

Part 1 Overview

Nordic Telephone Company Holding ApS

- €800,000,000 8 ¼% Senior Notes due 2016
- €750,000,000 8 7/8% Senior Notes due 2016
- \$600,000,000 Floating Rate Notes due 2016

Issue Date - 26 April, 2006

A company incorporated under the laws of Denmark

A holding company with no revenue-generating operations of its own and dependent on payments from its subsidiaries to make payments on the Notes

The Guarantor/Parent

Not applicable

The Notes and coupons

Euro Fixed Rate Notes

Quantum and currency

€800,000,000

Stated ranking

Senior

Maturity

2016

Coupon

8¼%

US Dollar Notes

Quantum and currency

\$600,000,000

Stated ranking

Senior

Maturity

2016

Coupon

8⅞%

Euro Floating Rate Notes

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Quantum and currency

€750,000,000

Stated ranking

Senior

Maturity

2016

Coupon

3 month EURIBOR + 5.50%

The Euro Fixed Rate Notes, the US Dollar Notes and the Euro Floating Rate Notes together, the **Notes**

Security**Summary of security package for Notes**

A second-ranking share pledge of the shares of Nordic Telephone Company ApS

Minimum denomination

Euro Fixed Rate Notes and Euro Floating Rate Notes: €50,000 plus integral multiples of €1,000 in excess thereof

Dollar Notes: \$75,000 plus integral multiples of \$1,000 in excess thereof

Governing law

Notes and Indenture: the laws of the State of New York

Intercreditor Agreement: English law

Security Document (Share Pledge): Danish law

Purpose of the issue / use of proceeds

The Issue is part of wider acquisition finance

The proceeds of the Issue will be used to repay amounts outstanding under a bridge facility entered into by the Issuer in connection with the acquisition finance

See "Use of Proceeds" on page 38 of the Offering Memorandum.

Ranking within programme

The Notes rank pari passu with each other and with any additional notes issued under the Indenture.

Ranking with other debt arrangements

- The Notes are general senior obligations of the Issuer and will rank equally with all existing and future senior indebtedness of the Issuer not expressly subordinated
 - The Notes will be structurally subordinated to all existing and future indebtedness of the Issuer's subsidiaries
 - The Notes have the benefit of a second-ranking security interest and such security is contractually subordinated by the terms of an Intercreditor Agreement to certain credit facility indebtedness with a first-ranking security interest in the same collateral
 - The Issuer may incur future permitted indebtedness secured over the same collateral that may rank ahead of the Notes, without the consent of the Noteholders
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See “Certain Other Indebtedness” on page 129 of the Offering Memorandum

Listing

Euro MTF operated by the Luxembourg Stock Exchange

Financial Guarantor/ Monoline

Not applicable

Part 2: Key provisions: Interest, Maturity, Repayment, Prepayment, Default

Interest

Basis of interest

Euro Fixed Rate Notes: Interest will accrue at the rate of 8¼% per annum

Dollar Fixed Rate Notes: Interest will accrue at the rate of 8⅞% per annum

Floating Rate Notes: Interest will accrue at the rate of 3 month EURIBOR plus 5.50% per annum

Basis of interest accrual

- Interest payable in arrears,
- No payment in kind provisions

Timing of interest payments

Interest payment dates – Euro Fixed Rate Notes and Dollar Notes

Interest is payable semi-annually in arrears on:

- 1 May; and
- 1 November of each year

Interest payment dates – Euro Floating Rate Notes

Interest is payable quarterly in arrears on:

- 1 February
- 1 May;
- 1 August; and
- 1 November of each year

First interest payment date

Euro Fixed Rate Notes and Dollar Notes - 1 November, 2006

Euro Floating Rate Notes – 1 August, 2006

Maturity

The Notes will mature on 1 May, 2016

The payment will be a bullet payment

There is no provision for a sinking fund

Financial triggers to default (if any)

Not applicable

Mandatory Prepayment

Change of Control

On a Change of Control, the Issuer will be required to offer to repurchase the Notes at 101% of their principal amount plus accrued and unpaid interest.

Change of Control includes:

- any person or group of persons other than Permitted Holders owns more than 50% of the shares of the Issuer;
- change in the majority of the board of directors during a period of two years after an initial public offer by the Issuer; and
- the sale or other disposition of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole.

See *Change of Control* in the Offering Memorandum (page 159).

Other Mandatory prepayment

Following Certain Asset Sales: Where the proceeds of an asset sale exceed €100,000,000 and where such proceeds are not used to repay indebtedness or reinvested in assets within one year.

See *Certain Covenants – Limitation on Sales of Assets and Subsidiary Stock* in the Offering Memorandum (page 171)

Early redemption

Redemption at the Option of the Issuer

Euro and Dollar Fixed Rate Notes, prior to May 1, 2011, with a Make Whole premium

Euro Fixed Rate Notes, 40% may be redeemed on or before May 1, 2009, at 108.250%

Dollar Fixed Rate Notes, 40% may be redeemed on or before May 1, 2009, at 108.875%

Euro Floating Rate Notes, prior to May 1, 2007, with a Make Whole premium

Euro Fixed Rate Notes

- On May 1, 2011 and thereafter, at the following prices:
 - May 1 -30 April 2011: 104.125%
 - May 1 -30 April 2012: 102.750%
 - May 1 -30 April 2013: 101.375%
 - May 1 2014 and thereafter: 100.000%
- In each case plus accrued interest.

See *Optional Redemption of Euro Fixed Rate Notes and Dollar Notes* in the Offering Memorandum (page 154)

Dollar Fixed Rate Notes

- On May 1, 2011 and thereafter, at the following prices:
 - May 1 -30 April 2011: 104.438%
 - May 1 -30 April 2012: 102.958%
 - May 1 -30 April 2013: 101.479%
 - May 1 2014 and thereafter: 100.000%
- In each case plus accrued interest.

See *Optional Redemption of Euro Fixed Rate Notes and Dollar Notes* in the Offering Memorandum (page 154)

Euro Floating Rate Notes:

- on or after May 1, 2007, at the following prices:
 - May 1 -30 April 2007: 102.000%
 - May 1 -30 April 2008: 101.000%
 - May 1 2009 and thereafter: 100.000%
- In each case plus accrued interest.

See *Optional Redemption of Euro Floating Rate Notes in the Offering Memorandum (page 155)*

Part 3: The Covenant Package

Nature of High Yield Incurrence Package

- Broadly typical High Yield Incurrence Package
- Certain covenants suspended on achievement of investment grade status including:
 - Limitation on Indebtedness
 - Limitation on Restricted Payments
 - Limitation on Restrictions on Distributions from Restricted subsidiaries
 - paragraph (3) of the first paragraph of "Merger and Consolidation"
 - Limitation on Sales of Assets and Subsidiary Stock
 - Limitation on Affiliate Transactions
 - Impairment of security interest
 - Minority gross up

See *Suspension of Covenants on Achievement of Investment Grade Status in the Offering Memorandum (page 177)*

- See detail on each covenant below

Limitation on Indebtedness

- Consolidated Leverage Ratio test
- Permitted indebtedness standard

See *Certain Covenants – Limitation on Indebtedness in the Offering Memorandum (page 160)*

Limitation on Restricted Payments

- Basis of Restricted Payments:
 - A default has occurred prior to or as a result of the Restricted Payment;
 - The Issuer is not able to incur an additional €1.00 of indebtedness under the Limitation on Indebtedness covenant's Consolidated Leveraged Ratio test; or
 - The aggregate amount of Restricted Payments exceed:
 - 50% of Consolidated Net Income;
 - 100% of the aggregate Net Cash Proceeds and market value of property or assets or marketable securities received from an issue or sale of shares;
 - 100% of the aggregate Net Cash Proceeds and market value of property or assets or marketable securities received from the issue or sale of indebtedness converted into shares;
 - The amount of the net reduction in Restricted Investments; and
 - The amount of the cash and market value of property or assets or marketable securities received from the sale of shares of an Unrestricted Subsidiary or from any dividend by the Unrestricted Subsidiary to the Issuer.

See *Limitation on Restricted Payments from Restricted Subsidiaries in Offering Memorandum (page 164)*

Limitation on Asset Sales

- Minimum amount to be received in cash: 75%
- If proceeds from an asset sale are not used to repay debt or reinvested in assets after one year, such proceeds must exceed threshold of €100,000,000 before Issuer required to repurchase the Notes at par.

See *Limitation on Sales of Assets and Subsidiary Stock* in Offering Memorandum (page 171)

Limitation on Affiliate Transactions

- General threshold for transactions: €20,000,000
- Threshold for board approval: €50,000,000
- Fairness opinion of Independent Financial Advisor as alternative to board approval if there are no disinterested directors.
- Except as stated here, no fairness opinion of Independent Financial Advisor in the first instance required for transactions.

See *Limitation on Affiliate Transactions* in Offering Memorandum (page 173)

Change of Control

- Triggers:
 - A person or group of persons other than one or more Permitted Holders owning more than 50% of the shares of the Issuer;
 - Change in the majority of the board of directors during a period of two years after an initial public offer by the Issuer; and
 - The sale or other disposition of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole.
- Buy out price: 101% of the principal amount of the Notes plus accrued and unpaid interest to date of repurchase

See *Change of Control* in the Offering Memorandum (page 159)

Limitation on Mergers

- Standard
- Note no net worth test or rating downgrade protection

See *Merger and Consolidation* in the Offering Memorandum (page 176)

Limitation on Liens

- Standard

See *Limitation on Liens* in the Offering Memorandum (page 169)

Limitation on restrictions on distributions from subsidiaries

- Standard
- Note that the Issuer relies on dividend payments from its subsidiaries to make payments on the Notes and consequently the Notes are structurally subordinated to all existing and future indebtedness of the Issuer's subsidiaries, including €9,600,000,000 of indebtedness pursuant to a Senior Facilities Agreement entered into by certain of the Issuer's subsidiaries
- Note also that any preferred stock of the Issuer's subsidiaries will receive dividend payments in priority to common stock

See *Limitation on Restrictions on Distributions from Restricted Subsidiaries* in the Offering Memorandum (page 169)

Part 4: Deal Structure. Ownership Structure And Local Law Issues

Incorporation of Issuer

- Denmark
- The Issuer is incorporated as an ApS

Incorporation of Hold Co/Guarantor

Not applicable

Restricted Subsidiaries

- All Subsidiaries of the Issuer other than Hungarian Telephone and Cable Corp. and its Subsidiaries were Restricted Subsidiaries immediately after issue of the Notes
- A Subsidiary of the Issuer can be designated an Unrestricted Subsidiary if it does not own stock or debt in, or security over, the Issuer or a Restricted Subsidiary and if the Limitation on Restricted Payments covenant is complied with (see above). Restricted Subsidiaries are not bound by the covenants

See *Restricted Subsidiaries and Unrestricted Subsidiaries on Offering Memorandum (page 151) and definition of Restricted Subsidiary (page 208) and Unrestricted Subsidiary (page 213)*

Post Acquisition ownership structure

- On completion of the acquisition, Nordic Telephone Company ApS, a 100% owned subsidiary of the Issuer shall acquire 88.2% of the shares in TDC A/S

See corporate and financing diagrams (page 7), *Our Corporate and Financing Structure* in the Offering Memorandum (page 125) and *The Acquisition and Related Financings* in the Offering Memorandum (page 126).

Transfer of Assets to Issuer or other structural arrangements

- Amounts originally drawn under the Senior Credit Facilities by the Issuer were repaid from the proceeds of a dividend paid to the Issuer by Nordic Telephone Company ApS.

See *The Acquisition and Related Financings* in the Offering Memorandum (page 126).

Degree of subordination to senior/other debt

- **Senior Facilities are senior to the Notes:**
 - The Notes are structurally subordinated to the following indebtedness of TDC A/S, an indirect subsidiary of the Issuer:
 - a credit facility (fully drawn except for €250,000,000) in the amount of €1,826,372,219.50, terminating on December 31, 2011;
 - a fully drawn credit facility in the amount of €2,465,165,125.20, terminating on December 31, 2013;
 - a fully drawn credit facility in the amount of €2,465,165,125.20, terminating on December 31, 2014;
 - a revolving credit facility of €700,000,000, terminating on December 31, 2012
 - The security for the Notes is also contractually subordinated to the above indebtedness

- **Hedging Debt is senior to the Notes:**
 - The Notes are structurally subordinated to certain hedging debt of TDC A/S, the amount of which is not disclosed in the Offering Memorandum. The hedging debt is pari passu with the Senior Facilities
- **Notes pari passu with other Issuer indebtedness:**
 - The Notes rank equally, structurally and contractually, with any revolving credit facility debt (Issuer has time-limited ability to drawn on the above revolving credit facility), bridge facility debt, guarantees of the Senior Facilities and any hedging debt

See generally *Description of Other Indebtedness in the Offering Memorandum (page 129)*

See *Ranking in the Offering Memorandum (page 151)* and *Intercreditor Agreement in the Offering Memorandum (page 133)*

- **The Outstanding EMTNs issued by TDC are structurally senior to the Notes.** As of 29 March 2006 the Outstanding EMTNs totaled €1,284,000,000

See *Debt Tender in the Offering Memorandum (page 145)*

- **The Danish Mortgage Loans owed by TDC are structurally senior to the Notes.** As of 29 March 2006 these totaled €118,700,000

See *Danish Mortgage Loans in the Information Memorandum (page 145)*

- **HTCC's €170,000,000 credit facility is structurally senior to the Notes**

See *HTCC in the Information Memorandum (page 145)*

Position compared to equity

- **The Notes are structurally senior to equity** which has been issued at the Nordic Telephone Company Investment ApS level
- Payments to the investors are subordinated to payments under the Notes under, and are restricted under, the Intercreditor Agreement

See *Principal Shareholders in the Offering Memorandum (page 124)* and *Intercreditor Agreement in the Offering Memorandum (page 133)*

Intercreditor arrangements

- As described in the Offering Memorandum under "Description of Other Indebtedness – Intercreditor Agreement", the Issuer, Nordic Telephone Company Finance ApS, Nordic Telephone Company Aps, TDC A/S have entered into an Intercreditor Agreement to establish the relative rights of certain of their creditors, including the lenders under the Senior Facilities and the holders of the Notes
- The Intercreditor Agreement provides for the following order of priority for obligations of the group, other than the Issuer:
 - First, the debt under the Senior Facilities and the hedging debt;
 - Second, any debt under a guarantee of the Notes, or an intercompany loan relating to the Notes, together with debt related to the bridge facility;
 - Third, certain liabilities among members of the group
- The Intercreditor Agreement provides for the following priority for obligations of the Issuer:
 - First, debt under the revolving credit facility, the Notes, bridge facility debt, guarantees of the Senior Facilities and any hedging debt;
 - Second, certain liabilities owed to Nordic Telephone Company Finance ApS and certain intercompany debt

- The Intercreditor Agreement also provides that the Notes will be senior obligations of the Issuer and payments on the Notes by the Issuer are not restricted by the Intercreditor Agreement

See ***Intercreditor Agreement in Offering Memorandum (page 133)***

Standstill Period

Standard

See ***Permitted Notes On-Loan, Notes Guarantee and Notes Security Document enforcement in Offering Memorandum (page 141)***

Payment Stop

Standard

Creditors under Senior Facilities limited to one payment block in any one year

See ***Suspension of Payments in Offering Memorandum (page 137)***

Drag along

Not applicable

Other

Not applicable

Part 5: Security Package

Security (Assets and/or Guarantees (if any)) for Notes

- Notes are secured by a second-ranking security over the shares of the Issuer's wholly-owned subsidiary, Nordic Telephone Company ApS
- At the date of the Offering Memorandum, the Notes do not have the benefit of any guarantee. If the Notes subsequently receive the benefit of any such guarantee from an Issuer subsidiary, that guarantee will be a second-ranking guarantee
- At the date of the Offering Memorandum, there is no intercompany loan relating to the Notes. If an intercompany loan is subsequently entered into, such debt will be second-ranking
- The security package for the Notes is governed by Danish law

See ***Security in the Offering Memorandum (page 152)***

Senior ranking security package for Senior Facilities

- Senior credit facilities are secured by a first-ranking security over the shares of Nordic Telephone Company ApS and are also secured by first-ranking security over certain assets of TDC A/S and its subsidiaries
- Senior credit facility liabilities would be paid out in full before any Notes are repaid
- Certain guarantors are to provide first ranking security over certain assets.
- The Senior Debt and Hedging Debt would be paid out in full from the proceeds of enforcement of security before any Note obligations are repaid

See ***Security for the Senior Credit Facilities in the Offering Memorandum (page 130)***

Local law issues

The risk factors of the Offering Memorandum set out local law issues. The summary below is in no way a substitute for the full disclosure made in the Offering Memorandum.

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- Danish law imposes restrictions on the payment of dividends, which may affect the distribution of funds to the Issuer by its Subsidiaries
- TDC is not wholly owned by Nordic Telephone Company ApS. Minority shareholders may be able to block or delay corporate action and shareholders owning 10% of the share capital of a Danish company have privileges under the Danish Companies Act
- Under Danish law a judgment of a state or federal court of the United States of America in respect of the Notes or the Indenture will not be recognized in the courts of Denmark without a review of the merits underlying the judgment
- It is uncertain under Danish law whether obligations owing to beneficial owners of the Notes that are not identified as registered holders in the share pledge will be validly secured. The Security Agent is a joint creditor of the Issuer but this may expose noteholders to risk in the event of the insolvency of the Security Agent
- Some claims may rank ahead of secured debt in the insolvency of a Danish Company

See *Risks Related to Our Indebtedness and Our Structure in the Offering Memorandum* (page 32)

Part 6: Transfers

Minimum size

- The Notes will be issued in registered form.
- If definitive Notes are issued, they will be issued only in minimum denominations of €50,000 or \$75,000 principal amount and integral multiples of €1,000 or \$1,000 in excess thereof, as the case may be
- Free transfer under Luxembourg Listing Rules
- Transfer subject to the rules of the Euro MTF and Selling Restrictions including US securities regulations (Rule 144A and Reg S)

See *Transfer and Exchange in Offering Memorandum* (page 148).

Fee

Not applicable

Any restrictions

Not applicable

Part 7: Voting Rights

Majority threshold

- The terms of the Notes may be amended or waived with the consent of the holders of more than 50% of outstanding affected Notes (other than as set out in Issues requiring super majority/ unanimity)

See *Amendments and Waivers in Offering Memorandum* page 182

Issues requiring super majority/ unanimity

- The consent of the holders of at least 90% of outstanding affected Notes is required to amend: the voting majorities, the interest, principal or maturity of the Notes, any redemption premium or timing of redemption, the noteholders' rights to principal and interest, the withholding tax provisions in any material respect, the security for the Notes, or to waive a Default or Event of Default in respect of non-payment of principal or interest

See *Amendments and Waivers in Offering Memorandum* page 182

Part 8: Governing Law

Notes

The laws of the State of New York

Part 9: Administration Parties

Note Trustee

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB

Principal Paying Agent and Calculation Agent

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB

Registrar, Transfer Agent and Listing Agent

Deutsche Bank Luxembourg SA
2 Boulevard Konrad Adenauer
L-115, Luxembourg

New York Paying Agent, Registrar and Transfer Agent

Deutsche Bank Trust Company Americas
60 Wall Street
27th Floor, New York
New York 10005

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