, which is why TDC Group participates in and supports the UN Global Compact. We also work on CSR issues alongside industry partners at national, European and global levels.

TDC Group has defined five CSR focus areas:

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

Online CSR Report

Our complete CSR Report is available online at **tdc.com/csr2015** 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 2015

450 new or upgraded mobile base stations as well as implementation of 4G+ and Voice over LTE.

Launch of new **Rural Area Initiative** to support upgrades to broadband infrastructure in rural communities.

Our incidence of job-related accidents in Denmark increased from 70 to **78**, due mainly to weather conditions in the autumn and winter months.

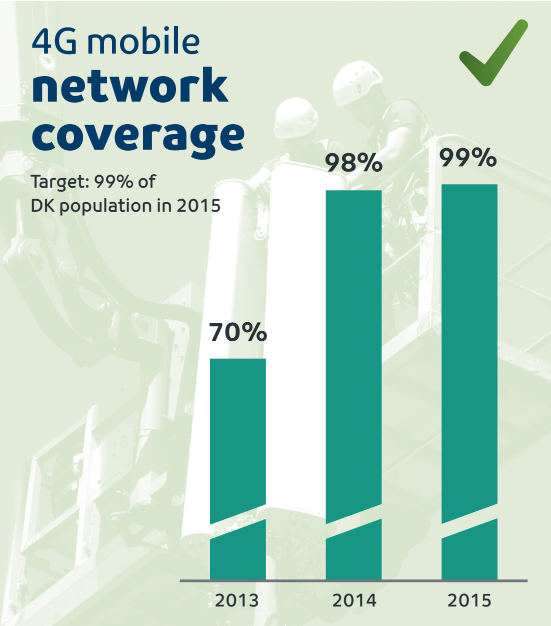
Creation of a new **Security Operations Centre** that monitors our network and protects customers round the clock.

The proportion of Denmark's population that views TDC as socially responsible decreased to **36%**, driven by negative customer experiences.

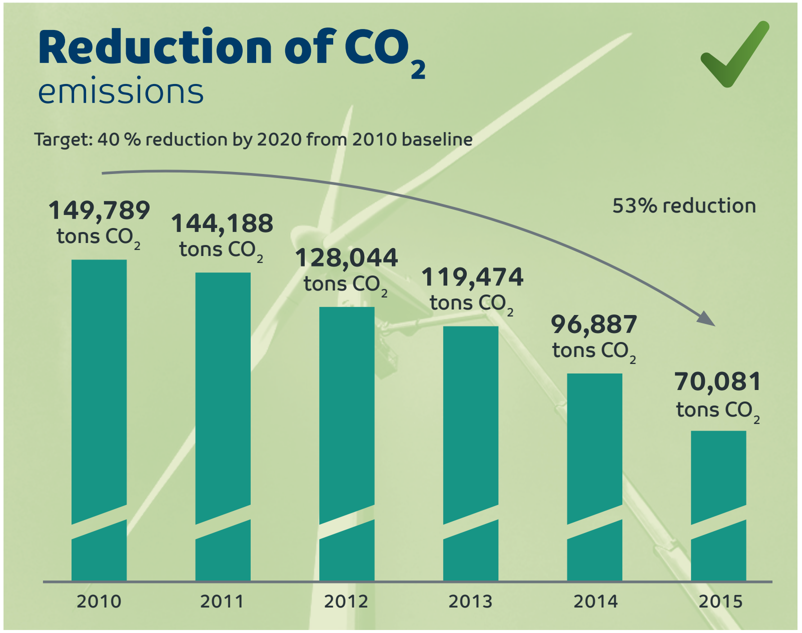
Over **40,000** children contacted the **Child Helpline** which TDC Group supports through its partnership with Children's Welfare (Børns Vilkår).

[1] 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.

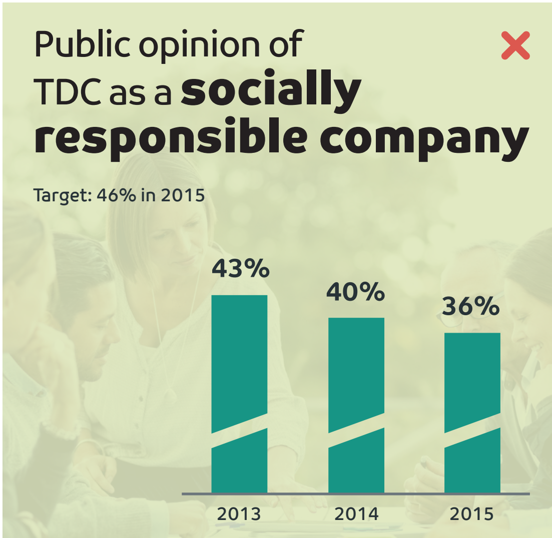
CSR results


4G mobile
network coverage
Target: 99% of DK population in 2015
70%
98%
99%
2013
2014
2015

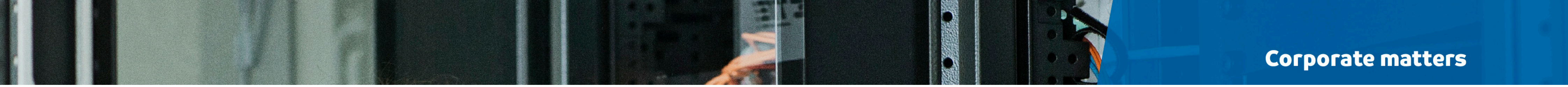

Perception of TDC Group's brands as trustworthy and reliable
Target: 75 in 2015
72
69
70
2013
2014
2015


Reduction of CO_2 emissions
Target: 40 % reduction by 2020 from 2010 baseline
53% reduction
149,789 tons CO_2
144,188 tons CO_2
128,044 tons CO_2
119,474 tons CO_2
96,887 tons CO_2
70,081 tons CO_2
2010
2011
2012
2013
2014
2015

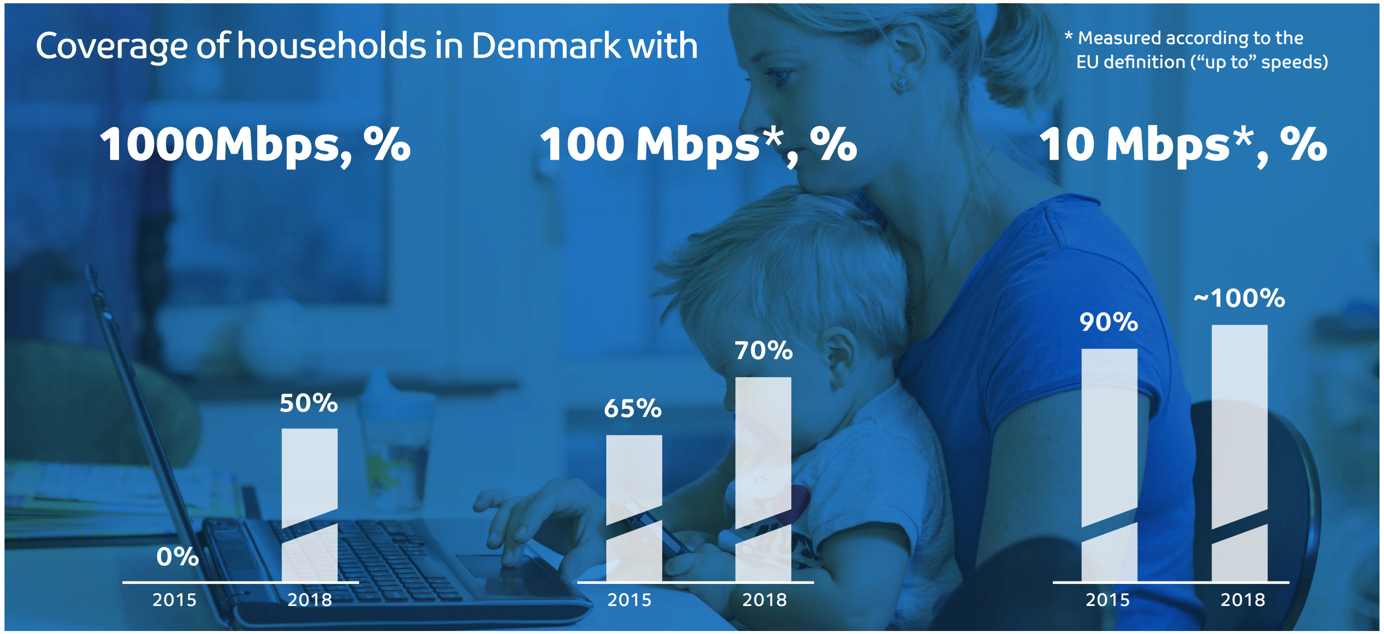

Employee satisfaction (ESAT)
Target: 80 in 2015
78
75
78
2013
2014
2015


Public opinion of TDC as a socially responsible company
Target: 46% in 2015
43%
40%
36%
2013
2014
2015

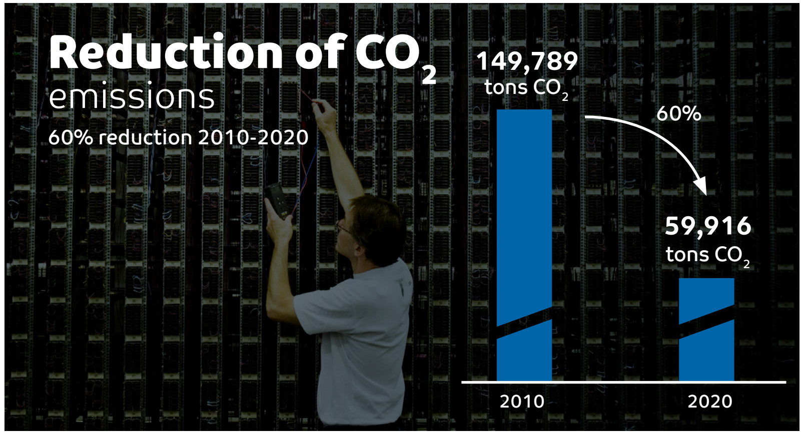

Social partnerships in 2015
Post & Tele Museum
Coding PIRATES
BØRNS VILKÅR
SAMMEN STOPPER VI SVIGT
DANMARKS INDSAMLING
BØRN PÅ FLUGT



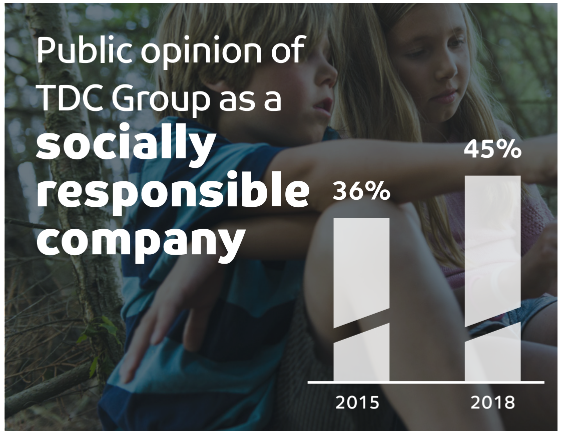
CSR targets

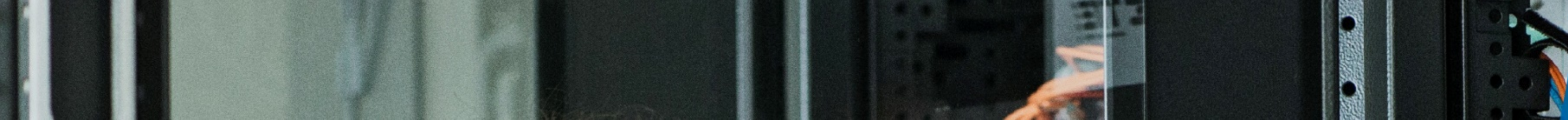

Coverage of households in Denmark with
* Measured according to the EU definition ("up to" speeds)
1000Mbps, %
0%
50%
2015
2018
100 Mbps*, %
65%
70%
2015
2018
10 Mbps*, %
90%
~100%
2015
2018


Customer trust
among consumer brands in Denmark
63
74
2015
2018


Reduction of CO2 emissions
60% reduction 2010-2020
149,789 tons CO2
60%
59,916 tons CO2
2010
2020


Employee satisfaction (ESAT)
78
80
2015
2018


Public opinion of TDC Group as a socially responsible company
36%
45%
2015
2018



Management

Corporate Management Team

Pernille Erenbjerg
Group Chief Executive Officer and Group Chief Financial Officer. Age 48. Appointed to the Executive Committee in 2011. Appointed as Group CEO as at 14 August 2015.

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, the Audit Committee and the Nominating and Corporate Governance Committee of Genmab A/S. Member of the Committees for Fiscal Policy and Business Policy, both of the Confederation of Danish Industry.

Michael Moyell Juul
Senior Executive Vice President of Online Brands and acting Senior Executive Vice President of Household Brands. Age 41. Appointed to the Corporate Management Team as of 1 January 2016.

Education: MSc in Economics (2002), University of Copenhagen).

Jens Munch Hansen
Senior Executive Vice President of Business (Denmark). Age 60. Appointed to the Executive Committee in 2009. Jens Munch Hansen will retire as of 1 April 2016.

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

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

Gunnar Evensen
Senior Executive Vice President of Norway. Age 53. Appointed to the Executive Committee in 2015

Education: MBA (1988), BI Norwegian Business School, Oslo.

Management

Erik Heilborn
Senior Executive Vice President of Sweden. Age 53. Appointed to the Executive Committee in 2015.

Education: MSc in Engineering (1989), KTH Royal Institute of Technology, Stockholm.

Peter Trier Schleidt
Senior Executive Vice President of Operations and Chief Operating Officer (COO). Age 51. Appointed to the Executive Committee in 2013.

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

Jens Aaløse
Group Chief Customer Officer & Stakeholder Relations. Age 49. Appointed to the Executive Committee in 2013.

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

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

Louise Knauer
Chief Strategy Officer, Head of Group Strategy & Portfolio Management. Age 32. Appointed to the Corporate Management Team as of 1 January 2016.

Education: BSc in Business Administration and Commercial Law (2006), Copenhagen Business School and MSc in Finance and Strategic Management (2008), Copenhagen Business School.

Management

Board of Directors

Vagn Sørensen
Chairman. Chairman of the Compensation Committee and the Nomination 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, Zebra 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 Boards of Directors of DFDS A/S and Nordic Aviation Capital A/S. Member of the Boards of Directors of JP/Politikens Hus, Air Canada, Braganza AS, Lufthansa Cargo AG, 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. Chairman of the Business Review and Development Committee.
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.

Stine Bosse
Member of the Audit Committee.
Education: Master of Law (1987), the University of Copenhagen. Strategic Agility Programme (2008), Harvard Business School.
Management duties: Chairman of the Boards of Directors of TELE Greenland, the Danish European Movement, Nunaoil A/S, BankNordik Group and BØRNEfonden (the Children's Fund).
Member of the Board of Directors of Allianz Group. Member of INSEAD Danish Council. UN member of the Millennium Development Goals Advocacy Group, which combats global poverty and hunger.

Pieter Knook
Member of the Compensation Committee, the Nomination Committee and the Business Review and Development Committee.
Education: MA in Electrical Sciences (1980) at Trinity Hall, University of Cambridge.
Management duties: Member of the Boards of Directors of First Utility and Pulsant. Trustee of Lunar Missions Ltd. 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.

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 of Punch Taverns plc. Co-Chairman of Direct Wines Limited.

Benoit Scheen
Member of the Audit Committee and the Business Review and Development Committee.
Education: B.A. in Economical and Social Sciences (1987) and M.A. in Computer Sciences (1990), University of Namur, Belgium.
Management duties: Member of the Board of Directors of EVONET Belgium NV. Venture Partner at Volta Ventures. President EMEA of Brightstar Corporation.

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 Topdanmark A/S, Topdanmark Forsikring A/S, Danske Forsikring A/S, K & C Holding A/S and Boston Holding A/S. Vice Chairman of the Boards of Directors of KIRKBI AG and INTERLEGO AG. 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.

Management

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	5 March 2015	10 March 2016	Danish	56	Dependent[1]
Pierre Danon (m)	16 May 2008	5 March 2015	10 March 2016	French	59	Dependent[2]
Stine Bosse (f)	9 March 2011	5 March 2015	10 March 2016	Danish	55	Independent[3]
Angus Porter (m)	9 March 2011	5 March 2015	10 March 2016	British	58	Independent[3]
Pieter Knook (m)	7 March 2013	5 March 2015	10 March 2016	Dutch	57	Independent[3]
Søren Thorup Sørensen (m)	4 March 2010	5 March 2015	10 March 2016	Danish	50	Independent[3]
Benoit Scheen (m)	5 March 2015	-	10 March 2016	Belgian	49	Independent[3]
Jan Bardino (m)	2004	2012	2016	Danish	63	Employee member[4]
Christian A. Christensen (m)	2012	-	2016	Danish	64	Employee member[4]
Steen M. Jacobsen (m)	1996	2012	2016	Danish	66	Employee member[4]
John Schwartzbach (m)	2012	-	2016	Danish	56	Employee member[4]
Gert Winkelmann (m)	2012	-	2016	Danish	61	Employee member[4]

[1] Due to crossing management representation.
[2] Due to provision of consultancy services to TDC in addition to the membership of the Board of Directors.
[3] Elected by the shareholders at an Annual or Extraordinary General Meeting.
[4] Elected by the employees.

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.

Terminology

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, as-needed 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.

Contract-based 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.

Cord cutting refers to the process of terminating an existing pay-TV package in order to change to an over-the-top (OTT) subscription.

Cord shaving refers to the process of downgrading an existing pay-TV package (e.g. downgrading from a full to a medium TV package)

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.

EBITDA refers to operating profit before depreciation, amortisation and special items.

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 voice refers to PSTN and VoIP.

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 non-essential 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 nodes (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.

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.

Roam-like-at-home refers to no extra roaming fee on top of domestic price when making or receiving a call, using data or sending SMS.

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 Group. TDC Group's RGU statement includes the number of main products sold by TDC Group's residential, business and wholesale segments. Customer relationships are synonymous with RGUs.

SAC/SRC refers to subscriber acquisition costs and subscriber retention costs.

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.

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.

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.

Triple carrier aggregation (3CA) triples the speed in the 4G network and is also called 4G+. It works by taking advantage of three frequency bands at the same time.

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.

Unified communications bring different forms of communication services together and ensures the different services are fully integrated and their functions fully exploited.

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 foreign exchange effects, effects from acquisitions, divestments and sale of assets, and changes in regulation. In total, revenue was positively affected by DKK 1,495m, while gross profit and EBITDA were positively affected by DKK 1,233m and DKK 736m, respectively.

Foreign exchange

The development in the NOK and SEK exchange rates vs. 2014 had a negative impact on revenue growth totalling DKK 140m. Gross profit and EBITDA were negatively affected by DKK 73m and DKK 34m, respectively.

Acquisitions, divestments and sale of assets

Acquisitions, divestments and sale of assets were affected primarily by the acquisition of Get, which was included in the reported figures as of November 2014. Furthermore, the acquisition of Viridis IT in October 2014 generated a positive effect.

In total, acquisitions, divestments and sale of assets impacted revenue by DKK 1,877m, while gross profit and EBITDA were impacted by DKK 1,424m and DKK 888m, respectively.

Regulation

New regulated wholesale prices (LRAIC) as of 1 January 2015 as well as forthcoming EU regulation on roaming affected TDC Group negatively in 2015. The negative effects amounted to DKK 242m on revenue development, which is at the same level as 2014, while the negative effect on EBITDA totalled DKK 118m.

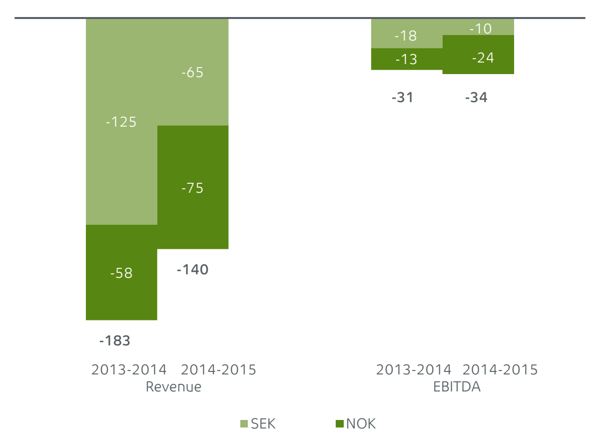
The EU regulation on roaming (SMS, voice and data) will be further tightened in 2016 and 2017. 'Roam-like-at-home' regulation will be a two step process:

Firstly, retail roaming prices will be reduced to current wholesale prices from May 2016. This applies to customers with a package product. Customers with a 'Pay-as-you-go' product can be charged the domestic retail price plus a wholesale charge. The combined price must not exceed the current regulated retail roaming price.

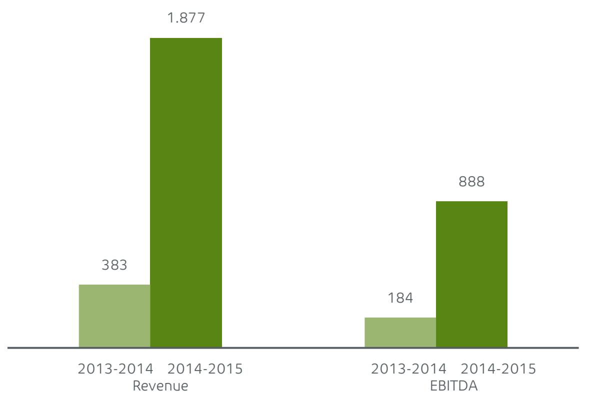
Secondly, retail prices will be equivalent to 'Roam-like-at-home' prices from June 2017. At year-end 2015, there is still uncertainty concerning the impact on future wholesale prices. TDC has already seen commercial pressure on roaming prices in 2015 and expects this pressure to continue.

On top of this, competitors have utilised the new lower prices on broadband to set lower retail prices. Organic growth has not been adjusted for these effects.

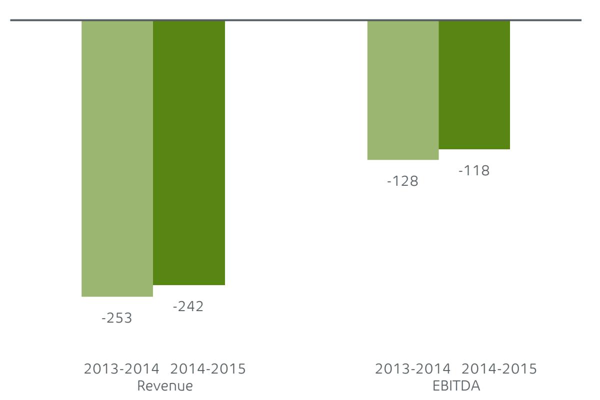
Foreign exchange development



Acq./div. & sale of assets development



Regulatory development



Financial statements

Financial statements

Management statement

Today, the Board of Directors and the Executive Committee considered and approved the Annual Report of TDC A/S for 2015.

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 2015 as well as their results of operations and cash flows for the financial year 2015. 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 2016

Executive Committee

Pernille Erenbjerg
Group Chief Executive Officer and
Group Chief Financial Officer

Jens Munch-Hansen
Senior Executive Vice President of Business

Gunnar Evensen
Senior Executive Vice President of Norway

Erik Heilborn
Senior Executive Vice President of Sweden

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

Jens Aaløse
Group Chief Customer Officer and Stakeholder Relations

Board of Directors

Vagn Sørensen
Chairman

Pierre Danon
Vice Chairman

Stine Bosse

Pieter Knook

Angus Porter

Benoit Scheen

Søren Thorup Sørensen

Jan Bardino

Steen M. Jacobsen

Christian A. Christensen

Gert Winkelmann

John Schwartzbach

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 2015, which comprise income statement, statement of comprehensive income, balance sheet, statement of cash flow, statement 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 necessary 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 2015 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2015 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.

Copenhagen, 5 February 2016

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Lars Baungaard
State Authorised Public Accountant

Tue Sørensen
State Authorised Public Accountant

Consolidated income statement

DKKm

	Note	2015	2014
Revenue	2.1,2.2	**24,366**	**23,344**
Cost of sales	2.3	(6,882)	(6,252)
Gross profit		**17,484**	**17,092**
External expenses	2.4	(3,625)	(3,376)
Personnel expenses	2.5	(4,195)	(3,993)
Other income	2.2	145	81
Operating profit before depreciation, amortisation and special items (EBITDA)		**9,809**	**9,804**
Depreciation, amortisation and impairment losses	2.6	(5,311)	(4,728)
Operating profit excluding special items (EBIT excluding special items)		**4,498**	**5,076**
Special items	2.7	(5,116)	(1,268)
Operating profit/(loss) (EBIT)		**(618)**	**3,808**
Financial income and expenses	4.4	(1,107)	(1,015)
Profit/(loss) before income taxes		**(1,725)**	**2,793**
Income taxes	2.8	(659)	(341)
Profit/(loss) for the year from continuing operations		**(2,384)**	**2,452**
Profit from discontinued operations	2.9	0	776
Profit/(loss) for the year		**(2,384)**	**3,228**
Profit/(loss) attributable to:			
Owners of the parent		(2,301)	3,239
Non-controlling interests		(83)	(11)
Profit/(loss) for the year		**(2,384)**	**3,228**
Earnings per share (EPS) (DKK)	2.10		
EPS, basic		(2.87)	4.05
EPS, diluted		(2.87)	4.03
EPS from continuing operations, basic		(2.87)	3.08
EPS from continuing operations, diluted		(2.87)	3.07

Consolidated statement of comprehensive income

DKKm

	Note	2015	2014
Profit/(loss) for the year		**(2,384)**	**3,228**
Items that may subsequently be reclassified to the income statement:			
Currency translation adjustments, foreign enterprises		(415)	(913)
Fair value adjustments of cash flow hedges		(38)	(267)
Fair value adjustments of cash flow hedges transferred to financial expenses	4.4	(86)	25
Fair value adjustments of cash flow hedges transferred to investment in enterprises		0	245
Items that cannot subsequently be reclassified to the income statement:			
Remeasurement of defined benefit pension plans	3.8	785	(1,650)
Income tax relating to remeasurement of defined benefit pension plans	2.8	(168)	386
Other comprehensive income/(loss)		**78**	**(2,174)**
Total comprehensive income		**(2,306)**	**1,054**
Total comprehensive income attributable to:			
Owners of the parent		(2,223)	1,065
Non-controlling interests		(83)	(11)
Total comprehensive income		**(2,306)**	**1,054**
Total comprehensive income attributable to owners of the parent arises from:			
Continuing operations		(2,223)	289
Discontinuing operations		0	776
Total		**(2,223)**	**1,065**

Consolidated balance sheet

Assets	Note	2015	2014
			DKKm
Non-current assets			
Intangible assets	3.1	34,455	40,893
Property, plant and equipment	3.2	17,963	17,504
Joint ventures, associates and other investments		82	77
Pension assets	3.8	5,947	5,205
Receivables	3.3	275	312
Derivative financial instruments		484	214
Prepaid expenses	3.4	355	310
Total non-current assets		**59,561**	**64,515**
Current assets			
Inventories		311	319
Receivables	3.3	3,131	3,458
Income tax receivable	2.8	5	65
Derivative financial instruments	4.6	484	598
Prepaid expenses	3.4	741	660
Cash		363	4,746
Total current assets		**5,035**	**9,846**
Total assets		**64,596**	**74,361**

Equity and liabilities	Note	2015	2014
			DKKm
Equity			
Share capital	4.1	812	812
Reserve for currency translation adjustments		(2,019)	(1,604)
Reserve for cash flow hedges		(247)	(123)
Retained earnings		16,229	18,656
Proposed dividends		0	802
Equity attributable to owners of the parent		**14,775**	**18,543**
Hybrid capital	4.1	5,552	0
Non-controlling interests		27	104
Total equity		**20,354**	**18,647**
Non-current liabilities			
Deferred tax liabilities	2.8	4,218	4,271
Provisions	3.6	985	992
Pension liabilities	3.8	36	105
Loans	4.2,4.6	27,398	18,630
Deferred income	3.5	426	525
Total non-current liabilities		**33,063**	**24,523**
Current liabilities			
Loans	4.2,4.6	200	20,051
Trade and other payables	3.7	7,035	7,244
Income tax payable	2.8	0	1
Derivative financial instruments	4.6	537	531
Deferred income	3.5	3,177	3,074
Provisions	3.6	230	290
Total current liabilities		**11,179**	**31,191**
Total liabilities		**44,242**	**55,714**
Total equity and liabilities		**64,596**	**74,361**

Consolidated statement of cash flow

DKKm

	Note	2015	2014
EBITDA		**9,809**	**9,804**
Adjustment for non-cash items	5.1	192	157
Pension contributions	3.8	(121)	(140)
Payments related to provisions	3.6	(11)	(20)
Special items	2.7	(549)	(735)
Change in working capital	5.2	178	172
Interest received	4.4	638	690
Interest paid	4.4	(1,517)	(1,576)
Realised currency translation adjustments		0	(7)
Income tax paid	2.8	(800)	(1,214)
Operating activities in continuing operations		**7,819**	**7,131**
Operating activities in discontinued operations		0	3
Total cash flow from operating activities		**7,819**	**7,134**
Investment in enterprises	5.3	(153)	(12,650)
Investment in property, plant and equipment	3.2	(3,417)	(2,957)
Investment in intangible assets	3.1	(1,085)	(896)
Investment in other non-current assets		(10)	(87)
Sale of other non-current assets		60	61
Dividends received from joint ventures and associates		1	1
Investing activities in continuing operations		**(4,604)**	**(16,528)**
Investing activities in discontinued operations	5.4	(2)	1,096
Total cash flow from investing activities		**(4,606)**	**(15,432)**
Proceeds from long-term loans		8,484	2,974
Proceeds from issuance of hybrid capital		5,552	0
Repayment of long-term loans		(8,008)	0
Finance lease repayments		(90)	(64)
Proceeds from bridge bank loan		0	11,914
Repayment of bridge bank loan		(11,946)	0
Change in other short-term loans		3	0
Change in interest-bearing debt and receivables		0	3
Dividend paid		(1,603)	(2,961)
Capital contributions from non-controlling interests		6	6
Total cash flow from financing activities		**(7,602)**	**11,872**
Total cash flow		**(4,389)**	**3,574**
Cash and cash equivalents at 1 January		4,746	1,172
Effect of exchange-rate changes on cash and cash equivalents		6	0
Cash and cash equivalents at 31 December		**363**	**4,746**

Equity free cash flow

DKKm

	Note	2015	2014
Cash flow from operating activities in continuing operations		**7,819**	**7,131**
Cash flow from capital expenditure:			
Investment in property, plant and equipment		(3,417)	(2,957)
Investment in intangible assets		(1,085)	(896)
Finance lease repayments		(90)	(64)
Equity free cash flow		**3,227**	**3,214**

Consolidated statement of changes in equity

DKKm

	Attributable to owners of the parent[1]								
	Share capital	Reserve for currency translation adjustments	Reserve for cash flow hedges	Retained earnings	Proposed dividends	Total	Hybrid capital	Non-controlling interests	Total
Equity at 1 January 2014	812	(691)	(126)	18,603	1,786	20,384	0	0	20,384
Profit for the year	-	-	-	2,437	802	3,239	-	(11)	3,228
Currency translation adjustments, foreign enterprises	-	(913)	-	-	-	(913)	-	0	(913)
Fair value adjustments of cash flow hedges	-	-	(267)	-	-	(267)	-	0	(267)
Fair value adjustments of cash flow hedges transferred to financial expenses	-	-	25	-	-	25	-	0	25
Fair value adjustments of cash flow hedges transferred to investments in enterprises	-	-	245	-	-	245	-	0	245
Remeasurement of defined benefit pension plans	-	-	-	(1,650)	-	(1,650)	-	0	(1,650)
Income tax relating to remeasurement of defined benefit pension plans	-	-	-	386	-	386	-	0	386
Total comprehensive income	-	(913)	3	1,173	802	1,065	0	(11)	1,054
Distributed dividend	-	0	0	(1,175)	(1,786)	(2,961)	-	-	(2,961)
Share-based remuneration	-	-	-	55	-	55	-	-	55
Additions to non-controlling interest	-	-	-	-	-	-	-	115	115
Total transactions with shareholders	-	0	0	(1,120)	(1,786)	(2,906)	0	115	(2,791)
Equity at 31 December 2014	**812**	**(1,604)**	**(123)**	**18,656**	**802**	**18,543**	**0**	**104**	**18,647**
Loss for the year	-	-	-	(2,301)	0	(2,301)	-	(83)	(2,384)
Currency translation adjustments, foreign enterprises	-	(415)	-	-	-	(415)	-	0	(415)
Fair value adjustments of cash flow hedges	-	-	(38)	-	-	(38)	-	0	(38)
Fair value adjustments of cash flow hedges transferred to financial expenses	-	-	(86)	-	-	(86)	-	0	(86)
Remeasurement of defined benefit pension plans	-	-	-	785	-	785	-	0	785
Income tax relating to remeasurement of defined benefit pension plans	-	-	-	(168)	-	(168)	-	0	(168)
Total comprehensive income	-	(415)	(124)	(1,684)	-	(2,223)	0	(83)	(2,306)
Distributed dividend	-	-	-	(801)	(802)	(1,603)	-	0	(1,603)
Share-based remuneration	-	-	-	58	-	58	-	-	58
Additions, hybrid capital	-	-	-	-	-	-	5,552	-	5,552
Additions to non-controlling interests	-	-	-	-	-	-	-	6	6
Total transactions with shareholders	-	-	-	(743)	(802)	(1,545)	5,552	6	4,013
Equity at 31 December 2015	**812**	**(2,019)**	**(247)**	**16,229**	**0**	**14,775**	**5,552**	**27**	**20,354**

[1] See also note 4.1 for an explanation of distributable reserves and dividend.

Section 1
Basis of preparation

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

Note 1.1 Accounting policies

TDC's consolidated financial statements for 2015 have 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 Group 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 are shown in note 1.2 below.

TDC Group has adopted the new standards, amendments to standards and interpretations that are effective for the financial year 2015. None of the changes have affected recognition or measurement in the financial statements, nor are they expected to have any future impact.

The accounting policies are unchanged from last year.

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 where each enterprise operates. Transactions in currencies other than the functional currency are transactions in foreign currencies. The consolidated financial statements are presented in Danish kroner (DKK), which is the Parent Company's functional and presentation currency.

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

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

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

Note 1.2 Critical accounting estimates and judgements

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

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

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

- revenue recognition (note 2.2)
- useful lives regarding intangible assets (notes 3.1)
- impairment testing of intangible assets (note 3.1)
- provisions (note 3.6)
- defined benefit plans (note 3.8)

Section 2
Profit for the year

This section focuses on disclosures explaining details of the TDC Group's results for the year including segmental information, special items, taxation and earnings per share. A detailed review of revenue, EBITDA and profit for the year is provided in the section '2015 performance' in the Management's review.

Note 2.1 Segment reporting

Worth noting

TDC Group consists of the following segments: Consumer, dedicated to residential households in Denmark; Business, dedicated to the business market in Denmark; Wholesale, delivering services to service providers in Denmark; Norway, delivering services to households (through Get) and businesses (through TDC Norway); and Sweden, providing telecoms solutions for businesses. 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. For further information, see 'Cost allocation' below.

Accounting policies

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

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

Assets and liabilities are not allocated to operating segments in the financial and operational reports reviewed by the Board of Directors.

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

Changes in segment reporting

In 2015, TDC made certain changes that impacted on TDC's segment reporting:

- TDC reallocated all domestic interconnect revenue from Consumer and Business to Wholesale
- minor changes have been made in the internal settlements and organisation; the largest change relates to the sale of handsets to business customers, where the responsibility has moved from Consumer to Business

Comparative figures have been restated accordingly.

Note 2.1 Segment reporting (continued)

Cost allocation

Cost allocations are used only in relation to postage, freight, electricity for data-centre hosting and rent for TDC shops to ensure incentives to optimise the use of such services. All other costs are not allocated, but are included in the operating expenses of the segment responsible for the service. Accordingly, e.g. costs related to IT services 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 revenues concerning TDC customers are included in the revenue and expenses of Wholesale.

Headquarters has assumed all pension obligations for the members of the Danish corporate pension fund. Accordingly, pension costs/incomes for the Danish corporate pension fund are reported in Headquarters.

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

Note 2.1 Segment reporting (continued)

Activities

DKKm

	Consumer 2015	Consumer 2014	Business 2015	Business 2014	Wholesale 2015	Wholesale 2014
Mobility services	2,611	2,788	1,420	1,715	534	667
Landline voice	1,072	1,243	1,062	1,266	266	285
Internet & network	2,442	2,391	2,027	2,208	687	697
TV	4,240	4,170	40	42	36	30
Other services	789	944	1,373	1,148	162	151
Revenue	**11,154**	**11,536**	**5,922**	**6,379**	**1,685**	**1,830**
Total operating expenses	(3,707)	(3,646)	(2,257)	(1,984)	(738)	(842)
Other income and expenses	(2)	24	(1)	0	0	0
EBITDA	**7,445**	**7,914**	**3,664**	**4,395**	**947**	**988**
Specification of revenue:						
External revenue	11,154	11,531	5,672	6,163	1,510	1,672
Revenue across segments	0	5	250	216	175	158

	Norway[1] 2015	Norway[1] 2014	Sweden 2015	Sweden 2014	Operations & Channels[2] 2015	Operations & Channels[2] 2014	Total 2015	Total 2014
Mobility services	-	-	-	-	2	2	4,567	5,172
Landline voice	-	-	-	-	16	17	2,416	2,811
Internet & network	-	-	-	-	99	97	5,255	5,393
TV	-	-	-	-	0	0	4,316	4,242
Other services	-	-	-	-	352	332	2,676	2,575
Norway and Sweden	3,131	1,271	2,697	2,537	-	-	5,828	3,808
Revenue	**3,131**	**1,271**	**2,697**	**2,537**	**469**	**448**	**25,058**	**24,001**
Total operating expenses	(1,892)	(968)	(2,394)	(2,228)	(3,860)	(4,117)	(14,848)	(13,785)
Other income and expenses	40	0	17	18	105	75	159	117
EBITDA	**1,279**	**303**	**320**	**327**	**(3,286)**	**(3,594)**	**10,369**	**10,333**
Specification of revenue:								
External revenue	3,021	1,159	2,571	2,395	434	427	24,362	23,347
Revenue across segments	110	112	126	142	35	21	696	654

[1] Consists of the two operating segments Get and TDC Norway. At Get, external revenue amounted to DKK 2,325m (2014: DKK 386m), revenue across segments amounted to DKK 2m (2014: DKK 0m) and EBITDA amounted to DKK 1,153m (2014: DKK 175m).

[2] Consists of the two operating segments Operations and Channels. While the Board of Directors receives separate reporting for the two operating segments, the segments have been aggregated into one reportable segment as they have similar average gross margins and similar expected growth rates.

Note 2.1 Segment reporting (continued)

Reconciliation of revenue

DKKm	2015	2014
Revenue from reportable segments	25,058	24,001
Elimination of revenue across segments	(696)	(654)
Revenue from Headquarters	4	(3)
Consolidated external revenue	**24,366**	**23,344**

Reconciliation of EBITDA to profit before income taxes

DKKm	2015	2014
EBITDA from reportable segments	10,369	10,333
EBITDA from Headquarters	(560)	(529)
Consolidated EBITDA	9,809	9,804
Unallocated:		
Depreciation, amortisation and impairment losses	(5,311)	(4,728)
Special items	(5,116)	(1,268)
Financial income and expenses	(1,107)	(1,015)
Consolidated profit/(loss) before income taxes	**(1,725)**	**2,793**

Geographical markets

DKKm	External revenue		Non-current assets allocated	
	2015	2014	2015	2014
Denmark	18,774	19,790	39,566	44,719
International operations:				
Sweden	2,571	2,395	727	711
Norway	3,021	1,159	12,753	13,586
Germany	0	0	2	3
Total international operations	5,592	3,554	13,482	14,300
Total	**24,366**	**23,344**	**53,048**	**59,019**

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

Note 2.2 Revenue

§ Accounting policies

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

The significant sources of revenue are recognised in the income statements as follows:

- revenues from telephony are recognised at the time the call is made
- sales related to prepaid products are deferred, and revenues are recognised at the time of use
- revenues from leased lines are recognised over the rental period
- revenues from subscription fees and flat-rate services are recognised over the subscription period
- revenues from non-refundable up-front connection fees are deferred and recognised as income over the expected term of the related customer relationship
- revenues from the sale of equipment are recognised upon delivery. Revenues from the maintenance of equipment are recognised over the contract period

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

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

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

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

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

Other income

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

Critical accounting estimates and judgements

Revenue recognition for a telecoms operator is a complex area of accounting that requires management estimates and judgements.

Recognition of revenue depends on whether the Group acts as a principal or an agent. Whether the Group is considered to be the principal or agent in a transaction depends on analysis of both the form and substance of the agreement with customers. Such judgements impact the amount of reported revenue and operating expenses but do not impact net profit for the year or cash flows.

Determining fair values and if or when revenue should be recognised requires management judgement in bundling products and services. E.g. business customer contracts can comprise several elements related to goods, subscriptions, leases, etc. Revenue is recognised when realised or realisable and earned.

Revenues from non-refundable up-front connection fees are deferred and recognised as income over the expected term of the related customer relationship. The term is estimated using historical customer churn rates. Change of Management estimates may have a significant impact on the amount and timing of the revenues and the related expenses for any period. See also notes 3.4 and 3.5.

Revenue	2015	2014
DKKm		
Sales of goods	2,134	1,885
Sales of services	22,232	21,459
Total	**24,366**	**23,344**

External revenue from products and services	2015	2014
DKKm		
Mobile services	4,761	5,357
Landline voice	2,896	3,288
Internet & network	6,957	6,307
TV	5,651	4,464
Other services	4,101	3,928
Total	**24,366**	**23,344**

Note 2.3 Cost of sales

§ Accounting policies

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

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

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

Cost of sales		DKKm
	2015	2014
Mobile services	544	595
Landline voice	510	519
Internet & network	1,066	983
TV	2,471	2,072
Other services	2,291	2,083
Total	**6,882**	**6,252**

Note 2.4 External expenses

§ Accounting policies

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

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

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

Rental expenses for the year for all operating leases		DKKm
	2015	2014
Lease payments	984	971
Sublease payments	(121)	(114)
Total	**863**	**857**

Note 2.5 Personnel expenses

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

§ Accounting policies

Wages, salaries, social security contributions, paid leave and sick leave, bonuses and other employee benefits are recognised in the year in which the employee renders the related services.

Pension costs
See note 3.8.

Share-based remuneration
See note 6.1.

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

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

Personnel expenses		DKKm
	2015	2014
Wages and salaries (including short-term bonus)	(4,079)	(3,877)
Pensions:		
• defined benefit plans	(167)	(158)
• defined contribution plans	(371)	(349)
Share-based remuneration	(66)	(51)
Social security	(289)	(263)
Total	**(4,972)**	**(4,698)**
Of which capitalised as non-current assets	777	705
Total personnel expenses recognised in the income statement	**(4,195)**	**(3,993)**

Number of full-time employee equivalents		
	2015	2014
1 January	8,594	8,587
Redundancy programmes	(303)	(636)
Outsourcing	0	(704)
Acquisitions and divestments	15	844
Hirings and resignations	399	503
31 December	**8,705**	**8,594**
Former Danish civil servants	110	137
Employees entitled to pension from TDC's pension fund	1,059	1,160
Other employees	7,536	7,297
31 December	**8,705**	**8,594**
Of which in Denmark	**6,825**	**6,780**
Average number of full-time employee equivalents, TDC Group[1,2]	**8,681**	**8,579**

[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 (2015:136 and 2014: 162).
[2] The figures cover only continuing operations. Calculated including discontinued operations, the average number of full-time employee equivalents amounted to 8,681 in 2015 and 8,690 in 2014.

Note 2.6 Depreciation, amortisation and impairment losses

Accounting policies

See notes 3.1 and 3.2.

Depreciation, amortisation and impairment losses		DKKm
	2015	2014
Depreciation on property, plant and equipment, cf. note 3.2	(3,116)	(2,650)
Amortisation of intangible assets, cf. note 3.1	(2,133)	(2,035)
Impairment losses, cf. note 3.1 and 3.2	(62)	(43)
Total	**(5,311)**	**(4,728)**

Comments

The increases in depreciation, amortisation and impairment losses from 2014 to 2015 reflect primarily the inclusion for the whole year of Get in 2015 (two months in 2014), partly offset by lower amortisation of the value of customer relationships according to the diminishing balance method.

For impairment losses recognised as special items, see note 2.7.

Note 2.7 Special items

Worth noting

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

Accounting policies

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

Critical accounting estimates and judgements

The Group's income statement separately identifies operating results before special items. Special items are those that in Management's judgement need to be disclosed separately by virtue of their size, nature or incidence. In determining whether an event or transaction is special, Management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. This is consistent with the way that financial performance is measured by management and reported to the Board of Directors and assists in providing a meaningful analysis of the operating results of the Group.

Comments

Net expenses from special items increased due primarily to impairment losses of DKK 4,618m in 2015 related to Business (DKK 3,900m), Wholesale (DKK 572m) and Bet25 (DKK 146m) in the Channels segment[1]. In addition, the negative development was due to the gain in 2014 from divesting TDC Finland (DKK 754m).

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

Special items	DKKm	
	2015	2014
Costs related to redundancy programmes and vacant tenancies	(387)	(600)
Other restructuring costs, etc.	(94)	(187)
Impairment losses	(4,658)	(390)
Income from rulings	11	43
Loss from rulings	(13)	(14)
Adjustment of purchase price of enterprises	24	0
Costs related to acquisition of enterprises	1	(120)
Special items before income taxes	**(5,116)**	**(1,268)**
Income taxes related to special items	230	190
Special items related to joint ventures and associates	0	1
Special items related to discontinued operations	0	754
Total special items	**(4,886)**	**(323)**

In both 2015 and 2014, costs related to redundancy programmes and vacant tenancies included a reassessment of the provision for expected expenses in relation to vacant tenancies (DKK 174m in 2015 and DKK 241m in 2014).

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

Cash flow from special items	DKKm	
	2015	2014
Redundancy programmes and vacant tenancies	(306)	(428)
Rulings	(3)	(10)
Other	(240)	(297)
Total	**(549)**	**(735)**

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 the former parent company NTC ApS in 2009 and the resulting adoption of NTC's purchase price allocation.

§ Accounting policies

Tax for the year comprises current income tax, changes in deferred tax and adjustments from prior years and is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income.

Current income tax liabilities and current income tax receivables are recognised in the balance sheet as income tax payable or income tax receivable.

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

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

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

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

Deferred tax assets and liabilities are offset in the consolidated balance sheet if the Group has a legally enforceable right to offset them, and the deferred tax assets and liabilities relate to the same legal tax entity.

Reconciliation of income taxes DKKm

	2015			2014		
	Income taxes cf. the income statement	Income tax payable/ (receivable)	Deferred tax liabilities/ (assets)	Income taxes cf. the income statement	Income tax payable/ (receivable)	Deferred tax liabilities/ (assets)
At 1 January	-	(64)	4,271	-	331	3,920
Transferred to discontinued operations	-	0	0	-	-	34
Additions relating to acquisition of enterprises	-	0	17	-	1	1,269
Income taxes for the year	(728)	929	(201)	(943)	1,159	(216)
Adjustment of tax for previous years	24	(70)	46	(8)	(341)	349
Capitalisation of deferred tax assets	0	0	0	610	0	(610)
Change in tax rate	45	0	(45)	0	0	0
Tax relating to remeasurement effects from defined benefit pension plans	-	-	168	-	-	(386)
Income tax paid	-	(800)	-	-	(1,214)	-
Currency translation adjustment	-	0	(38)	-	0	(89)
Total	**(659)**	**(5)**	**4,218**	**(341)**	**(64)**	**4,271**
Shown in the balance sheet as:						
Tax payable/deferred tax liabilities	-	0	4,218	-	1	4,271
Tax receivable/deferred tax assets	-	(5)	0	-	(65)	0
Total	**-**	**(5)**	**4,218**	**-**	**(64)**	**4,271**
Income taxes are specified as follows:						
Income excluding special items	(889)	-	-	(531)	-	-
Special items	230	-	-	190	-	-
Total	**(659)**	**-**	**-**	**(341)**	**-**	**-**

Note 2.8 Income taxes (continued)

Comments

In 2015, the change in tax rate related to a reduction in the Norwegian corporate income tax rate from 27% to 25% with effect from 2016.

DKK 779m of the income tax paid was paid in Denmark (2014: DKK 1,214m). DKK 8m and DKK 13m was paid in Norway and Sweden, respectively (2014: DKK 0m).

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

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

Specification of deferred tax

DKKm

	2015			2014
	Deferred tax assets	Deferred tax liabilities	Total	
Receivables, inventories, etc.	(5)	9	4	(7)
Other	(86)	3	(83)	(120)
Current	**(91)**	**12**	**(79)**	**(127)**
Intangible assets	0	3,565	3,565	4,167
Property, plant and equipment	(26)	91	65	112
Pension assets and pension liabilities	(2)	1,308	1,306	1,141
Tax value of tax-loss carryforwards	(492)	0	(492)	(796)
Other	(147)	0	(147)	(226)
Non-current	**(667)**	**4,964**	**4,297**	**4,398**
Deferred tax at 31 December	**(758)**	**4,976**	**4,218**	**4,271**
Recognised as follows in the balance sheet:				
Deferred tax assets			0	0
Deferred tax liabilities			4,218	4,271

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

Reconciliation of effective tax rate

%

	2015	2014
Danish corporate income tax rate	23.5	24.5
Limitation on the tax deductibility of interest expenses	4.7	3.9
Other non-taxable income and non-tax deductible expenses	0.1	(0.2)
Tax value of non-capitalised tax losses and utilised tax losses, net	0.0	(15.2)
Deviation in foreign subsidiaries' tax rates compared with the Danish tax rate	0.3	0.2
Change in the Norwegian corporate income tax rate	(1.3)	0.0
Adjustment of tax for previous years	(0.7)	0.2
Other	(0.4)	(0.3)
Effective tax rate excluding special items	**26.2**	**13.1**
Special items from non-tax deductible write-downs on goodwill	(63.0)	0.0
Other special items	(1.4)	(0.9)
Effective tax rate including special items	**(38.2)**	**12.2**

Note 2.9 Discontinued operations

§ Accounting policies

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

Profit/loss after tax of discontinued operations is presented in a separate line in the income statement with restated comparative figures. Revenue, cost and taxes relating to the discontinued operation are disclosed in the notes. Assets and accompanying liabilities are presented in separate lines in the balance sheet without restating comparative figures, and the principal items are specified in a note.

Cash flows from operating, investing and financing activities of discontinued operations are presented in separate lines in the statement of cash flow with restated comparative figures.

Discontinued operations		DKKm
	2015	2014
Revenue	**0**	**275**
Total operating costs	0	(224)
Income taxes	0	0
Results from discontinued operations excluding gain from divestment	0	22
Gain from divestment of discontinued operations (special items)	0	756
Other special items relating to discontinued operations	0	(2)
Profit for the year from discontinued operations	**0**	**776**

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

Note 2.10 Earnings per share (EPS)

§ Accounting policies

Earnings per share constitutes the amount of post-tax profit attributable to each share. Diluted EPS reflects any commitments the Group has to issue shares in the future and so includes the impact of share units from incentive programmes, cf. note 6.1.

Basic EPS is adjusted in order to show the business performance of the Group in a consistent manner and reflect how the business is managed. Adjustments are made for special items, discontinued operations, amortisation stemming from the merger of TDC and NTC ApS in 2009, and the related tax amounts.

		DKKm
	2015	2014
Profit/(loss) for the year (DKKm)	**(2,384)**	**3,228**
Average number of shares	812,000,000	812,000,000
Average number of treasury shares	(10,341,242)	(11,780,727)
Average number of outstanding shares	**801,658,758**	**800,219,273**
Average dilutive effect of outstanding share-based instruments (number)	0	2,634,257
Average number of diluted outstanding shares	**801,658,758**	**802,853,530**
EPS (DKK)		
EPS, basic	(2.87)	4.05
EPS, diluted	(2.87)	4.03
EPS from continuing operations, basic	(2.87)	3.08
EPS from continuing operations, diluted	(2.87)	3.07
EPS from discontinued operations, basic	0.00	0.97
EPS from discontinued operations, diluted	0.00	0.96
Profit/(loss) for the year from continuing operations	(2,384)	2,452
Reversal of special items before income taxes (cf. note 2.7)	5,116	1,268
Reversal of income taxes related to special items (cf. note 2.7)	(230)	(190)
Reversal of special items related to joint ventures and associates (cf. note 2.7)	0	(1)
Reversal of amortisation of brands and customer relationships stemming from the merger of TDC and NTC ApS (net of tax)	592	723
Adjusted profit for the year (DKKm)	**3,094**	**4,252**
Adjusted EPS	3.86	5.31

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 the former parent company NTC ApS in 2009 and the resulting adoption of NTC's purchase price allocation. These items amount to DKK 20,335m (2014: DKK 25,542m).

§ Accounting policies

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

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

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

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

The main amortisation periods are as follows:

Brands	3-10 years
Mobile licences	16-22 years
Development projects	3-5 years

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

Note 3.1 Intangible assets (continued)

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

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

Critical accounting estimates and judgements

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

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

Note 3.1 Intangible assets (continued)

Intangible assets

DKKm

	2015 Goodwill	2015 Customer relationships	2015 Brands	2015 Other rights, software, etc.	2015 Total	2014 Goodwill	2014 Customer relationships	2014 Brands	2014 Other rights, software, etc.	2014 Total
Accumulated cost at 1 January	23,016	23,312	6,154	10,354	62,836	17,472	18,870	5,769	9,910	52,021
Transferred to discontinued operations	0	0	0	0	0	(502)	(129)	(89)	(52)	(772)
Additions relating to the acquisition of enterprises	(36)	(124)	0	74	(86)	6,574	5,033	536	40	12,183
Additions	0	0	0	989	989	0	2	0	798	800
Assets disposed of or fully amortised	(98)	(3,782)	0	(128)	(4,008)	0	(66)	(12)	(313)	(391)
Currency translation adjustments	(326)	(228)	(38)	10	(582)	(528)	(398)	(50)	(29)	(1,005)
Accumulated cost at 31 December	**22,556**	**19,178**	**6,116**	**11,299**	**59,149**	**23,016**	**23,312**	**6,154**	**10,354**	**62,836**
Accumulated amortisation and write-downs for impairment at 1 January	(1,012)	(13,161)	(184)	(7,586)	(21,943)	(1,258)	(12,289)	(138)	(6,925)	(20,610)
Transferred to discontinued operations	0	0	0	0	0	480	100	0	40	620
Amortisation	0	(1,138)	(22)	(973)	(2,133)	0	(1,031)	(12)	(992)	(2,035)
Write-downs for impairment	(4,144)	(472)	0	(12)	(4,628)	(283)	(36)	(46)	(39)	(404)
Assets disposed of or fully amortised	98	3,782	0	128	4,008	0	66	12	313	391
Currency translation adjustments	(4)	9	3	(6)	2	49	29	0	17	95
Accumulated amortisation and write-downs for impairment at 31 December	**(5,062)**	**(10,980)**	**(203)**	**(8,449)**	**(24,694)**	**(1,012)**	**(13,161)**	**(184)**	**(7,586)**	**(21,943)**
Carrying amount at 31 December	**17,494**	**8,198**	**5,913**	**2,850**	**34,455**	**22,004**	**10,151**	**5,970**	**2,768**	**40,893**

Comments

Write-downs for impairment of intangible assets, etc. totalled DKK 4,628m (2014: DKK 404m). Of this, DKK 4,616m related to the impairment test of Business, Wholesale and Bet25 (see below for further information), and DKK 12m was due to termination of various software projects. These write-downs related to assets primarily in Operations.

The carrying amount of assets with indefinite useful lives other than goodwill amounted to DKK 5,907m (2014: DKK 5,941m). DKK 5,339m related to the TDC brand in Denmark, DKK 99m related to the TDC Norway brand and DKK 469m related to the Get brand in Norway.

The carrying amount of software amounted to DKK 1,479m (2014: DKK 1,349m). The addition of internally developed software totalled DKK 241m (2014: DKK 212m). The carrying amount of individually material Danish mobile licences included in other rights, software etc., amounted to DKK 1,141m (2014: DKK 1,256m) and is set forth in the following table:

Spectrum licences

DKKm

Spectrum (MHz)	Bandwidth (MHz)	Type/Technology	Licence expiration	Carrying amount
800	2 x 20	Technology neutral	2034	482
900	2 x 9	Technology neutral	2019	272
1800	2 x 21.8	Technology neutral	2017	0
2100	2 x 15 + 1 x 5	Technology neutral	2021	154
2600	2 x 20	Technology neutral	2030	233

Cash flow

DKKm

	2015	2014
Additions, cf. table above	(989)	(800)
Instalments regarding mobile licences	(96)	(96)
Cash flow from investment in intangible assets	**(1,085)**	**(896)**

Note 3.1 Intangible assets (continued)

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 2015 and at 1 October 2014, respectively.

Impairment testing is an integral part of the Group's budget and planning process, which is based on three-year business plans. The discount rates applied reflect specific risks relating to the individual cash-generating unit. The recoverable amount is based on the value in use determined on expected cash flows based on three-year business plans approved by Management. The business plans approved by Management follow the operating segments as described in note 2.1. The carrying amounts of Operations, Channels and Headquarters and the calculated negative value in use of these cost centres are allocated to Consumer, Business and Wholesale via an activity-based costing model. The value of the TDC brand is not allocated to Consumer, Business and Wholesale, which are combined to test potential impairment of the value of the TDC brand.

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

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

For the impairment testing of goodwill, TDC uses a pre-tax discount rate for each cash-generating unit. In determining the discount rate, a risk premium on the risk-free interest rate is fixed at a level reflecting Management's expectations of the spread for future financing.

Goodwill and intangible assets with indefinite useful lives relate primarily to Consumer, Business and Get. The assumptions for calculating the value in use for the most significant goodwill amounts are given below.

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

	Consumer	Business	Get
Carrying amount of goodwill at 31 December 2015 (DKKm)	7,854	4,367	5,099
Carrying amount of goodwill at 31 December 2014 (DKKm)	7,326	8,267	5,875
Market-based growth rate applied to extrapolated projected future cash flows for the period following 2018	0.0%	0.0%	2.0%
Applied pre-tax discount rate at 1 October 2015	7.4%	8.4%	8.5%
Applied pre-tax discount rate at 1 October 2014	7.7%	8.1%	-

Note 3.1 Intangible assets (continued)

Assumptions regarding recoverable amounts and projected earnings

Consumer
Any reasonably possible changes in the key assumptions are not expected to cause the carrying amount of goodwill to exceed the recoverable value.

Projections are based on assumptions of continued EBITDA decreases in 2016 followed by a relatively level development. The improvements are expected to come primarily from mobility services driven by increased subscriber bases and ARPU stagnation, as well as positive effects from the revitalisation of YouSee TV products. Operating expenses will show a relatively level trend for the three-year period.

Sensitivity analyses have been performed to assess the probability that any probable changes in cash flow or discount rate will result in an impairment loss. The key swing factor behind the projection is the 2018 EBITDA level used to calculate the terminal period. A sensitivity analysis indicates that in 2018, EBITDA may decrease by up to 15% before a write-down would have to be recognised.

Business
Following the completion of the test at 1 October 2015, write-downs for impairment of goodwill of DKK 3,900m related to the cash-generating unit of Business were recognised. The write-downs resulted primarily from reduced EBITDA expectations following Business' disappointing 2015 performance with an EBITDA decrease of 17% YoY across products and segments. The recoverable amount of Business is DKK 9,775m.

Projections are based on assumptions of improved YoY gross profit developments vs. the 2015 level. The improvements are expected to come primarily from the operator business (internet & network, mobile, landline voice) and to a lesser degree from integrator services in NetDesign. The projected turnaround will be driven by refocusing on small and medium-sized businesses via a substantially revamped go-to-market model and a clearer customervalue proposition as well as rolling out of standardised off-the-shelf products with reduced complexity to large businesses.

A downward adjustment of the projections in Business would result in further write-downs for impairment of goodwill. The key swing factor behind the projection is the 2018 EBITDA level used in the calculation of the terminal value. A sensitivity analysis indicates that if 2018 EBITDA decreased by DKK 100m, a further write-down of DKK 1bn would be recognised.

Get
Any reasonably possible changes in the key assumptions are not expected to cause the carrying amount of goodwill to exceed the recoverable value.

Projections are based on assumptions of continued, high EBITDA growth in the three-year business plan. The main growth components are increased subscriber bases and ARPUs on TV and broadband, as well as successful introductions of mobile offerings. Additional capex investments in 2015 and 2016 for network expansion are expected to support future growth.

Sensitivity analyses have been performed to assess the probability that any probable changes in cash flow or discount rate will result in an impairment loss. The key swing factor behind the projection is the market-based growth rate applied to extrapolated projected future cash flows for the period following 2018. A sensitivity analysis indicates that this growth rate may decrease to approximately 1.25% before a write-down would have to be recognised.

Other
Negative impacts from regulation have resulted in a need for a write-down of DKK 572m in Wholesale. The recoverable amount of Wholesale of DKK 1,199m is its value in use calculated with a pre-tax discount rate of 6.9% (1 October 2014: 6.9%) and a growth rate of 0.0% (1 October 2014: 0.0%).

Write-downs for impairment of goodwill of DKK 146m related to the cash-generating unit Bet25 were recognised. The write-down resulted primarily from reduced cash flow expectations. The recoverable amount of Bet25 of DKK 39m is its value in use calculated with a pre-tax discount rate of 9.5% and a growth rate of 0.0%.

Note 3.2 Property, plant and equipment

§ Accounting policies

Property, plant and equipment are measured at cost less accumulated depreciation and write-downs for impairment.

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

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

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

Buildings	20 years
Network infrastructure:	
mobile networks	20 years
copper	20 years
coax	20 years
fibre	30 years
exchange equipment	3-30 years
other network equipment	3-30 years
Equipment (computers, tools and office equipment)	3-15 years

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

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

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

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

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

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

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

Note 3.2 Property, plant and equipment (continued)

Property, plant and equipment

DKKm

	2015 Land and buildings	2015 Network infrastructure	2015 Equipment	2015 Assets under construction	2015 Total	2014 Land and buildings	2014 Network infrastructure	2014 Equipment	2014 Assets under construction	2014 Total
Accumulated cost at 1 January	588	31,965	2,460	916	35,929	604	28,250	2,510	743	32,107
Transferred to discontinued operations	0	0	0	0	0	(13)	(689)	(61)	0	(763)
Transfers (to)/from other items	0	933	111	(1,044)	0	1	1,389	(20)	(1,370)	0
Additions relating to the acquisition of enterprises	0	248	0	40	288	0	1,850	4	367	2,221
Additions	4	1,720	183	1,640	3,547	2	1,732	162	1,210	3,106
Assets disposed of	0	(394)	(265)	(5)	(664)	(3)	(303)	(115)	0	(421)
Currency translation adjustments	(3)	(184)	4	(58)	(241)	(3)	(264)	(20)	(34)	(321)
Accumulated cost at 31 December	**589**	**34,288**	**2,493**	**1,489**	**38,859**	**588**	**31,965**	**2,460**	**916**	**35,929**
Accumulated depreciation and write-downs for impairment at 1 January	(104)	(16,173)	(1,823)	(325)	(18,425)	(97)	(14,560)	(1,730)	(317)	(16,704)
Transferred to discontinued operations	0	0	0	0	0	6	417	43	0	466
Transfers to/(from) other items	0	13	(13)	0	0	0	(77)	77	0	0
Depreciation	(12)	(2,781)	(323)	0	(3,116)	(13)	(2,298)	(339)	0	(2,650)
Write-downs for impairment	0	(33)	(9)	(50)	(92)	(2)	(14)	(3)	(10)	(29)
Assets disposed of	0	394	264	5	663	1	275	114	0	390
Currency translation adjustments	1	76	(2)	(1)	74	1	84	15	2	102
Accumulated depreciation and write-downs for impairment at 31 December	**(115)**	**(18,504)**	**(1,906)**	**(371)**	**(20,896)**	**(104)**	**(16,173)**	**(1,823)**	**(325)**	**(18,425)**
Carrying amount at 31 December	**474**	**15,784**	**587**	**1,118**	**17,963**	**484**	**15,792**	**637**	**591**	**17,504**
Carrying amount of finance leases at 31 December	**54**	**198**	**0**	**-**	**252**	**57**	**115**	**4**	**-**	**176**

Comments

In 2015, write-downs for impairment totalled DKK 92m. Of this, DKK 82m related to assets in Denmark operated by Operations and DKK 10m related to Norway and Sweden.

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 Norway and Sweden.

Damages of DKK 46m received relating to property, plant and equipment were recognised as income (2014: DKK 42m).

Cash flow

DKKm

	2015	2014
Additions, cf. table above	(3,547)	(3,106)
Non-cash additions regarding finance leases	130	114
Non-cash additions regarding decommissioning obligations	0	35
Cash flow from investment in property, plant and equipment	**(3,417)**	**(2,957)**

Note 3.3 Receivables

Accounting policies

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

Receivables (DKKm)

	2015	2014
Trade receivables	3,284	3,570
Allowances for doubtful debts	(270)	(276)
Trade receivables, net	**3,014**	**3,294**
Receivables from joint ventures and associates	0	1
Contract work in progress	70	98
Other receivables	322	377
Total	**3,406**	**3,770**
Recognised as follows in the balance sheet:		
Non-current assets	275	312
Current assets	3,131	3,458
Total	**3,406**	**3,770**
Allowances for doubtful debts at 1 January	(276)	(324)
Transferred to discontinued operations	0	4
Additions	(97)	(133)
Deductions	103	177
Allowances for doubtful debts at 31 December	**(270)**	**(276)**

Trade receivables past due (DKKm)

	Not past due	Past due and impaired	Past due and not impaired		Total
			Less than six months	More than six months	
2015:	2,193	644	361	86	3,284
2014:	2,529	628	328	85	3,570

Comments

Write-down for impairment of other receivables is unchanged from last year DKK 16m.
The carrying amount of the balances approximates fair value due to the short maturity of amounts receivable.

Of the receivables classified as current assets, DKK 14m falls due after more than one year (2014: DKK 0m).

Note 3.4 Prepaid expenses

Accounting policies

Prepaid expenses comprise expenses paid relating to subsequent financial years.

Prepaid expenses are measured at amortised cost.

Prepaid expenses (DKKm)

	2015	2014
Prepaid lease payments	91	55
Expenses related to non-refundable up-front connection fees	373	376
Other prepaid expenses	632	539
Total	**1,096**	**970**
Recognised as follows in the balance sheet:		
Non-current assets	355	310
Current assets	741	660
Total	**1,096**	**970**

Note 3.5 Deferred income

Accounting policies

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

Deferred income	DKKm	
	2015	2014
Deferred income from non-refundable up-front connection fees	710	767
Deferred subscription revenue	2,531	2,362
Other deferred income	362	470
Total	**3,603**	**3,599**
Recognised as follows in the balance sheet:		
Non-current liabilities	426	525
Current liabilities	3,177	3,074
Total	**3,603**	**3,599**

Note 3.6 Provisions

Accounting policies

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

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

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

Provisions are measured at Management's best estimate of the amount at which the liability is expected to be settled. Provisions are discounted if the effect is material to the measurement of the liability.

Critical accounting estimates and judgements

The Group has engaged, and may in the future need to engage, in restructuring activities, which require Management to make significant estimates on provisions based on expectations concerning timing and scope, future cost level, etc. In connection with large restructurings, the provision for vacant tenancies comprises rent and operating costs for the contract period reduced by the expected rental income. For each category of tenancy (office, exchange, etc.) and in consideration of the geographical location, the probability of sublease and expected sublet rent rates are assessed. The provision is estimated based on certain assumptions, the most significant of which relate to the probability of sublease and expected sublet rent rates. Should the actual amounts differ from these estimates, future results could be materially impacted.

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

Note 3.6 Provisions (continued)

Provisions DKKm

	2015				2014
	Decommis-sioning obligations	Restructuring obligations	Other provisions	Total	
Provisions at 1 January	207	790	285	1,282	1,471
Transferred to discontinued operations	0	0	0	0	(20)
Additions relating to the acquisition of enterprises	0	0	0	0	5
Provisions made	8	315	19	342	588
Change in present value	(5)	7	1	3	56
Provisions used (payments)	(1)	(311)	(52)	(364)	(743)
Reversal of unused provisions	0	0	(47)	(47)	(68)
Currency translation adjustments	0	(1)	0	(1)	(7)
Provisions at 31 December	**209**	**800**	**206**	**1,215**	**1,282**
Of which recognised through special items in the income statement	**0**	**770**	**104**	**874**	**887**
Recognised as follows in the balance sheet:					
Non-current liabilities	209	615	161	985	992
Current liabilities	0	185	45	230	290
Total	**209**	**800**	**206**	**1,215**	**1,282**

Comments

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

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

The Group has approximately 143 leased tenancies no longer used by the Group (2014: 141). The leases terminate in 2041 at the latest. See also note 6.5. The uncertainties regarding the provision for vacant tenancies relate primarily to the assumption on probability of sublease and rent rates that will be impacted by e.g. changed market conditions for subletting.

Specification of how payments regarding provisions are recognised in the statements of cash flow DKKm

	2015	2014
Payments related to provisions	(11)	(20)
Cash flow related to special items	(326)	(540)
Investment in enterprises	(26)	(183)
Investment in property, plant and equipment	(1)	0
Total	**(364)**	**(743)**

Other provisions relate mainly to onerous contracts and jubilee benefits for employees as well as legal claims. The majority of these provisions are expected to result in cash outflows in the next five years. The uncertainties regarding legal claims and onerous contracts relate to both timing and estimated amounts. The uncertainties regarding jubilee benefits relate to both salary and number of employees included.

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

The Group's total termination benefits include wages during the notice period, severance pay, stand-off pay, payments pursuant to the Danish Salaried Employees Act, special termination benefits (in accordance with IAS 19 *Employee Benefits*), social security contributions and 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, is shown in the table below:

Average redundancy cost per full-time employee equivalent DKK thousands

	2015	2014
Non-civil servants	422	342
Former Danish civil servants	1,085	1,234
Employees with civil-servant status	969	1,107
Weighted average per full-time employee equivalent	672	630

Note 3.7 Trade and other payables

	2015	2014
Trade payables	4,686	4,733
Prepayments from customers	208	241
Amounts owed to joint ventures and associates	0	5
Accrued interest	700	776
Holiday allowance provision	689	696
Other payables	752	793
Total	**7,035**	**7,244**

Of the current liabilities, DKK 120m falls due after more than one year (2014: DKK 217m).

Note 3.8 Pension assets and pension obligations

Worth noting

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

In a defined benefit plan, members receive cash payments on retirement, the value of which depends on factors such as salary and length of service. TDC underwrites investment, mortality and inflation risks necessary to meet these obligations. In the event of returns not being sufficient to honour obligations towards the employees, TDC needs to address this through increased levels of contribution. TDC has defined benefit plans in Denmark (in the separate legal entity: TDC Pension Fund) and in Norway.

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

Note 3.8 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 consist of the items: service cost, administrative expenses and interest on pension assets. Service cost and administrative expenses are recognised in personnel expenses, whereas interest on pension assets is presented as an item in financial income and expenses.

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

Critical accounting estimates and judgements

Defined benefit plans

Pension related to defined benefit plans is estimated based on certain actuarial assumptions, the most significant of which relate to discount rates, wage inflation and demography (mortality, disability, etc.). The assumed discount rate may fluctuate significantly. We believe the actuarial assumptions illustrate current market conditions and expectations for market returns in the long term. With the updated assumptions, TDC's pension costs related to the Danish defined benefit plan are expected to amount to DKK 8m in 2016 compared with DKK 63m in 2015, 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.

Note 3.8 Pension assets and pension obligations (continued)

Pension income/(costs) from defined benefit plans

DKKm	2015	2014
Specification of plans		
Denmark	(63)	97
Norway	(16)	(22)
Pension income/(costs) from defined benefit plans	**(79)**	**75**
Recognition in the income statement		
Service cost[1]	(158)	(149)
Administrative expenses	(9)	(9)
Personnel expenses (included in EBITDA)	(167)	(158)
Interest on pension assets	88	233
Pension income/(costs) from defined benefit plans	**(79)**	**75**

[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	2015	2014
Pension contributions (ordinary contributions)		
Denmark	(99)	(105)
Norway	(22)	(35)
Total	**(121)**	**(140)**
Special items (extraordinary contributions)		
Denmark	(14)	(36)
Norway	0	0
Total	**(14)**	**(36)**

Defined benefit plan in Denmark

Under conditions similar to those provided by the Danish Civil Servants' Pension Plan, 1,212 of TDC's employees (2014: 1,319) were entitled to pensions from the pension fund related to TDC. Of these, 132 (2014: 147) employees were seconded to external parties in connection with outsourcing tasks or divesting operations. In addition, 8,144 (2014: 8,243) 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.

Note 3.8 Pension assets and pension obligations (continued)

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

The surplus under the Danish FSA pension regulation amounted to approx. DKK 1.7bn (2014: DKK 1.3bn). The equity of the pension fund amounted to approx. DKK 2.6bn (2014: DKK 2.2bn). The equity differs from the pension assets recognised in accordance with IFRS due to specific FSA pension regulation requirements relating to mortality assumptions and an assumed higher inflation. The method for determining the fair value of plan assets is identical under the two requirements.

Plan assets include property with a fair value of DKK 125m used by group companies (2014: DKK 122m).

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Pension (costs)/income

DKKm	Expected 2016	2015	2014
Service cost	(119)	(143)	(131)
Administrative expenses	(9)	(9)	(9)
Personnel expenses (included in EBITDA)	(128)	(152)	(140)
Interest on pension assets	120	89	237
Pension (costs)/income	**(8)**	**(63)**	**97**
Domestic redundancy programmes recognised in special items	-	(65)	(113)
Total pension (costs)/income recognised in the income statement	**-**	**(128)**	**(16)**

Assets and obligations

DKKm	2015	2014
Specification of pension assets		
Fair value of plan assets	29,185	29,870
Defined benefit obligation	(23,238)	(24,665)
Pension assets recognised in the balance sheet	**5,947**	**5,205**
Change in defined benefit obligation		
Defined benefit obligation at 1 January	(24,665)	(21,713)
Service cost	(143)	(131)
Administrative expenses	(9)	(9)
Interest cost on the defined benefit obligation	(411)	(741)
Termination benefits	(65)	(113)
Remeasurement effect:		
Demographic experience	156	1,008
Demographic assumptions	0	(978)
Financial assumptions	833	(3,053)
Benefit paid	1,066	1,065
Projected benefit obligations at 31 December	**(23,238)**	**(24,665)**
Change in fair value of plan assets		
Fair value of plan assets at 1 January	29,870	28,421
Interest income on plan assets	500	978
Actual return on plan assets greater/(less) than discount rate (remeasurement effect)	(232)	1,395
TDC's contribution	113	141
Benefit paid	(1,066)	(1,065)
Fair value of plan assets at 31 December	**29,185**	**29,870**
Change in pension assets		
Pension assets at 1 January	5,205	6,708
Pension (costs)/income	(128)	(16)
Remeasurement effects	757	(1,628)
TDC's contribution (see also table below)	113	141
Pension assets recognised in the balance sheet at 31 December	**5,947**	**5,205**

Note 3.8 Pension assets and pension obligations (continued)

Asset allocation by asset categories at 31 December	2015	2014
DKKm		
Assets with quoted prices:		
Government and mortgage bonds (incl. hedges and repos)	9,685	9,863
High-yield bonds	3,893	3,425
Investment grade bonds	3,437	7,290
Emerging markets-debt	2,665	2,375
Property	1,728	1,548
Alternatives	0	311
Equities	1,895	1,540
Cash	(18)	(220)
Other	112	(21)
Assets without quoted prices:		
High-yield bonds	1,320	725
Investment grade bonds	2,105	1,088
Property	859	665
Alternatives	1,417	1,235
Equities	87	46
Fair value of plan assets	**29,185**	**29,870**

Assumptions used to determine defined benefit obligations (balance sheet) (%)	2015	2014
Discount rate	2.00	1.70
General price/wage inflation	1.50	1.45

Assumptions used to determine pension (costs)/income (%)	2016	2015	2014
Discount rate	2.00	1.70	3.50
General price/wage inflation	1.50	1.45	2.25

The basis for determining the discount rate is the yield of AA-rated euro-denominated corporate bonds with an average maturity of 13 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 1.70% (3.50% in 2014) and inflation was 1.45% (2.25% in 2014). The assumptions for 2016 reflect a discount rate increased to 2.00% and an increase of the assumed inflation rate from 1.45% to 1.50%.

The increased discount rate during 2015 resulted in a decreased pension benefit obligation compared with year-end 2014.
In 2016, with these changed assumptions, pension costs from the domestic defined benefit plan are expected to amount to DKK 8m (2015: DKK 63m), assuming all other factors remain unchanged.

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

The mortality assumptions provide the best fit for TDC's recent experience plus an allowance for future improvement. 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).

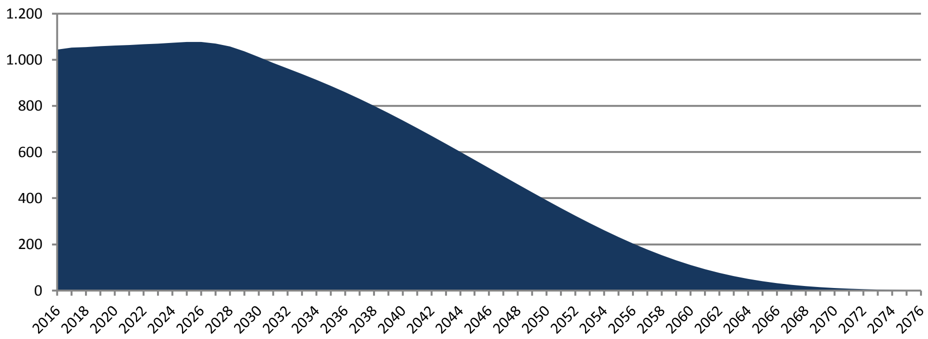
Sensitivity analysis
The table below shows the estimated impact of some of the risks that TDC is exposed to. TDC is also exposed to fluctuations in the market value of assets. For some of these risks, if the defined benefit obligation rises or falls, the market value of assets may move in the opposite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

Note 3.8 Pension assets and pension obligations (continued)

Projected defined benefit obligations — DKKm

	2015	2014
Reported defined benefit obligation	23,238	24,665
Discount rate sensitivity	**2.00%**	**1.70%**
Assumption -0.5%	24,978	26,603
Assumption +0.5%	21,686	22,944
General price/wage inflation sensitivity	**1.50%**	**1.45%**
Assumption +0.25%	24,119	25,641
Assumption –0.25%	22,404	23,743
Mortality sensitivity		
Assumption +1 year longevity	24,142	25,637
Assumption -1 year longevity	22,283	23,640

Projected benefit payments[1] — DKKm



[1] The duration of the pension plan is approximately 15 years.

TDC's contributions — DKKm

	Expected 2016	2015	2014
Ordinary contributions	83	99	105
Extraordinary contributions in connection with retirements	16	14	36
Capital contributions	0	0	0
Total	**99**	**113**	**141**

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 452m (2014: DKK 482m) have been deducted in the projected benefit obligation.

Defined benefit plans in Norway

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

One of TDC Norway's defined benefit plans was closed down during 2015, resulting in a one-off gain of DKK 34m.

Pension contributions related to foreign defined benefit plans amounted to DKK 22m (2014: DKK 35m). Pension liabilities relating to foreign defined benefit plans amounted to DKK 36m (2014: DKK 105m). The actuarially determined pension obligations amounted to DKK 227m (2014: DKK 373m) and the fair value of the pension funds' assets amounted to DKK 191m (2014: DKK 268m).

Section 4
Capital structure and financing costs

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

Note 4.1 Equity

Worth noting

In February 2015, TDC issued EUR 750m in hybrid capital used to repay the bridge facility from the Get acquisition.

Hybrid capital is accounted for as equity, whereas rating agencies assign 50% equity credit to this type of capital.

§ Accounting policies

Hybrid capital
Hybrid capital comprises issued bonds that qualify for treatment in accordance with the rules on compound financial instruments due to the special characteristics of the loan. The principal amount, which constitutes a liability, is recognised at the present value, and equity has been increased by the difference between the net proceeds received and the present value of the discounted liability. As coupon payments are discretionary and therefore not included in the calculation of the present value of the liability, the present value amounts to nil on initial recognition. Accordingly, amortisation charges will only impact on profit for the year towards the end of the 1,000-year term of the hybrid capital.

Any coupon payments are recognised directly in equity at the time the payment obligation arises. This is because the coupon payments are discretionary and relate to the part of the hybrid capital that has been recognised in equity. Consequently, coupon payments have no effect on profit for the year. Coupon payments are recognised in the statement of cash flow as a separate item within financing activities.

Treasury shares
The cost of treasury shares is deducted from equity under retained earnings on the date of acquisition. Similarly, payments received in connection with the disposal of treasury shares and dividends are recognised directly in equity.

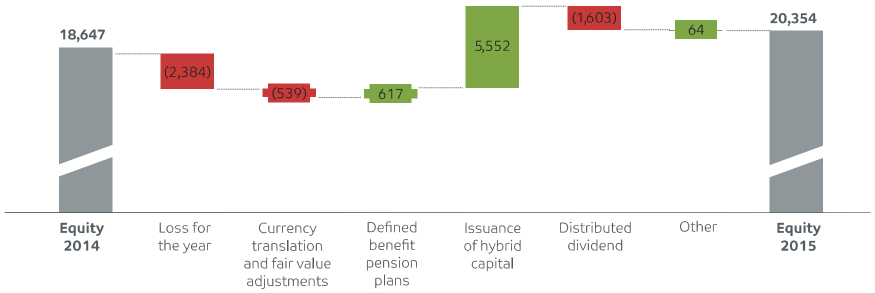
Dividends
Dividends expected to be distributed for the year are recognised in a separate item in equity. Dividends and interim dividends are recognised as a liability at the time of adoption by the Annual General Meeting and the meeting of the Board of Directors, respectively.

Currency translation reserve
Currency translation reserve comprises exchange-rate differences arising from translation of the functional currency of foreign enterprises' financial statements into Danish kroner. Translation adjustments are recognised in the income statement when the net investment is realised.

Reserve for cash flow hedges
Reserve for cash flow hedges in equity comprises changes in the fair value of hedging transactions that qualify for recognition as cash flow hedges and where the hedged transaction has not yet been realised.

Note 4.1 Equity (continued)

Equity DKKm



Share capital

	Shares (number)	Nominal value (DKKm)
Holding at 1 January 2014	812,000,000	812
Holding at 1 January 2015	**812,000,000**	**812**
Holding at 31 December 2015	**812,000,000**	**812**

Comments

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.

During 2015, total equity increased by DKK 1.7bn to DKK 20.4bn due chiefly to the issuance of hybrid bonds (DKK 5.6bn), which are accounted for as equity in the balance sheet. This was partly offset by the negative total comprehensive income (DKK 2.3bn) and distributed dividends (DKK 1.6bn).

The Parent Company statement of changes in equity specifies which reserves are available for distribution. The distributable reserves amounted to DKK 17,797m at 31 December 2015 (2014: DKK 19,287m (before proposed dividend). At the Annual General Meeting on 10 March 2016, the Board of Directors will propose a dividend of DKK 0 per share. An interim dividend of DKK 1.00 per share was distributed on 12 August 2015. For the financial year 2014, a dividend of DKK 2.50 per share was distributed.

Dividend payments during the financial year 2015 amounted to DKK 2.00 per share (2014: DKK 3.70 per share).

Treasury shares

	Shares (number)	Nominal value (DKKm)	% of share capital
Holding at 1 January 2014	13,115,723	13	1.62
Used to settle share programmes	(1,392,210)	(1)	(0.18)
Holding at 1 January 2015	11,723,513	12	1.44
Used to settle share programmes	(1,441,582)	(2)	(0.17)
Holding at 31 December 2015	**10,281,931**	**10**	**1.27**

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

Hybrid capital

In February 2015, TDC issued EUR 750m in callable subordinated capital securities (hybrid bonds) which are accounted for as equity. The hybrid capital is subordinate to the Group's other creditors. The further key details on the hybrid bonds are:

- final maturity: 26 February 3015
- first par call date: 26 February 2021
- coupon rate: fixed at 3.5000% until 26 February 2021

TDC may defer coupon payments to bond holders. However, deferred coupon payments will fall due for payment in the event of distribution of dividends to TDC's shareholders. Deferred coupons will lapse in 3015.

Coupon payments will be recognised directly in equity at the time the payment obligation arises. Non-recognised accumulated coupons amounted to DKK 165m as of 31 December 2015.

The first possible coupon payment is in February 2016. Coupon payments will be recognised in the statement of cash flow as a separate item within financing activities. Hybrid coupon payments will be included as a separate item in the statement of equity free cash flow (EFCF).

The hybrid bonds issued by TDC provide 50% equity credit from rating agencies. Accordingly, an adjusted net interest-bearing debt (NIBD) and leverage ratio are disclosed, where 50% of the hybrid capital is included in NIBD.

Note 4.2 Loans and derivatives

Worth noting

TDC is financed through the European bond market and bank loans. In February 2015, the bridge bank loan stemming from the acquisition of Get was refinanced through a combination of senior unsecured EMTN bonds (12-year maturity, 1.75% coupon) and hybrid capital (6-year non-callable, 3.5% coupon). In addition, the EUR 800m bond maturing in February 2015 was repaid with bank loans and cash.

The maturity of the EUR 274m bond in December 2015 was repaid with bank loans and cash.

The next upcoming maturity is the EUR 800m bond that will mature in February 2018.

TDC's outstanding EMTN bonds have been issued in EUR and GBP with fixed interest rates. The GBP bonds have been swapped to fixed EUR interest rates. Part of the fixed-rate debt has been swapped to floating-rate debt. On 31 December 2015, TDC had a floating-rate share of debt of 23%, which is within the maximum of 60% as defined in TDC´s Financial Strategy.

Hedges used for hedge accounting purposes comprise both cash flow hedges (GBP to EUR) and fair value hedges (fixed to a floating interest rate). Fair value adjustments of cash flow hedges are recognised in other comprehensive income except for any ineffective part of the hedge which is recognised under fair value adjustments in the income statement. Fair value adjustments of both derivatives and loans treated as fair value hedges are recognised in the income statement.

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

§ Accounting policies

Loans

Loans are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Fair value hedged loans are measured at fair value excluding the effect of changes in own credit risk.

Other financial liabilities are measured at amortised cost.

Finance leases

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

Financial instruments

On initial recognition, financial derivatives are recognised in the balance sheet at fair value and subsequently remeasured at fair value. Depending on the type of instrument, different recognised measurement methods are applied for derivative financial instruments.

Fair value changes of financial derivatives are recognised in the income statement. However, in case of changes in the fair value of financial derivatives designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income. Any ineffective portion of the hedge is recognised in the income statement. Changes in the fair value of derivative financial instruments that qualify as hedges of fair value are recognised in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged interest rate risk.

Unrealised gains/losses relating to hedging of future cash flows are recognised in other comprehensive income under a separate reserve.

Note 4.2 Loans and derivatives (continued)

Euro Medium Term Notes (EMTNs) and Bank loans[1]

	2018	2019	2020	2020	2022	2023	2027	Total
Maturity	23 Feb 2018	30 Dec 2019	4 Feb 2020	14 Dec 2020	2 Mar 2022	23 Feb 2023	27 Feb 2027	
Fixed/floating rate	Fixed	Floating	Floating	Floating	Fixed	Fixed	Fixed	
Coupon	4.375%				3.750%	5.625%	1.75%	
Currency	EUR	EUR	EUR	EUR	EUR	GBP	EUR	
Type	Bond	Bank loan	Bank loan	Bank loan	Bond	Bond	Bond	
Nominal value (DKKm)	5,969	2,985	1,865	746	3,731	5,577	5,969	26,842
Nominal value (Currency)	800	400	250	100	500	550	800	-
Of which nominal value swapped to or with floating interest rate (EURm)	200	400	250	100	150	50	0	1,150
Of which nominal value swapped from GBP to EUR (GBPm)[2]	0	0	0	0	0	550	0	550

[1] The maturity of derivatives used for hedging of long-term loans matches the maturity of the underlying loans.
[2] The nominal value of the GBP 550m Feb-2023 bond is fully swapped to EUR 658m.

Debts relating to finance leases — DKKm

	Minimum payments		Present value	
	2015	2014	2015	2014
Maturing within 1 year	93	58	85	52
Maturing between 1 and 3 years	108	90	98	80
Maturing between 3 and 5 years	14	13	7	6
Maturing after 5 years	118	96	58	59
Total	**333**	**257**	**248**	**197**

Debts relating to finance leases concerned primarily lease agreements regarding property and IT equipment. See also note 3.2.

Note 4.3 Credit ratings and net interest-bearing debt

Worth noting

Credit rating

TDC is committed to maintaining investment grade ratings.

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

TDC's manages its capital structure with the aim of maintaining an investment grade rating. This is e.g. done by continuously monitoring several credit metrics (including adjusted NIBD/EBITDA) which determine the credit profile and form the basis of the rating according to rating agencies' methodologies.

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

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

TDC's rating agencies took the following rating actions during 2015:

On 9 February 2015, Fitch revised its outlook on TDC to BBB negative from BBB stable.

On 27 November 2015, Standard & Poor's downgraded TDC's long term issuer rating and the senior unsecured rating of all debt issued by TDC to BBB- with a stable outlook from BBB with a negative outlook.

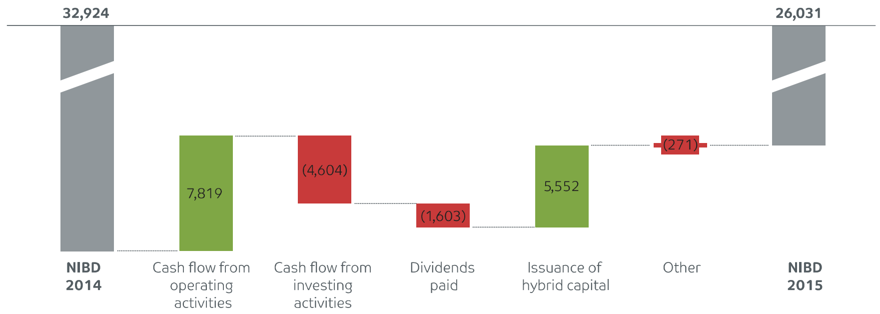
On 17 December 2015, Fitch downgraded TDC's long term issuer rating and the senior unsecured rating of all debt issued by TDC to BBB- with a stable outlook from BBB with negative outlook.

Moody's took no action in relation to the rating of TDC in 2015.

Net interest-bearing debt

DKKm	2015	2014
Interest-bearing receivables and investments[1]	(278)	(307)
Cash	(363)	(4,746)
Long-term loans	27,398	18,630
Short-term loans	200	20,051
Interest-bearing payables	2	7
Derivative financial instruments hedging fair value and currency on loans	(928)	(711)
Net interest-bearing debt	**26,031**	**32,924**
50% of hybrid capital	2,776	0
Adjusted net interest-bearing debt	**28,807**	**32,924**

[1] Primarily related to loans to the pension fund, TDC Pensionskasse.



TDC's company ratings at 31 December 2015

Rating	Short-term	Long-term	Outlook
S&P	A-3	BBB-	Stable
Moody's	-	Baa3	Stable
Fitch	F3	BBB-	Stable

Comments

The decreases in both NIBD and adjusted NIBD were attributable mainly to the issuance of hybrid bonds and cash flow from operations that were partly offset by dividends.

Note 4.4 Financial income and expenses

Financial income and expenses	DKKm 2015	2014
Interest income	27	115
Interest expenses	(991)	(1,033)
Net interest	**(964)**	**(918)**
Currency translation adjustments	(320)	(108)
Fair value adjustments	88	(212)
Interest, currency translation adjustments and fair value adjustments	**(1,196)**	**(1,238)**
Profit from joint ventures and associates	1	(10)
Interest on pension assets	88	233
Total	**(1,107)**	**(1,015)**

Interest, currency translation adjustments and fair value adjustments (DKKm)

2015	Net interest	Currency translation adjustments	Fair value Adjustments	Total
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(847)	(28)	86	(789)
European Investment Bank (EIB) and KfW bank loans	(21)	(10)	0	(31)
Other hedges (not treated as hedge accounting)	0	0	2	2
Other	(96)	(282)	0	(378)
Total	**(964)**	**(320)**	**88**	**(1,196)**

2014	Net interest	Currency translation adjustments	Fair value Adjustments	Total
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(883)	32	(25)	(876)
Other hedges (not treated as hedge accounting)	0	4	(187)	(183)
Other	(35)	(144)	0	(179)
Total	**(918)**	**(108)**	**(212)**	**(1,238)**

Comments

Financial income and expenses represented an expense of DKK 1.107m in 2015, up DKK 92m compared with 2014, driven primarily by:

Net interest

The higher net interest expense related primarily to lower interest income following a settled tax case in 2014 regarding definition of infrastructure assets. In February 2015, the terminated bridge bank loan and the maturing EMTN bond were replaced by hybrid capital, EMTN bond, bank loans and cash. Although the acquisition of Get resulted in a higher level of long-term loans compared with 2014, no higher interest expenses were incurred due to lower interest rates on the new loans and because EUR 750m of the financing consisted of hybrid capital where the coupons are accounted for as dividends.

Currency translation adjustments

2015 resulted in exchange-rate losses primarily on intercompany loans denominated in NOK (DKK 246m) as well as the increasing EUR/DKK exchange rate on EUR-denominated debt (DKK 38m).

Fair value adjustments

In 2015, cross-currency swaps relating to the EMTN GBP debt[1] resulted in a gain as opposed to the loss in 2014. Pre-hedges relating to the refinancing in February 2015 also resulted in a loss due to declining market interest rates. This was partly offset by gains from hedges that hedge future cash flows primarily in USD and NOK, as these are not treated as cash flow hedging.

Interest on pension assets

The lower interest on pension assets was attributable to a decreasing discount rate, as the interest is calculated on the basis of the pension funds' net assets (assets less liabilities) using a discount rate. For further information about pension plans, see note 3.8.

[1] The GBP EMTN loan is hedged to the fixed EUR interest rate and treated as hedge accounting. The hedge is recognised in other comprehensive income and the ineffective part of the hedge is recognised as fair value adjustments in the income statements. The test of efficiency is to compare the GBP/EUR hedge with a theoretical GBP/DKK hedge.

Note 4.4 Financial income and expenses (continued)

Cash flow from net interest DKKm

	2015	2014
Interest received	638	690
Interest paid	(1,517)	(1,576)
Net interest paid	**(879)**	**(886)**
Specified as follows:		
Euro Medium Term Notes (EMTNs) incl. hedges (treated as hedge accounting)	(775)	(862)
European Investment Bank (EIB) and KfW bank loans	(15)	0
Other hedges (not treated as hedge accounting)	(60)	(15)
Other	(29)	(9)
Net interest paid	**(879)**	**(886)**

Comments

Net interest of DKK 879m paid in 2015, represented a DKK 7m decrease compared with 2014, driven primarily by:

Refinancing of debt in 2015 resulting in lower interest paid due to the changed payment profile on loans. 2014 was positively impacted by inflow from derivatives relating to the hedge of the acquisition of Get.

Note 4.5 Financial risks

Worth noting

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

TDC's latest financial strategy was approved in June 2015 and defines maxima/minima for interest-rate, exchange-rate and counterparty risks as well as maxima/minima for a range of other variables. Together with market values of financial assets and liabilities, these exposures are calculated and monitored monthly. All risk measures are reported to the Group Chief Financial Officer on a monthly basis.

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 2015, TDC monitored and managed its interest-rate risks using several variables in accordance with TDC's financial strategy to protect primarily TDC's financial policy targets. The following variables are monitored:

- floating interest-rate debt shall not exceed 60% of the total gross debt (including related derivatives)
- the maximum share of TDC's fixed-rate debt (including related derivatives) to be reset within one year shall not exceed 25% in year two and 30% in year three, respectively. The Group Chief Financial Officer can approve breaches of the limit for up to three months during which Group Treasury must take action or have plans approved by the Group Chief Financial Officer to reduce the interest resetting risk to below the limit
- the BPV (basis point value – modified duration measured in DKK) shall not exceed the BPV of the debt portfolio if it were fully fixed for its entire maturity
- TDC can pre-hedge future debt maturities up to 3 years in advance with instruments that have a maturity of up to 15 years. Pre-hedge instruments will be exempt from the BPV
- The duration of TDC's financial assets (bank accounts, marketable securities and deposits) shall not exceed 0.25 of a year.

Monitored interest-rate risk variables (average)

	Maxima/ minima	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15	Interval 2015	Average 2015	Average 2014
Share of floating interest-rate debt	Max. 60%	53%	36%	27%	26%	25%	23%-60%	29%	40%
Actual financial portfolio BPV (DKKm)		9.5	15.2	18.5	17.7	17.2	11.2-19.7	17.2	9.6
Max. BPV of the financial portfolio (DKKm)[1]		10.0	16.2	20.5	21.0	20.4	11.2-21.5	19.5	10.6
Duration of financial assets (years)	Max. 0.25	0.00	0	0	0	0	0	0	0.00
The maximum share of fixed interest-rate gross debt to be reset within one year in year two[2]	Max. 25%	5%	0%	0%	0%	0%	0%	0%	6%
The maximum share of fixed interest-rate gross debt to be reset within one year in year three[2]	Max. 30%	0%	6%	18%	18%	18%	0%-19%	15%	0%

[1] At 31 December 2015, a +/- 1 percentage point parallel shift in the interest-rate curve would impact profit for the year by approx. DKK +45.9/-25.5m due to changes in fair value adjustments and paid interest (2014: approx. DKK +/- 33m). The impact on equity is estimated to be immaterial in both years.

[2] Average figures for reset risk in 2015 and 2014 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 had a EUR exposure of DKK 31.8bn in 2015 (DKK 36.5bn in 2014).

Throughout 2015, TDC monitored and managed its exchange-rate risks using several variables in accordance with TDC's financial strategy to protect primarily TDC's financial policy targets. The following variables are monitored:

- total open gross position, including payables and receivables, cash accounts, financing (including derivatives) and marketable securities in other currencies than DKK and EUR must not exceed DKK 500m (DKK 400m until June 2015)

- budgeted cash flows in other currencies than EUR and DKK in the coming year must be hedged if foreign currencies constitute a risk to EFCF of more than 1.25% of total EFCF (0.65% until June 2015). This is measured and tested on a quarterly 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. Furthermore, as a guiding rule, foreign subsidiaries with other reporting currencies than DKK or EUR must hedge payables /receivables in other currencies than DKK and EUR to local currency. Finally, to the largest extent possible, foreign subsidiaries should pay out net cash holdings as dividend to TDC subject to maintaining an appropriate capitalisation and liquidity position for the subsidiary.

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

Net investments in foreign subsidiaries, joint ventures and associates		DKKm
	2015 Carrying amount	2014 Carrying amount
SEK	(362)	751
EUR	7	6
NOK	8,591	11,676
Total at 31 December	**8,236**	**12,433**

The change in the carrying amounts for NOK and SEK is due to dividend payments from Get and TDC Sweden.

Note 4.5 Financial risks (continued)

Monitored exchange-rate risk variables (end-of-period) DKKm

	Maxima	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15	Interval 2015	Average 2015	Average 2014
Total open gross position in other currencies than DKK and EUR[1, 2]	500	252	121	240	144	304	92-304	207	245

1 Including payables and receivables, cash accounts and financing (including derivatives).
2 At 31 December 2015, foreign currencies constituted a maximum translation risk of approx. DKK 24.5m in relation to EFCF (2014: approx. DKK 83m, with 90% certainty within a time frame of one year).

Credit risks

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

Financial transactions with a potential financial exposure for TDC are entered into only with counterparties holding the long-term credit rating of at least BBB+ from Standard & Poor's or Baa1 from Moody's. Each counterparty credit line is determined by the counterparty's credit rating and is of a size that spreads the credit risks of total credit lines over several counterparties. However, should one of TDC's counterparties default, TDC might incur a loss but one that is considered minimal. Credit risks are monitored on a monthly basis.

TDC's maximum credit risks amounted to DKK 3,697m at 31 December 2015 (2014: DKK 8,432m).

Liquidity risks

To reduce refinancing risks, the maturity profile of the debt portfolio is spread over several years. The committed Revolving Credit Facilities totalling EUR 700m (or DKK 5.223m) 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 2015, TDC had undrawn committed credit lines totalling DKK 5,049m, of which DKK 3,731m was syndicated.

Maturity profiles

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

Note 4.6 Financial instruments

Maturity profiles of expected cash flows[1] DKKm

Financial liabilities measured at fair value through profit or loss	2015 < 1 year	1-3 years	3-5 years	> 5 years	Total	Fair value	Carrying amount
Derivatives							
Inflow	99	66	79	98	342		
Outflow	(199)	(221)	(177)	(284)	(881)		
Total derivatives, liabilities	**(100)**	**(155)**	**(98)**	**(186)**	**(539)**	**(537)**	**(537)**
Financial liabilities measured at amortised cost							
Euro Medium Term Notes (EMTNs)	0	(5,969)	0	(15,277)	(21.246)	(21,785)	**(21,320)**
European Investment Bank loan (EIB)	0	0	(3,731)	0	(3,731)	(3,731)	**(3,727)**
Other bank loans	(3)	0	(1,865)	0	(1,868)	(1,868)	**(1,863)**
Debt relating to finance leases	(93)	(108)	(14)	(118)	(333)	(248)	**(248)**
Other loans	(114)	(222)	(141)	(3)	(480)	(440)	**(440)**
Total loans	(210)	(6,299)	(5,751)	(15,398)	(27,658)	(28,072)	**(27,598)**
Euro Medium Term Notes (EMTNs) and bank loans, interest	(138)	(1,682)	(1,183)	(1,952)	(4,955)	0	0
Euro Medium Term Notes (EMTNs) and bank loans, interest accrued	(698)	0	0	0	(698)	(698)	**(698)**
Trade and other payables[2]	(3,165)	0	(13)	0	(3,178)	(3,178)	**(3,178)**
Total financial liabilities measured at amortised cost	**(4,211)**	**(7,981)**	**(6,947)**	**(17,350)**	**(36,489)**	**(31,948)**	**(31,474)**
Total 2015	**(4,311)**	**(8,136)**	**(7,045)**	**(17,536)**	**(37,028)**	**(32,485)**	**(32,011)**
Total 2014	**(24,691)**	**(1,925)**	**(10,432)**	**(10,818)**	**(47,866)**	**(45,479)**	**(43,482)**

[1] All cash flows are undiscounted. As the table reflects only the cash flow from financial liabilities, no positive cash flow from financial assets is disclosed.
[2] As not all trade and other payables recognised in the balance sheet are financial instruments (e.g. unbilled payables do not constitute a financial liability), the amount differs from the amount disclosed in the balance sheet.

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

Section 5
Cash flow

This section gives information on the Group's cash flow. Furthermore, information on development in the cash flow items is included in note 2.7 Special items, note 3.1 Intangible assets, note 3.2 Property, plant and equipment, 3.6 Provisions, note 3.8 Pension assets and pension obligations as well as note 4.4 Financial income and expenses. A detailed review of Equity free cash flow is provided in the section '2015 performance' in the Management's review.

Worth noting

TDC Group's renewed 2016-18 strategy is centered on providing best-in-class customer satisfaction and improving the trend towards cash flow growth measured in terms of equity free cash flow (EFCF). See also the consolidated statement of cash flow.

§ Accounting policies

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

Interest received and paid includes settlement of interest-hedging instruments.

Cash flow from investing activities comprises acquisitions and divestments of enterprises, purchases and sales of intangible assets, property, plant and equipment as well as other non-current assets, and purchases and sales of securities that are not recognised as cash and cash equivalents. Cash flows from acquired enterprises are recognised from the time of acquisition, while cash flows from enterprises divested are recognised up to the time of divestment.

Cash flow from operating, investing and financing activities of discontinued operations is presented in separate lines in the statement of cash flow with comparative figures.

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

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

Note 5.1 Adjustment for non-cash items		DKKm
	2015	**2014**
Pension costs regarding defined benefit plans	137	158
Share-based remuneration	66	51
(Gain)/loss on disposal of property, plant and equipment, net	(5)	(2)
Other adjustments	(6)	(50)
Total	**192**	**157**

Note 5.2 Change in working capital		DKKm
	2015	**2014**
Change in inventories	10	10
Change in receivables	269	434
Change in trade payables	72	42
Change in deferred income	5	(169)
Change in prepaid expenses	(152)	38
Change in other items, net	(26)	(183)
Total	**178**	**172**

Note 5.3 Investment in enterprises

§ Accounting policies

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

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

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

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

Acquired enterprises are recognised in the consolidated financial statements from the time of acquisition.

Acquisitions in 2015

Enterprises and activities acquired	Segment	Date of recognition	Proportion acquired
TV and fibre activities from TREFOR	Consumer/Operations	1 January 2015	100%
Business activities from Justfone A/S	Business	1 May 2015	100%
Fyns Antenne- og Elektronikcenter A/S	Operations	30 June 2015	100%

At the date of acquisition, the cost of the assets and liabilities acquired was DKK 189m. Following adjustment of net assets to fair value, goodwill was measured at DKK 9m. Goodwill represents the value of current employees and know-how as well as expected synergies arising from the business combinations.

Adjusted for cash in acquired enterprises of DKK (1)m and change in unpaid acquisition cost of DKK (35)m, the cash flow related to investment in enterprises amounted to DKK 153m.

The acquisitions had no significant impact on the income statement for 2015.

Acquisitions in 2014

On 20 October 2014, TDC A/S acquired 100% of the shares in Get. Get 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 Get 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 was not completed in 2014. Consequently, the fair values shown in the table below are provisional. The initial accounting for the business combination was completed in 2015, resulting in only immaterial adjustments to the value of intangible assets and property, plant and equipment.

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.

Note 5.3 Investment in enterprises (continued)

The acquisition of Get 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, Get would have contributed DKK 2,358m to revenue and DKK 144m to profit for the year in 2014. The pro-forma information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies

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

At the date of other acquisitions, the cost of the assets and liabilities acquired was DKK 135m. 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 was paid in relation to acquisitions in prior years.

The other acquisitions had no significant impact on the income statement for 2014.

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

Assets and liabilities at the time of acquisition (DKKm)

Get	Fair value at time of acquisition
Identifiable intangible assets (excluding goodwill)	5,561
Property, plant and equipment	2,212
Receivables (gross contractual amounts receivable: DKK 256m)	236
Derivative financial instruments	339
Prepaid expenses	94
Cash	191
Deferred tax assets/(liabilities), net	(1,268)
Provisions	(5)
Pension liabilities	(11)
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)
Net cash flow on acquisition of the Get Group	**12,360**
Net cash flow on other acquisitions (see below)	290
Total net cash flow on acquisition	**12,650**

Other acquisitions in 2014

Enterprises and activities acquired	Segment	Date of recognition	Proportion acquired
Ecosys A/S (including Bet25 A/S)	Consumer	1 April 2014	51%
Viridis IT AB	Sweden	1 October 2014	100%
Activities from Viasat A/S	Operations	19 December 2014	100%

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 consisted of the following at the time of divestment:

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

	2015	2014
Intangible assets	0	151
Property, plant and equipment	0	296
Other non-current assets	0	36
Inventories	0	1
Receivables	0	125
Cash	0	96
Provisions	0	(62)
Deferred income	0	(52)
Trade and other payables	0	(127)
Net assets	**0**	**464**
Profit/(loss) relating to divestments of discontinued operations including tax	0	756
Payment of sales costs	(2)	(7)
Cash in discontinued operations	0	(96)
Net cash flow on divestments	**(2)**	**1,117**
Cash flow from investing activities in discontinued operations excluding divestments	0	(21)
Net cash flow from investing activities in discontinued operations	**(2)**	**1,096**

Section 6
Other disclosures

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

Note 6.1 Incentive programmes

§ Accounting policies

Share-based remuneration

TDC Group operates share-based incentive programmes, under which TDC Group grants the programmes and receives services from employees. The fair value of employee services received is recognised in the income statement under personnel expenses. The total expense is recognised over the period from the start of employees providing services (under the Deferred Bonus Share Programme and Performance Share Programme, employees provide services in advance of the grant date) until the end of the vesting period, which is the period during which all of the specified vesting conditions are to be satisfied. The Deferred Bonus Share Programme is a share-based programme with a cash settlement option while the Performance Share Programme and the Norwegian RSU programme are equity-settled programmes.

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

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

Bonus programmes

Approximately 275 TDC Group top managers participate in a short-term bonus programme called the Top Managers' Compensation Programme, and around 350 TDC Group 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 Group.

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 80 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.

Note 6.1 Incentive programmes (continued)

Deferred bonuses are immediately converted into deferred bonus share units in TDC with a corresponding value. Deferred bonus share units vest and are converted into shares in TDC after three years, depending on how TDC Group's equity free cash flow (EFCF) per share performs compared with a weighted average of the three years in the base case in TDC Group's business plan. Participants will receive the following shares:

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

[1] Linear calculation of matching share units between 75%-100% and 50%-75%.
[2] Dividends paid out on shares in the deferral period will result in corresponding increases of each participant's number of share units. A participant who terminates employment during the vesting period for reasons of voluntary resignation or misconduct will receive no matching shares. Participants who terminate employment for other reasons will receive matching shares as if their employment had continued throughout the vesting period.

The value of the bonus that the Executive Committee members are obliged to defer at the beginning of 2016 amounted to DKK 14.4m (beginning of 2015: DKK 10.7m). The value of the bonus that the Executive Committee members and other executives have the option to defer at the beginning of 2016 amounted to DKK 35.1m (beginning of 2015: DKK 19.0m). The value of potential matching shares amounted to DKK 18.8m (2014: DKK 11.7m).

Liabilities arising from share-based remuneration amounted to DKK 19m (2014: DKK 12m).

The EFCF for 2013 to 2015 has been calculated and resulted in a 187% vesting for the 2013 grant (100% vesting for the 2012 grant).

Performance Share Programme
Approximately 230 TDC Group managers, including the Executive Committee, participate in a Performance Share Programme that rewards long-term performance.

All eligible participants are granted performance share units annually. Vested performance share units are converted into shares in TDC. The value of performance share units granted is calculated as a percentage of participants' base salary depending on their tier level and individual performance. The number of performance share units granted is determined by the fair value per unit on the basis of a Monte Carlo simulation. For the Executive Committee, this corresponds to 30% of base salary and, for other TDC Group managers, up to 25% of their base salary.

Ownership of shares will pass to participants only provided the performance share units vest. Performance share units vest three years from the date of granting subject to TDC's performance as measured by Total Shareholder Return (TSR-calculated as share price movements plus dividends received over a stated period divided by the share price at the beginning of such period) relative to a peer group of 12 telecommunications companies (excluding TDC):

TSR performance relative to peer group	Vesting share units[1,2] 2015 grant	Vesting share units[1,2] 2013/2014 grant
No. 1-3	140%	150%
No. 4-6	90%	100%
No. 7-8	65%	75%
No. 9-10	40%	50%
No. 11	25%	25%
No. 12-13	25%	0%

[1] Dividends paid out on shares in the vesting period will result in annual corresponding increases of each participant's number of performance share units. A participant who terminates employment during the vesting period for reasons of voluntary resignation or misconduct will not vest any performance share units. Participants who terminate employment for other reasons will vest performance share units as if their employment had continued throughout the vesting period.
[2] For the Executive Committee, the vesting schedule for the 2013 and 2014 grants also applies to the 2015 grant.

The TSR for 2013 to 2015 has been calculated and resulted in a 0% vesting for the 2013 grant (50% vesting for the 2012 grant).

Share-based incentive programme for the management of TDC's Norwegian business
In July 2015, TDC Group launched a new share-based incentive programme for the management of Get and TDC Norway ("TDC's Norwegian business"). Under the incentive programme, the managers will be entitled to a bonus in the form of Restricted Stock Units ("RSUs") based on the development in EBITDA less capex compared to a threshold level for TDC's Norwegian business for the period covering the financial years 2015, 2016 and 2017. The bonus will be calculated no later than 31 March 2018 and will be paid in RSUs. The number of RSUs is affected by the development in the TDC share price in the period 2015 to 2017. The RSUs will vest on 1 April 2018 and for each RSU the manager will be given one TDC share upon vesting. At the time of vesting, TDC may choose to make a cash settlement, in full or in part, of RSUs instead of delivering TDC shares.

Note 6.1 Incentive programmes (continued)

The aggregate bonus amount cannot exceed NOK 150 million. Each manager's entitlement to RSUs is conditional upon the manager's continued employment until 31 December 2017 subject to certain leaver provisions.

The expenses for 2015 relating to the programme amounted to DKK 19m.

In addition to the above, TDC Group has entered into an investment agreement with each manager under which the manager will be required to purchase shares in TDC at a certain time for a certain amount at market value at the relevant time. The total investment in TDC shares will amount to NOK 100 million. The shares purchased will be subject to certain lock-up restrictions until 31 December 2017.

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.

Note 6.1 Incentive programmes (continued)

Share units

	2015				2014			
	Deferred bonus share units		Performance share units		Deferred bonus share units		Performance share units	
	Executive Committee	Other managers[1]	Executive Committee	Other managers[1]	Executive Committee	Other managers[1]	Executive Committee	Other managers[1]
Outstanding at 1 January	227,843	413,146	452,918	3,628,999	205,159	273,308	598,976	3,698,704
Granted	135,016	17,385	168,422	1,159,744	104,614	67,627	145,299	1,050,418
Vested	(83,536)	(222,471)	(151,882)	(1,290,999)	0	0	(189,583)	(952,394)
Forfeited	0	0	(72,521)	(135,511)	0	(9,719)	(134,061)	(135,442)
Transferred	(128,223)	128,223	(99,432)	99,432	(81.930)	81,930	32,287	(32,287)
Outstanding at 31 December	**151,100**	**336,283**	**297,505**	**3,461,665**	**227,843**	**413,146**	**452,918**	**3,628,999**

[1] Incl. retired Executive Committee members.

None of the outstanding performance share units at 31 December 2015 were exercisable.

The Performance Share Programme for 2013 vested on 1 January 2016. The market value at 31 December 2015 of the shares transferred to the participants amounted to DKK 0m (2014: 43.5m).

The fair value at grant date was DKK 40.83 per unit for the 2015 grant (DKK 48.61 per unit for the 2014 grant). The fair value of the 2015 grant is calculated using a Monte Carlo simulation model with a negative interest rate of 0.01%, a volatility of 19.4% for TDC, an average correlation between TDC and peers of 37.3% and a share price of DKK 47.23 at the time of granting. The fair value of the 2014 grant was 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 of DKK 52.60 at the time of granting.

Note 6.2 Remuneration for Management

Remuneration for the Board of Directors[1] — DKK thousands

	2015	2014
Vagn Sørensen (Chairman)	1,327	1,450
Pierre Danon (Vice Chairman)	825	825
Stine Bosse	550	550
Pieter Knook[3]	525	502
Angus Porter	525	525
Lars Rasmussen[3]	0	102
Benoit Scheen[2]	452	0
Søren Thorup Sørensen	650	650
Jan Bardino	400	400
Christian A. Christensen	400	400
Steen M. Jacobsen	400	400
John Schwartzbach	400	400
Hanne Trebbien[3]	0	73
Gert Winkelmann	400	400
Total	**6,854**	**6,677**

[1] In addition, TDC Group has paid social security contribution of DKK 440 thousand for members outside Denmark as well as certain of TDC Group 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 2015 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.

Remuneration rates for the Board of Directors — DKK thousands

	2015	2014
Chairman of the Board	1,100	1,100
Vice Chairman of the Board	700	700
Other members of the Board	400	400
In addition:		
Chairman of the Audit Committee	250	250
Member of the Audit Committee	150	150
Chairman of the Compensation Committee	150	150
Member of the Compensation Committee	100	100
Chairman of the Nomination Committee	50	50
Member of the Nomination Committee	25	25

The remuneration rates to the Vice Chairman of the Board and the ordinary board members have not been adjusted since 2010. The Chairman has received the current remuneration rate since before 2010. The Board of Directors has set up a temporary Business Review and Development Committee to support execution of TDC's new strategy. The Board of Directors has decided to propose to the Annual General Meeting 2016 that for 2016 the members of the Business Review and Development Committee are remunerated with the same remuneration rate as the members of the Audit Committee. For 2016, the Board of Directors will propose no other adjustment of the remuneration rates for the Board of Directors to the Annual General Meeting 2016.

Remuneration for the Executive Committee[1] — DKKm

	2015			2014
	CEO Pernille Erenbjerg	Other members	Total	Total
Base salary (incl. benefits)	5.6	24.6	30.2	31.0
Cash bonus	2.0	12.5	14.5	8.8
Deferred bonus	3.4	8.5	11.9	8.4
Pensions[2]	1.1	4.5	5.6	5.9
Performance share remuneration[3]	1.3	3.8	5.1	2.6
Share-based incentive programme in Norway	-	7.7	7.7	0.0
Retention allowance	3.2	0.0	3.2	0.0
One-off consideration	0.0	0.0	0.0	0.6
Redundancy compensation[4]	-	24.2	24.2	1.7
Total	**16.6**	**85.8**	**102.4**	**59.0**
Total in 2014	**9.4**	**49.6**	**59.0**	

[1] During 2015, the remuneration for the Executive Committee (excluding redundancy compensation) comprises 7.7 members on average (2014: 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 2015 was reduced by DKK 2.3m (2014: DKK 4.4m) due to cancellation of performance share units due on retirement.
[4] The compensation in 2015 related primarily to the former CEO Carsten Dilling.

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 2015 amounted to DKK 32.2m (2014: DKK 21.0m). Total remuneration expenses for the Executive Committee amounted to DKK 103.4m (2014: DKK 60.2m).

The Executive Committee members' service contracts include 6-12 months' notice in the event of termination by the Company. In addition, two members are entitled to receive severance payment - one member equal to six months' base salary plus an on-target bonus and one member equal to six months' base salary - 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 will be prolonged to 24 months for one Executive Committee member in the event of termination by the Company.

Note 6.2 Remuneration for Management (continued)

TDC Group's executive remuneration:

- is closely linked to company performance and shareholder value creation. The executive remuneration comprises a mix of base salary and incentive programmes that are measurable, controllable, well defined and aligned with shareholder interests
- varies according to level and consists of a base salary, pension contribution, a cash-based incentive and share performance programmes based on Total Shareholder Return, company performance and peer group performance. The split between base salary and variable remuneration is set to ensure a clear focus on short-term performance and achievement of our long-term business objectives
- is assessed against a benchmark of large Danish companies – some include international activities to ensure competitiveness
- is decided by the Compensation Committee

Number of shares in TDC A/S

	1 January 2015[2]	Additions	Divestments	31 December 2015	Market value DKKm
Present Board of Directors[1]					
Vagn Sørensen	325,392	0	0	325,392	11.2
Pierre Danon	45,085	0	0	45,085	1.5
Stine Bosse	2,310	0	0	2,310	0.1
Søren Thorup Sørensen	3,074	0	0	3,074	0.1
Jan Bardino	1,790	0	0	1,790	0.1
Christian A. Christensen	4,017	600	0	4,617	0.2
Steen M. Jacobsen	740	0	0	740	0.0
John Schwartzbach	740	0	0	740	0.0
Gert Winkelmann	750	0	0	750	0.0
Total	**383,898**	**600**	**0**	**384,498**	**13.2**
Present Executive Committee					
Pernille Erenbjerg	123,441	47,349	0	170,790	5.9
Jens Munch-Hansen	344,113	102,402	(146,515)	300,000	10.3
Gunnar Evensen	0	699,600	0	699,600	24.0
Erik Heilborn	66,278	0	0	66,278	2.3
Peter Trier Schleidt	9,596	6,837	0	16,433	0.6
Jens Aaløse	0	9,299	0	9,299	0.3
Total	**543,428**	**865,487**	**(146,515)**	**1,262,400**	**43.4**

[1] The other members of the Board of Directors hold no shares in TDC A/S.
[2] For new members: The shareholding at the time of appointment.

Note 6.3 Related parties

In addition to the joint ventures and associates shown in note 6.9, 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 Pensionskasse. The lease contract is interminable until 2022. In addition, annual contributions are paid to the pension fund, see note 3.8. TDC A/S has issued a subordinated loan to the pension fund.

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 2015 (2014: DKK 410 thousand).

The Group has the following additional transactions and balances with related parties; income/(expenses), receivables/(debt):

Related parties	2015	2014
TDC Pensionskasse		
Rental expense	(3)	(3)
Investment advisory fees	16	16
Interest income of subordinated loan and other income	3	4
Debt regarding lease agreements and other payables	(40)	(27)
Subordinated loan	150	149
Other receivables	3	27
Joint ventures and associates		
Expenses	(5)	(6)
Receivables	0	1
Payables	0	(5)

DKKm

Note 6.4 Fees to auditors

Fees to auditors elected by the Annual General Meeting (DKKm)	2015	2014
Statutory audit, PricewaterhouseCoopers	**10**	**10**
Other assurance engagements	5	3
Tax advisory services	1	1
Other services	7	5
Total non-statutory audit services, PricewaterhouseCoopers	**13**	**9**
Total, PricewaterhouseCoopers	**23**	**19**

In addition, fees to the former auditors of Get (Ernst & Young AS) in 2014 amounted to DKK 0.1m for statutory audit services and DKK 0.0m for non-statutory audit services.

Note 6.5 Other financial commitments

Worth noting

Commitments represent amounts TDC Group has contractually committed to pay to third parties in the future. This gives an indication of future cash flows.

Lease agreements can commit TDC Group to significant future expenditure. The table below discloses TDC Group's commitments to make such payments. Except for the provision for vacant tenancies (cf. note 3.6), such commitments are not recognised in the balance sheet.

TDC Group sublets a number of the leased properties where such properties, or part of such properties, are no longer required for use. The table below discloses the commitments sub-lessors have made in respect of such arrangements. These commitments are not recognised in the balance sheet. However, they are included in the basis for determining the provision for vacant leases.

Other financial commitments		DKKm
	2015	2014
Lease commitments for all operating leases[1]		
Properties and mobile sites	6,602	7,044
Machinery, equipment, computers, etc.	577	548
Total	**7,179**	**7,592**
Future sublease payments	(208)	(206)
Net commitments	**6,971**	**7,386**
Total lease commitments can be specified as follows:		
Due not later than 1 year	732	755
Due later than 1 year and not later than 5 years	1,860	1,922
Due later than 5 years	4,587	4,915
Total	**7,179**	**7,592**
Capital and purchase commitments		
Investments in intangible assets	659	796
Investments in property, plant and equipment	591	952
Commitments related to outsourcing agreements	633	854

[1] Lease commitments include commitments on vacant tenancies for which a provision of DKK 567m has been recognised in the balance sheet (2014:DKK 487m), cf. note 3.6.

Comments

Some of the leases are expected to be transferred to new lessees instead of being subleased. This will reduce the commitments.

Operating leases, for which TDC Group is the lessee, are related primarily to agreements on fibre networks, sea cables, cars and agreements on property leases and mobile sites. The lease agreements will terminate in 2041 at the latest.

Note 6.6 Contingencies

Contingent liabilities
TDC Group is party to certain pending lawsuits and cases pending with public authorities and complaints boards. Based on a legal assessment of the possible outcome of each of these lawsuits and cases, Management is of the opinion that these will have no significant adverse effect on TDC Group's financial position.

Change of control
The EU Takeover Directive, as partially implemented by the Danish Financial Statements Act, contains certain rules for listed companies specifying the disclosure of information on capital and ownership structure, etc., and change-of-control provisions in material agreements.

Information on TDC's ownership is provided in Shareholder information.

TDC Group is licensed to provide mobile telecommunications services in Denmark. The Danish Business Authority may withdraw existing licences if TDC Group 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 withdrawal of a licence for any technology that is important for the provision of TDC Group'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 Group's other contracts with third parties also include change-of-control clauses.
A change of control could lead to termination of such contracts. Termination of such contracts would not individually or in combination have a material adverse effect on TDC Group's revenue and earnings.

Note 6.7 Events after the balance sheet date

TDC Group ceases its strategic review of TDC Hosting
On 27 January 2016, TDC Group announced that the Board of Directors has concluded that the best way of maximising long-term value for shareholders is to continue ownership of TDC Hosting. TDC Hosting will continue as an independent unit and constitute an important part of the integrated solutions offered by TDC Group in the SMB segment in the future.

TDC Group announces strategic review of TDC Sweden
On 27 January 2016, TDC Group announced that it is conducting a strategic review of TDC Sweden. The strategic review may or may not lead to a disposal of TDC Sweden. There can be no assurance when such a disposal will occur, if at all.

Note 6.8 New accounting standards

At 5 February 2016, 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 has replaced the incurred loss impairment model used in IAS 39. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright-line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the ratio Management actually uses for risk management purposes. The Group has yet to assess the full impact of IFRS 9.
- IFRS 15 *Revenue from Contracts with Customers*[1] - 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.
- IFRS 16 *Leases*[1] – amends the rules for the lessee's accounting treatment of operating leases. In future, operating leases must therefore be recognised in the balance sheet as lease assets and corresponding lease liabilities. The standard will become effective for financial years beginning on or after 1 January 2019. TDC Group expects to implement the standard when it becomes effective. TDC Group is in the process of examining the effect of the standard, which cannot yet be calculated.

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.

[1] Not yet endorsed by the EU.

Note 6.9 Overview of Group companies at 31 December 2015

Company name[1]	Domicile	Currency	TDC ownership share (%)
Business			
TDC Mobil Center A/S	Odense, Denmark	DKK	100.0
TDCH A/S	Copenhagen, 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
CubeIO A/S[2]	Herlev, Denmark	DKK	50.0
Norway			
Get AS	Oslo, Norway	NOK	100.0
Homebase AS	Oslo, Norway	NOK	100.0
TDC AS	Oslo, Norway	NOK	100.0
Sweden			
TDC Nordic AB	Stockholm, Sweden	SEK	100.0
TDC Sverige AB	Stockholm, Sweden	SEK	100.0
Operations			
Dansk Kabel TV A/S	Copenhagen, Denmark	DKK	100.0
Channels			
Ecosys A/S	Silkeborg, Denmark	DKK	51.0
Bet25 A/S	Silkeborg, Denmark	DKK	51.0
TDC Telco ApS	Taastrup, Denmark	DKK	100.0
Contact Center Europe GmbH	Flensburg, Germany	EUR	100.0
Other			
TDC Reinsurance A/S	Copenhagen, Denmark	DKK	100.0

[1] In order to give readers a clear presentation, 16 minor enterprises are not listed separately in the overview. In pursuance of Section 6 of the Danish Financial Statements Act, the following subsidiaries have chosen not to prepare an annual report: Kaisai A/S, 4WEB A/S, TDC Hosting Holding ApS, Hosting TopCo ApS, Selskabet af 16. juni 2015 ApS and TDCH III ApS.
[2] The enterprise is included under the equity method.

Parent Company income statement

DKKm

	Note	2015	2014
Revenue	2.1	**18,658**	**19,766**
Cost of sales		(4,507)	(4,532)
Gross profit		**14,151**	**15,234**
External expenses		(3,327)	(3,326)
Personnel expenses	2.2	(2,774)	(2,849)
Other income		88	122
Operating profit before depreciation, amortisation and special items (EBITDA)		**8,138**	**9,181**
Depreciation, amortisation and impairment losses		(4,167)	(4,254)
Operating profit excluding special items (EBIT excluding special items)		**3,971**	**4,927**
Special items	2.3	(5,284)	(966)
Operating profit /(loss) (EBIT)		**(1,313)**	**3,961**
Financial income and expenses	4.3	1,533	(1,410)
Profit before income taxes		**220**	**2,551**
Income taxes	2.4	(631)	(864)
Profit/(loss) for the year		**(411)**	**1,687**

Parent Company statement of comprehensive income

DKKm

	Note	2015	2014
Profit/(loss) for the year		**(411)**	**1,687**
Items that may subsequently be reclassified to the income statement:			
Fair value adjustments of cash flow hedges		(38)	(267)
Fair value adjustments of cash flow hedges transferred to financial expenses		(86)	25
Items that cannot subsequently be reclassified to the income statement:			
Remeasurement of the defined benefit pension plan		756	(1,628)
Income tax relating to remeasurement of benefit pension plan	2.4	(166)	358
Other comprehensive income		**466**	**(1,512)**
Total comprehensive income		**55**	**175**

Parent Company balance sheet

Assets			DKKm
	Note	2015	2014
Non-current assets			
Intangible assets	3.1	23,796	29,045
Property, plant and equipment	3.2	14,782	14,674
Investments in subsidiaries	3.3	13,095	14,791
Joint ventures, associates and other investments		42	43
Pension assets	3.4	5,947	5,205
Receivables	3.5	4,567	1,735
Derivative financial instruments	4.4	484	214
Prepaid expenses	3.6	323	286
Total non-current assets		**63,036**	**65,993**
Current assets			
Inventories		235	264
Receivables	3.5	2,512	2,643
Income tax receivables	2.4	0	84
Derivative financial instruments	4.4	472	598
Prepaid expenses	3.6	493	406
Cash		325	4,650
Total current assets		**4,037**	**8,645**
Total assets		**67,073**	**74,638**

Equity and liabilities			DKKm
	Note	2015	2014
Equity			
Share capital	4.1	812	812
Reserve for cash flow hedges		(492)	(368)
Retained earnings		18,289	18,853
Proposed dividends		0	802
Equity attributable to owners		**18,609**	**20,099**
Hybrid capital		5,552	0
Total equity		**24,161**	**20,099**
Non-current liabilities			
Deferred tax liabilities	2.4	3,716	3,800
Provisions	3.9	891	903
Loans	4.2	27,395	18,628
Deferred income	3.7	393	493
Total non-current liabilities		**32,395**	**23,824**
Current liabilities			
Loans	4.2	282	20,042
Trade and other payables	3.8	5,447	5,867
Payables to group enterprises		1,264	1,470
Derivative financial instruments	4.4	537	531
Deferred income	3.7	2,819	2,585
Provisions	3.9	168	220
Total current liabilities		**10,517**	**30,715**
Total liabilities		**42,912**	**54,539**
Total equity and liabilities		**67,073**	**74,638**

Parent Company statement of cash flow

DKKm

	Note	2015	2014
Operating profit before depreciation, amortisation and special items (EBITDA)		8,138	9,181
Adjustment for non-cash items	5.1	232	164
Pension contributions		(99)	(105)
Payments related to provisions		0	(1)
Cash flow related to special items		(486)	(759)
Change in working capital	5.2	(145)	598
Interest received		890	720
Interest paid		(1,630)	(1,590)
Realised currency translation adjustments		0	(407)
Income tax paid		(794)	(1,206)
Cash flow from operating activities		**6,106**	**6,595**
Investment in subsidiaries		(46)	(11,311)
Investment in property, plant and equipment		(2,529)	(2,706)
Investment in intangible assets		(1,056)	(810)
Investment in other non-current assets		(6)	(71)
Divestment of subsidiary		385	0
Sale of non-current assets		60	35
Loan to subsidiary		(3,163)	(1,557)
Dividends received from subsidiaries, joint ventures and associates		3,719	1,261
Cash flow from investing activities		**(2,636)**	**(15,159)**
Proceeds from long-term loans		8,484	2,974
Proceeds from issuance of hybrid capital		5,552	0
Repayments on long-term loans		(8,008)	0
Finance lease repayments		(79)	(39)
Proceeds from bridge bank loan		0	11,914
Repayment of brigde bank loan		(11,946)	0
Change in other short-term bank loans		88	0
Change in interest-bearing receivables and payables		(218)	212
Dividends paid		(1,603)	(2,961)
Cash flow from financing activities		**(7,730)**	**12,100**
Total cash flow		**(4,260)**	**3,536**
Cash and cash equivalents at 1 January		4,650	1,114
Cash related to hosting activities divested to new subsidiary		(52)	0
Effect of exchange-rate changes on cash and cash equivalents		(13)	0
Cash and cash equivalents at 31 December		**325**	**4,650**

Parent Company statement of changes in equity DKKm

	Share capital	Reserve for cash flow hedges	Retained earnings	Proposed dividends	Hybrid capital	Total
Equity at 1 January 2014	812	(126)	20,359	1,786	0	22,831
Profit for the year			885	802	-	1,687
Fair value adjustments of cash flow hedges	-	(267)	-	-	-	(267)
Fair value adjustments of cash flow hedges transferred to financial expenses	-	25	-	-	-	25
Remeasurement of the defined benefit pension plan	-	-	(1,628)	-	-	(1,628)
Income tax relating to remeasurement of the defined benefit pension plan	-	-	358	-	-	358
Total comprehensive income	-	(242)	(385)	802	-	175
Distributed dividend	-	-	(1,175)	(1,786)	-	(2,961)
Acquisition and disposal of treasury shares, net	0	-	6	-	-	6
Share-based remuneration	-	-	48	-	-	48
Total transactions with owners	0	-	(1,121)	(1,786)	0	(2,907)
Equity at 31 December 2014	**812**	**(368)**	**18,853**	**802**	**0**	**20,099**
Loss for the year			(411)	0	-	(411)
Fair value adjustments of cash flow hedges	-	(38)	-	-	-	(38)
Fair value adjustments of cash flow hedges transferred to financial expenses	-	(86)	-	-	-	(86)
Remeasurement of the defined benefit pension plan	-		756	-	-	756
Income tax relating to remeasurement of the defined benefit pension plan	-		(166)	-	-	(166)
Total comprehensive income	-	(124)	179	0	-	55
Distributed dividend	-	-	(801)	(802)	-	(1,603)
Acquisition and disposal of treasury shares, net	0	-	5	-	-	5
Additions, hybrid capital	-	-	-	-	5,552	5,552
Share-based remuneration	-	-	53	-	-	53
Total transactions with owners	0	-	(743)	(802)	5,552	4,007
Equity at 31 December 2015	**812**	**(492)**	**18,289**	**0**	**5,552**	**24,161**

At the Annual General Meeting on 10 March 2016, the Board of Directors will propose a dividend of DKK 0 per share. An interim dividend of DKK 1.00 per share was distributed on 12 August 2015. For the financial year 2014, a dividend of DKK 2.50 per share was distributed.

Dividend payments during the financial year 2015 amounted to DKK 2.00 per share (2014: DKK 3.70 per share).

Notes to Parent Company financial statements

Note 1.1 Accounting policies

The financial statements 2015 of the Parent Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and additional Danish disclosure requirements for annual reports of listed companies. The additional Danish disclosure requirements are provided in the IFRS Executive Order issued by the Danish Business Authority in pursuance of the Danish Financial Statements Act. For the Parent Company, there are no differences between IFRS as adopted by the EU and IFRS as issued by the IASB.

The accounting policies are unchanged from last year.

The Parent Company accounting policies are the same as those applied for the Group, with the additions mentioned below. See note 1.1 to the consolidated financial statements for the accounting policies of the Group.

Supplementary accounting policies for the Parent Company

Dividends from investments in subsidiaries, joint ventures and associates
Dividends from investments in subsidiaries, joint ventures and associates are recognised as financial income in the financial year when the dividends are distributed.

Investments in subsidiaries, joint ventures and associates
Investments in subsidiaries, joint ventures and associates are measured at cost and reported in the balance sheet as non-current assets. Where cost exceeds the recoverable amount, the carrying amount is written down to the recoverable amount.

Note 1.2 Critical accounting estimates and judgements

For information on critical accounting estimates and judgements, see note 1.2 to the consolidated financial statements.

Investments in subsidiaries comprise a significant portion of TDC's total assets. Impairment tests are performed on subsidiaries if events or changes in circumstances indicate that their carrying amount may not be recoverable. The measurement of subsidiaries is a complex process that requires significant Management judgement in determining various assumptions, such as cash flow projections, discount rates 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.

Note 2.1 Revenue

DKKm	2015	2014
Sales of goods	1,090	1,121
Sales of services	17,568	18,645
Total	**18,658**	**19,766**

Note 2. 2 Personnel expenses

DKKm	2015	2014
Wages and salaries (including short-term bonus)	(2,889)	(2,955)
Pensions	(420)	(411)
Share-based remuneration	(61)	(47)
Social security	(77)	(84)
Total	**(3,447)**	**(3,497)**
Of which capitalised as non-current assets	673	648
Total	**(2,774)**	**(2,849)**
Average number of full-time employee equivalents[1]	5,906	6,396

[1] Denotes the average number of full-time employee equivalents including permanent employees and trainees.

Remuneration for the Board of Directors and the Executive Committee is described in note 6.2 to the consolidated financial statements.

Note 2.3 Special items

DKKm	2015	2014
Loss on sale of enterprises	(421)	0
Costs related to redundancy programmes and vacant tenancies	(326)	(546)
Other restructuring costs, etc.	(88)	(183)
Impairment losses	(4,472)	(26)
Loss from rulings	(2)	(52)
Adjustment of purchase price of enterprises	24	0
Costs related to acquisition and divestment of enterprises	1	(159)
Special items before income taxes	**(5,284)**	**(966)**
Income taxes related to special items	203	187
Total special items	**(5,081)**	**(779)**

The loss on sale of enterprises related to the transfer of the subsidiary TDC Norway AS to our subsidiary Get AS.

For further information on special items, see note 2.7 to the consolidated financial statements.

Note 2.4 Income taxes

DKKm

	2015			2014		
	Income taxes cf. the income statement	Income tax payable/ (receivable)	Deferred tax liabilities/(assets)	Income taxes cf. the income statement	Income tax payable/ (receivable)	Deferred tax liabilities/(assets)
At 1 January	-	(84)	3,800	-	404	4,012
Deduction related to hosting activities transferred to new subsidiary	-	-	(3)	-	-	-
Income taxes	(642)	914	(272)	(871)	1,079	(208)
Adjustment of tax for previous years	11	(36)	25	7	(361)	354
Tax relating to remeasurement effects from the defined benefit pension plan	-	-	166	-	-	(358)
Tax paid	-	(794)	-	-	(1,206)	-
Total	**(631)**	**0**	**3,716**	**(864)**	**(84)**	**3,800**
Income taxes are specified as follows:						
Income excluding special items	(834)	-	-	(1,051)	-	-
Special items	203	-	-	187	-	-
Total	**(631)**	**-**	**-**	**(864)**	**-**	**-**

TDC A/S participates in joint taxation with all its Danish subsidiaries. TDC A/S is the management company in the joint taxation. The jointly taxed companies in the TDC Group are jointly and severally liable for the total income taxes, taxes paid on account and outstanding residual tax (with additional payments and interest) relating to the joint taxation.

Reconciliation of effective tax rate

	2015	2014
Danish corporate income tax rate	23.5	24.5
Tax-free dividends from subsidiaries	(15.8)	(8.8)
Write-downs and reversal of write-downs of investments in subsidiaries	4.9	10.7
Other non-taxable income and non-tax deductible expenses	(0.1)	(0.8)
Adjustment of tax for previous years	(0.2)	(0.2)
Limitation on the tax deductibility of interest expenses	2.9	4.5
Effective tax rate excluding special items	**15.2**	**29.9**
Special items from non-tax deductible write-downs of goodwill	272.8	0.0
Other special items	(1.2)	4.0
Effective tax rate including special items	**286.8**	**33.9**

Specification of deferred tax

DKKm

	2015	2014
Other	(86)	(120)
Current	**(86)**	**(120)**
Intangible assets	2,454	2,763
Property, plant and equipment	169	206
Pension assets	1,308	1,145
Other	(129)	(194)
Non-current	**3,802**	**3,920**
Deferred tax at 31 December	**3,716**	**3,800**

Note 3.1 Intangible assets

DKKm

	2015					2014				
	Goodwill	Customer relationship	Brands	Rights, software, etc.	Total	Goodwill	Customer relationship	Brands	Rights, software, etc.	Total
Accumulated cost at 1 January	15,631	18,178	5,470	9,875	49,154	15,631	18,177	5,470	9,451	48,729
Additions	0	64	0	969	1,033	0	1	0	713	714
Assets related to hosting activities transferred to new subsidiary	(16)	(109)	0	(111)	(236)	0	0	0	0	0
Assets disposed of or fully amortised	(98)	(3,782)	0	(82)	(3,962)	0	0	0	(289)	(289)
Accumulated cost at 31 December	**15,517**	**14,351**	**5,470**	**10,651**	**45,989**	**15,631**	**18,178**	**5,470**	**9,875**	**49,154**
Accumulated amortisation and write-downs for impairment at 1 January	0	(12,737)	(111)	(7,261)	(20,109)	0	(11,757)	(98)	(6,625)	(18,480)
Amortisation	0	(832)	(19)	(879)	(1,730)	0	(979)	(13)	(892)	(1,884)
Write-downs for impairment	(3,998)	(472)	0	(11)	(4,481)	0	(1)	0	(33)	(34)
Assets related to hosting activities transferred to new subsidiary	0	85	0	80	165	0	0	0	0	0
Assets disposed of or fully amortised	98	3,782	0	82	3,962	0	0	0	289	289
Accumulated amortisation and write-downs for impairment at 31 December	**(3,900)**	**(10,174)**	**(130)**	**(7,989)**	**(22,193)**	**0**	**(12,737)**	**(111)**	**(7,261)**	**(20,109)**
Carrying amount at 31 December	**11,617**	**4,177**	**5,340**	**2,662**	**23,796**	**15,631**	**5,441**	**5,359**	**2,614**	**29,045**

The carrying amount of software amounted to DKK 1,354m (2014: DKK 1,239m).
The addition of internally developed software amounted to DKK 230m (2014: DKK 202m).

Goodwill is related to Consumer and Business. For information on impairment testing, see note 3.1 to the consolidated financial statements.

The carrying amount of assets with indefinite useful lives other than goodwill amounted to DKK 5,339m (2014: DKK 5,339m). The full amount relates to the TDC brand.

Note 3.2 Property, plant and equipment DKKm

	2015					2014				
	Land and buildings	Network infrastructure	Equipment	Assets under construction	Total	Land and buildings	Network infrastructure	Equipment	Assets under construction	Total
Accumulated cost at 1 January	540	28,383	2,082	612	31,617	541	25,846	2,077	657	29,121
Transfers (to)/from other items	0	807	22	(829)	0	1	1,127	(64)	(1,064)	0
Additions relating to the acquisition of enterprises	0	0	0	40	40	0	0	0	0	0
Additions	4	1,598	165	852	2,619	1	1,688	147	1,019	2,855
Assets related to hosting activities transferred to new subsidiary	0	0	(299)	0	(299)	0	0	0	0	0
Assets disposed of	0	(439)	(241)	(45)	(725)	(3)	(278)	(78)	0	(359)
Accumulated cost at 31 December	**544**	**30,349**	**1,729**	**630**	**33,252**	**540**	**28,383**	**2,082**	**612**	**31,617**
Accumulated depreciation and write-downs for impairment at 1 January	(88)	(15,019)	(1,544)	(292)	(16,943)	(77)	(13,101)	(1,450)	(283)	(14,911)
Transfers to/(from) other items	0	0	0	0	0	0	(77)	77	0	0
Depreciation	(9)	(2,125)	(252)	0	(2,386)	(10)	(2,078)	(249)	0	(2,337)
Write-downs for impairment	0	(29)	(4)	(9)	(42)	(2)	(14)	0	(9)	(25)
Assets related to hosting activities transferred to new subsidiary	0	0	217	0	217	0	0	0	0	0
Assets disposed of	0	439	240	5	684	1	251	78	0	330
Accumulated depreciation and write-downs for impairment at 31 December	**(97)**	**(16,734)**	**(1,343)**	**(296)**	**(18,470)**	**(88)**	**(15,019)**	**(1,544)**	**(292)**	**(16,943)**
Carrying amount at 31 December	**447**	**13,615**	**386**	**334**	**14,782**	**452**	**13,364**	**538**	**320**	**14,674**
Carrying amount of finance leases at 31 December	**54**	**173**	**0**	**-**	**227**	**57**	**86**	**1**	**-**	**144**

In 2015, damages of DKK 46m received relating to property, plant and equipment were recognised as income (2014: DKK 42m).

Note 3.3 Investments in subsidiaries

DKKm

	2015	2014
Accumulated cost at 1 January	22,290	11,080
Additions	279	11,210
Disposals	(1,646)	0
Accumulated cost at 31 December	**20,923**	**22,290**
Accumulated write-downs at 1 January	(7,499)	(5,976)
Write-downs for impairment, cf. note 4.3	(1,159)	(1,563)
Reversal of write-downs for impairment	0	40
Disposals	830	0
Accumulated write-downs at 31 December	**(7,828)**	**(7,499)**
Carrying amount at 31 December	**13,095**	**14,791**

Overview of subsidiaries at 31 December 2015

Company name[1]	Domicile	Currency	TDC A/S' ownership share (%)
Contact Center Europe GmbH	Flensburg, Germany	EUR	100.0
Dansk Kabel TV A/S	Copenhagen, Denmark	DKK	100.0
Ecosys A/S	Silkeborg, Denmark	DKK	51.0
Get AS	Oslo, Norway	NOK	100.0
TDC Mobil Center A/S	Odense, Denmark	DKK	100.0
TDC Nordic AB	Stockholm, Sweden	SEK	100.0
TDC Reinsurance A/S	Copenhagen, Denmark	DKK	100.0
TDC Telco ApS	Taastrup, Denmark	DKK	100.0
TDCH A/S	Copenhagen, Denmark	DKK	100.0

[1] In order to give the reader a clear presentation, some minor subsidiaries are not listed separately in the overview.

Impairment tests of subsidiaries recognised at cost

The carrying amounts of subsidiaries are tested for impairment if events or changes in circumstances indicate impairment.

Note 3.4 Pension assets

For information on pension assets, see note 3.8 to the consolidated financial statements under the domestic defined benefit plan.

Note 3.5 Receivables

DKKm

	2015	2014
Trade receivables	2,472	2,741
Allowances for doubtful debts	(224)	(236)
Trade receivables, net	2,248	2,505
Receivables from group enterprises	4,578	1,517
Receivables from associates and joint ventures	0	1
Other receivables	253	355
Total	**7,079**	**4,378**
Recognised as follows:		
Non-current assets	4,567	1,735
Current assets	2,512	2,643
Total	**7,079**	**4,378**
Allowances for doubtful debts at 1 January	(236)	(302)
Additions	(87)	(104)
Deductions	99	170
Allowances for doubtful debts at 31 December	**(224)**	**(236)**

Receivables past due related all to trade receivables. Write-downs for impairment included in other receivables are unchanged from last year at DKK 16m. Of receivables classified as current assets, DKK 14m (2014: DKK 0m) falls due after more than one year. The Parent Company has provided intra-group loans of NOK 4,081m (2014: NOK 1,733m) to Get AS and SEK 1,450m (2014: SEK 0m) to TDC Nordic AB.

Trade receivables past due

DKKm

	Not past due	Past due and impaired	Past due and not impaired: Less than six months	Past due and not impaired: More than six months	Total
2015:	1,539	508	337	88	2,472
2014:	1,802	534	320	85	2,741

Note 3.6 Prepaid expenses DKKm

	2015	2014
Expenses related to non-refundable up-front connection fees	373	376
Other prepaid expenses	443	316
Total	**816**	**692**
Recognised as follows:		
Non-current assets	323	286
Current assets	493	406
Total	**816**	**692**

Note 3.7 Deferred income DKKm

	2015	2014
Deferred income from non-refundable up-front connection fees	697	753
Deferred subscription revenue	2,477	2,308
Other deferred income	38	17
Total	**3,212**	**3,078**
Recognised as follows:		
Non-current liabilities	393	493
Current liabilities	2,819	2,585
Total	**3,212**	**3,078**

Note 3.8 Trade and other payables DKKm

	2015	2014
Trade payables	3,616	3,849
Prepayments from customers	99	124
Amounts owed to joint ventures and associates	0	5
Accrued interest	701	776
Holiday allowance provision	496	534
Other payables	535	579
Total	**5,447**	**5,867**

Of the current liabilities, DKK 116m falls due after more than one year (2014: DKK 209m).

Note 3.9 Provisions

DKKm

	2015				2014
	Decommissioning obligations	Restructuring obligations	Other provisions	Total	Total
Provisions at 1 January	202	705	216	1,123	1,239
Provisions made	8	254	3	265	516
Change in present value	(5)	7	1	3	56
Provisions used (payments)	(1)	(250)	(44)	(295)	(669)
Reversal of unused provisions	0	0	(36)	(36)	(19)
Provisions related to hosting activities divested to new subsidiary	0	(1)	0	(1)	0
Provisions at 31 December	**204**	**715**	**140**	**1,059**	**1,123**
Recognised as follows:					
Non-current liabilities	204	565	122	891	903
Current liabilities	0	150	18	168	220
Total	**204**	**715**	**140**	**1,059**	**1,123**

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

Provisions for restructuring obligations stem primarily from redundancy programmes and vacant tenancies. The majority of the provisions for redundancy programmes are expected to result in cash outflows in the next five years. The uncertainties relate primarily to the estimated amounts and the timing of the associated cash outflows.

TDC has approximately 141 leased tenancies no longer used by TDC. The leases terminate in 2041 at the latest. 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 and onerous contracts, as well as jubilee benefits for employees. The majority of these provisions are expected to result in cash outflows within the next 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 the number of employees included.

Note 4.1 Equity

For information on share capital, hybrid capital and treasury shares, see note 4.1 to the consolidated financial statements.

Note 4.2 Loans

Debts relating to finance leases DKKm

	Minimum payments		Present value	
	2015	2014	2015	2014
Maturing within 1 year	93	49	85	43
Maturing between 1 and 3 years	108	90	98	80
Maturing between 3 and 5 years	14	13	7	6
Maturing after 5 years	118	96	58	59
Total	**333**	**248**	**248**	**188**

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

For further information on loans, see note 4.2 to the consolidated financial statements.

Note 4.3 Financial income and expenses DKKm

	2015	2014
Interest income	23	106
Interest from group enterprises	145	24
Interest on pension assets	89	237
Fair value adjustment	78	0
Dividends from subsidiaries	3,708	1,260
Dividends from joint ventures and associates	0	1
Reversal of write-downs of investments	0	40
Financial income	**4,043**	**1,668**
Write-downs of investments in subsidiaries	(1,159)	(1,563)
Write-downs of investments in joint ventures and associates	0	(7)
Currency adjustment	(361)	(105)
Fair value adjustment	0	(373)
Interest expenses	(985)	(1,028)
Interest to group enterprises	(5)	(2)
Financial expenses	**(2,510)**	**(3,078)**
Total	**1,533**	**(1,410)**

The write-downs of investments in subsidiaries in 2015 related primarily to TDC Nordic AB (DKK 1,048m). This write-down was caused primarily by the received dividend, which exceeded the development of value in use of TDC Nordic AB. In 2014 the write-downs related mainly to TDC Nordic AB (DKK 1,203m) and TDC Norway (DKK 350m).

Note 4.4 Financial instruments

TDC's currency risks concern mainly financing and hedging. As financing and hedging are carried out by the Parent Company, note 4.5 to the consolidated financial statements also largely reflects the parent company's currency exposure. The same applies to liquidity exposure, as the Parent Company in addition to financing and hedging carries out the majority of the Group's operating activities. As this also applies to financial income and expenses, note 4.4 to the consolidated financial statements largely reflects the Parent Company's financial income and expenses.

For information on the Parent Company's capital management, see notes 4.3 and 4.4 to the consolidated financial statement, which is the same as that applied for the Parent Company.

Note 5.1 Adjustment for non-cash items DKKm

	2015	2014
Pension costs related to the defined benefit plan	152	139
Share-based remuneration	61	47
(Gain)/loss on disposal of enterprises and property, plant and equipment, net	39	6
Other adjustments	(20)	(28)
Total	**232**	**164**

Note 5.2 Change in working capital DKKm

	2015	2014
Change in inventories	29	3
Change in receivables	14	580
Change in trade payables	(95)	212
Change in other items, net	(93)	(197)
Total	**(145)**	**598**

Note 6.1 Related parties

For information about the related parties of the Group, see note 6.3 to the consolidated financial statements. The Parent Company has the following transactions and balances with its subsidiaries (cf. the overview of subsidiaries in note 3.3):

Subsidiaries DKKm	2015	2014
Income	460	321
Expenses	(666)	(656)
Receivables	4,578	1,517
Debt	(1,264)	(1,470)
Guarantees	(115)	(108)

In addition to income from subsidiaries, the Parent Company received dividends, as described in note 4.3.

All transactions were made on an arm's length basis. Remuneration for the Board of Directors and the Executive Committee is described in note 6.2 and incentive programmes in note 6.1 to the consolidated financial statements. In addition, payment of contributions to the pension fund is described in note 3.8 to the consolidated financial statements.

Note 6.2 Fees to auditors elected by the Annual General Meeting DKKm

	2015	2014
Statutory audit	**8**	**8**
Other assurance engagements	4	3
Tax advisory services	1	1
Other services	7	5
Total non-statutory audit services	**12**	**9**
Total	**20**	**17**

Note 6.3 Other financial commitments

DKKm	2015	2014
Lease commitments		
Lease expenses relating to properties and mobile sites in the period of interminability	6,233	6,598
Accumulated lease commitments for machinery, equipment, computers, etc.	282	259
Total	**6,515**	**6,857**
specified as follows:		
Due not later than one year	547	562
Due later than one year but not later than five years	1,513	1,551
Due later than five years	4,455	4,744
Total	**6,515**	**6,857**
Lease expense for the year for all operating leases		
Lease payments	614	646
Sublease payments	(121)	(114)
Total	**493**	**532**
Capital and purchase commitments		
Investments in intangible assets	659	796
Investments in property, plant and equipment	591	925
Commitments related to outsourcing agreements	630	854

Operating leases, for which the Parent Company is the lessee, relate primarily to agreements for fibre networks and sea cables, and agreements on property leases and mobile sites. The lease agreements will terminate in 2041 at the latest.

Total future minimum sublease payments expected for interminable subleases on balance sheet dates amounted to DKK 208m at 31 December 2015 (2014: DKK 206m).

Note 6.4 Contingencies

For information on pending lawsuits and change-of-control clauses, see note 6.6 to the consolidated financial statements

TDC A/S is jointly registered for Danish VAT with the majority of Danish subsidiaries and is jointly and severally liable for payment of VAT.

Note 6.5 Events after the balance sheet date

For information on events after the balance date, see note 6.7 to the consolidated financial statements.

Note 6.6 New accounting standards

For information on new accounting standards for the Group, see note 6.8 to the consolidated financial statements.

Supplementary new accounting standards for the Parent Company

The IASB has amended IAS 27 *Separate Financial Statements*, which will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. The amendment has an effective date of 1 January 2016. TDC is currently considering whether to implement the amendment or not.

Did you know that ...

... TDC paid **DKK 0.8bn** in corporate income taxes and **DKK 4.2bn** in VAT and taxes on behalf of its employees in 2015. TDC is the **eighth-largest** corporate **taxpayer** in Denmark

... TDC had **8,705** full-time employees and paid **DKK 4.4bn** in wages and pensions in 2015. TDC is the **tenth-largest employer** in Denmark

... in 2015, TDC invested **DKK 4.6bn** in infrastructure, innovation and development projects

... TDC has the **world's fastest** 4G LTE mobile network according to 'OpenSignal State of LTE report'

... TDC is the **second-largest** cable operator in Norway

... TDC provides **45%** of all Danish households with access to 300 Mbps broadband

... TDC's **spam filter** blocked between 500 and 900 million spam mails a month from reaching its customers