HUNGARIAN TELEPHONE & CABLE CORP
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

Hungarian Telephone and Cable Corp.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

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2) Aggregate number of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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4) Proposed maximum aggregate value of transaction:

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5) Total fee paid:

¨ Fee paid previously with preliminary materials.

x Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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2) Form, Schedule or Registration Statement No.: 333-155788

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3) Filing Party: Invitel Holdings A/S

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4) Date Filed: November 28, 2008

Hungarian Telephone and Cable Corp.

1201 Third Avenue

Suite 3400

Seattle, WA 98101-3034

February 2, 2009

Dear Stockholder:

You are cordially invited to join us at a Special Meeting of Stockholders of Hungarian Telephone and Cable Corp. to be held at 10 a.m. (New York City time) on February 24, 2009. The meeting will be held at the offices of Simpson Thacher & Bartlett LLP located at 425 Lexington Avenue, New York, NY10017-3954, U.S.A.

We are pleased to present for your approval a proposal for reorganizing your company and effectively changing its place of incorporation from Delaware to Denmark.

When the reorganization is completed, the shares you own of Hungarian Telephone and Cable Corp. (HTCC Delaware) will automatically be converted into the right to receive American depositary shares (Invitel Denmark ADSs) of Invitel Holdings A/S (Invitel Denmark), evidenced by American depositary receipts (Invitel Denmark ADRs), representing ordinary shares of Invitel Denmark, provided that you may elect to receive ordinary shares instead of Invitel Denmark ADSs. Invitel Denmark is a Danish corporation that we recently formed for purposes of effecting the reorganization and is a wholly owned subsidiary of HTCC Delaware. Each Invitel Denmark ADS will represent one ordinary share of Invitel Denmark. The number of Invitel Denmark ordinary shares you will own, either directly or through Invitel Denmark ADSs, will be the same as the number of HTCC Delaware shares you own immediately prior to the completion of the reorganization, and your relative economic ownership in the company will remain unchanged. After completion of the reorganization, Invitel Denmark and its subsidiaries will continue to conduct the business conducted by HTCC Delaware and its subsidiaries.

The reorganization will be accomplished through the following steps:

- the transfer of HTCC Delaware s assets to, and assumption of HTCC Delaware s liabilities by, Invitel Denmark in exchange for newly issued ordinary shares of Invitel Denmark,

- the merger of HTCC Delaware with and into a newly formed Delaware limited liability company, Invitel Sub LLC (MergeCo), which will be the surviving company in the merger and a wholly owned subsidiary of Invitel Denmark, and

- after completion of the merger, the transfer by MergeCo of its then remaining assets to and the assumption of its then remaining liabilities by its parent, Invitel Denmark, and the dissolution of MergeCo.

As a result of these transactions, it is intended that Invitel Denmark will be the successor to, and be substituted for, HTCC Delaware, as the holding company for the group of companies that currently are subsidiaries of HTCC Delaware.

The accompanying proxy statement/prospectus contains detailed information about the merger and the Special Meeting. This document is also a prospectus for the Invitel Denmark ordinary shares underlying the Invitel Denmark ADSs that will be delivered in connection with the merger. **HTCC Delaware s stockholders are encouraged to read this proxy statement/prospectus carefully before voting, including the section entitled Risk Factors beginning on page 19.**

The board of directors of HTCC Delaware has unanimously approved the agreement and plan of merger providing for the merger and related steps, and recommends that you vote FOR adoption of the agreement and plan of merger.

The merger requires the affirmative vote of a majority of our outstanding common stock, including the common stock owned by TDC A/S, a Danish corporation (TDC). On February 2, 2009, TDC owned 10,499,782 shares of our common stock, representing approximately 63.9% of our outstanding common stock on that date. TDC has informed us that it intends to vote its shares of our outstanding common stock in favor of the adoption of the agreement and plan of merger. TDC owns sufficient shares of our common stock to approve the adoption of the agreement and plan of merger and, therefore, no action by any other stockholder of HTCC Delaware is required for the merger and reorganization to be completed.

HTCC Delaware s common stock is currently traded on the NYSE Alternext stock exchange (formerly known as The American Stock Exchange) under the symbol HTC . We intend to apply to list the Invitel Denmark ADSs on the NYSE Alternext stock exchange under the symbol IHO , effective upon the merger.

Holders of HTCC Delaware common stock will not be entitled to dissenters or appraisal rights under the Delaware General Corporation Law in connection with the merger.

Please vote your proxy by completing, signing and dating the enclosed proxy card and returning it promptly, whether or not you expect to attend the Special Meeting. You may revoke your proxy and vote in person if you decide to attend the meeting.

We urge you to join us in supporting this important opportunity.

Sincerely,

Henrik Scheinemann

Chairman

These securities have not been approved or disapproved by the Securities and Exchange Commission, any State Securities Commission or the Securities Regulatory Authority of any other jurisdiction nor has the Securities and Exchange Commission, any State Securities Commission or any Securities Regulatory Authority of any other jurisdiction passed upon the accuracy or adequacy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated February 2, 2009 and is expected first to be mailed to stockholders on or about February 3, 2009.

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Hungarian Telephone and Cable Corp.

1201 Third Avenue

Suite 3400

Seattle, WA 98101-3034

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On February 24, 2009

To the Stockholders of Hungarian Telephone and Cable Corp.:

Notice is hereby given that a Special Meeting of the Stockholders of Hungarian Telephone and Cable Corp., a Delaware corporation (HTCC Delaware or the company), will be held at 10 a.m. (New York City time) on February 24, 2009 at the offices of Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY10017-3954, U.S.A. for the following purposes:

1. To adopt the agreement and plan of merger, a conformed copy of which is attached to and described in the accompanying proxy statement/prospectus as Annex A, among HTCC Delaware, Invitel Sub LLC, a Delaware limited liability company (MergeCo), and Invitel Holdings A/S, a Danish corporation (Invitel Denmark), whereby the company will effectively change its place of incorporation from Delaware to Denmark by merging HTCC Delaware with and into MergeCo, which will be the surviving entity and become a wholly owned, direct subsidiary of Invitel Denmark, and pursuant to which each share of HTCC Delaware will automatically be converted into the right to receive one American depositary share of Invitel Denmark representing one ordinary share of Invitel Denmark, provided that you may elect to receive ordinary shares instead of Invitel Denmark ADSs; and

2. To transact such other business as may properly come before the Special Meeting or any adjournment or postponement thereof.

The board of directors of HTCC Delaware has fixed the close of business on February 2, 2009 as the record date for determination of stockholders entitled to notice of, and to vote at, the Special Meeting and any adjournments or postponements thereof.

To ensure that your shares of common stock are represented at the meeting, you should vote your proxy by completing, signing and dating the enclosed proxy card and returning it promptly in the enclosed envelope, whether or not you expect to attend the Special Meeting. You may revoke your proxy and vote in person if you decide to attend the meeting.

By Order of the Board of Directors,

Peter T. Noone

General Counsel and Secretary

Seattle, Washington, February 2, 2009.

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In this proxy statement/prospectus, we refer to Hungarian Telephone and Cable Corp. as HTCC Delaware, and to Invitel Holdings A/S as Invitel Denmark. We refer to HTCC Delaware, Invitel Denmark and our operating subsidiaries, collectively, as HTCC or the HTCC group. Except where indicated otherwise, we refer to HTCC Delaware and Invitel Denmark, which will be HTCC Delaware s successor following the reorganization, together, as the company, we, us or our. Invitel Denmark ordinary shares and Invitel Denmark ADSs are also referred to collectively as Invitel Denmark securities. American depositary receipts evidencing Invitel Denmark ADSs are referred to herein as Invitel Denmark ADRs.

Unless otherwise noted, all monetary amounts are stated in United States dollars.

No dealer, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this proxy statement/prospectus in connection with the transactions described in this proxy statement/prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by us.

Neither the delivery of this proxy statement/prospectus nor any sale made hereunder shall under any circumstances create an implication that there has been no change in our affairs since the date hereof. This proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy securities other than those specifically offered hereby or of any securities offered hereby in any jurisdiction where, or to any person to whom, it is unlawful to make such offer or solicitation. The information contained in this proxy statement/prospectus speaks only as of the date of this proxy statement/prospectus unless the information specifically indicates that another date applies.

This proxy statement/prospectus has been prepared based on information provided by us and by other sources that we believe are reliable. This proxy statement/prospectus summarizes certain documents and other information in a manner we believe to be accurate, but we refer you to the actual documents, if any, for a more complete understanding of what we discuss in this proxy statement/prospectus. In deciding how to vote, you must rely on your own examination of our company and the terms of the reorganization and Invitel Denmark securities, including the merits and risks involved and other matters discussed in this document.

We are not making any representation to you regarding the legality of an investment in the Invitel Denmark securities by you under any legal investment or similar laws or regulations. You should not consider any information in this proxy statement/prospectus to be legal, business, tax or other advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Invitel Denmark securities.

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ADDITIONAL INFORMATION

HTCC Delaware files annual, quarterly and other reports and other information with the Securities and Exchange Commission, or SEC. For a listing of the documents available from the SEC, please see the section entitled Where You Can Find More Information beginning on page 179.

HTCC Delaware will provide you with copies of the information relating to HTCC Delaware or Invitel Denmark, without charge, upon written or oral request to Mr. Peter T. Noone, HTCC Delaware General Counsel and Secretary, at 1201 Third Avenue, Suite 3400, Seattle, Washington 98101-3034 or at +1 (206) 654-0204. In order to receive timely delivery of the documents in advance of the HTCC Delaware special meeting, we should receive your request no later than February 16, 2009.

ENFORCEABILITY OF CIVIL LIABILITIES

Invitel Denmark is incorporated under the laws of Denmark and none of its directors or registered managers is a resident of the United States. Furthermore, substantially all of Invitel Denmark s assets and almost all of the assets of such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon Invitel Denmark or those persons, or to enforce against them judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws.

If a judgment is obtained in a U.S. court against Invitel Denmark or any such persons, investors will need to enforce such judgment in jurisdictions where Invitel Denmark or such person has assets. Under applicable Danish law, a judgment by a state or federal court of the United States in respect of the reorganization or exchange of HTCC Delaware shares for Invitel Denmark ADSs or Invitel Denmark ordinary shares will neither be recognized nor enforced by the courts of Denmark without a review of the merits underlying the judgment. You should consult with your own advisers in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

MARKET AND INDUSTRY DATA

Market data used in this proxy statement/prospectus was obtained from internal company estimates, government sources and various trade associations which monitor the industries in which we compete. We have not independently verified this market data. Similarly, internal company estimates, while believed by us to be reliable, have not been verified by any independent sources, and neither we nor any other person makes any representation as to the accuracy of the information. While we are not aware of any misstatements regarding any industry or similar data presented herein, such data involve risks and uncertainties and is subject to change based on various factors, including those discussed under Risk Factors in this proxy statement/prospectus.

CAUTIONARY STATEMENT CONCERNING FORWARD LOOKING STATEMENTS

This proxy statement/prospectus contains forward-looking statements. These statements are based on our estimates and assumptions and are subject to risks and uncertainties, which could cause actual results to differ materially from those expressed or implied in the statements. Words such as believes, anticipates, estimates, expects, intends and similar expressions are intended to identify forward-looking statements. Forward-looking statements (including oral representations) are only predictions or statements of current plans, which we review continuously.

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PART I

QUESTIONS AND ANSWERS ABOUT THE REORGANIZATION

Q. What am I being asked to vote on?

A. You are being asked to vote in favor of a reorganization of HTCC Delaware, a Delaware corporation, listed on the NYSE Alternext stock exchange (NYSE Alternext, formerly known as The American Stock Exchange), in which it will effectively change its place of incorporation from Delaware to Denmark. The reorganization will be accomplished through the transfer of HTCC Delaware s assets to, and the assumption of HTCC Delaware s liabilities by, Invitel Denmark, followed by the merger of HTCC Delaware with and into a newly formed Delaware limited liability company, Invitel Sub LLC (MergeCo), which will be the surviving entity in the merger and a wholly owned subsidiary of Invitel Denmark. Invitel Denmark is a Danish corporation that we recently formed for the purposes of effecting the reorganization and is a wholly owned subsidiary of HTCC Delaware. After completion of the merger, the remaining assets and liabilities of MergeCo will be transferred to and assumed by its parent, Invitel Denmark, and MergeCo will be dissolved. As a result of the merger, you will own shares in Invitel Denmark, which will be the new holding company for the HTCC group.

Q. What will I receive in the merger?

A. In the reorganization merger, each share of HTCC Delaware common stock will automatically convert into the right to receive one Invitel Denmark ADS representing one ordinary share of Invitel Denmark, provided that you may elect to receive ordinary shares instead of Invitel Denmark ADSs.

Q. What is an Invitel Denmark ADS?

A. An American depositary share, or ADS, is a security that allows shareholders in the United States to hold and trade interests in foreign-based companies more easily. ADSs are often evidenced by certificates known as American depositary receipts, or ADRs. Invitel Denmark is a Danish corporation that issues ordinary shares. Each Invitel Denmark ADS represents one Invitel Denmark ordinary share. For a description of the rights attaching to Invitel Denmark ADSs, see Description of Invitel Denmark American Depositary Shares on page 153. For a description of the rights attaching to each ordinary share of Invitel Denmark, see Description of Ordinary Shares of Invitel Denmark on page 149.

Q. Will Invitel Denmark ADSs be publicly traded in the United States?

A. Yes. We intend to list Invitel Denmark ADSs publicly in the United States on the NYSE Alternext stock exchange (formerly known as The American Stock Exchange) under the symbol IHO and quoted in United States dollars. NYSE Alternext is the stock exchange on which the common stock of HTCC Delaware is currently listed.

Q. Will Invitel Denmark ordinary shares be publicly traded in the United States or elsewhere?

A. No. However, we may consider seeking a listing of the Invitel Denmark ordinary shares on a stock exchange in Europe, where the HTCC group s operating businesses are located, at some future time.

Q. How do I make the choice to receive Invitel Denmark ordinary shares instead of Invitel Denmark ADSs?

A. Prior to the merger, an exchange agent will be appointed for the purpose of exchanging HTCC Delaware common stock for, as applicable, Invitel Denmark ADSs or Invitel Denmark ordinary shares. The exchange agent will mail to each holder of record of HTCC Delaware common stock a letter of transmittal for use in

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effecting delivery of certificates representing these shares to the exchange agent. The letter of transmittal will enable each holder of HTCC Delaware common stock to make an election to receive Invitel Denmark ordinary shares instead of Invitel Denmark ADSs, by way of a cancellation of Invitel Denmark ADSs within 30 days from the date of issuance, at no cost to the holder. If a holder of HTCC Delaware common stock does not make an election, the holder will automatically receive one Invitel Denmark ADS for each share of HTCC Delaware common stock. If a holder of HTCC Delaware common stock elects to receive Invitel Denmark ordinary shares, the holder will receive the Invitel Denmark ordinary shares in dematerialized form, subject to compliance with the requirements to receive Invitel Denmark ordinary shares. Invitel Denmark issues its shares through the Danish central securities depository, VP Securities Service (Værdipapircentralen A/S). In order to receive ordinary shares of Invitel Denmark, you will have to appoint a bank, broker or other nominee who is a clearing member of VP Securities Service or who has an agreement with a clearing member of VP Securities Service, and establish an account with VP Securities Service through such bank, broker or other nominee. You must follow the instructions of such bank, broker or nominee in order to receive Invitel Denmark ordinary shares.

If you hold your shares of HTCC Delaware common stock in street name through a stockbroker, bank or other nominee rather than directly in your own name, you are considered the beneficial owner of those shares, and the letter of transmittal should be forwarded to you by your stockbroker, bank or other nominee. You should note, if you intend to elect to receive Invitel Denmark ordinary shares, that the Invitel Denmark ordinary shares will not be publicly traded, and may not become publicly traded in the future. For more information on the exchange of the HTCC Delaware common stock for HTCC Denmark securities, see The Reorganization Share Election; Exchange of Shares on page 135.

YOU SHOULD NOT SEND YOUR HTCC DELAWARE STOCK CERTIFICATES TO THE EXCHANGE AGENT UNTIL YOU HAVE RECEIVED TRANSMITTAL MATERIALS FROM THE EXCHANGE AGENT. DO NOT RETURN HTCC DELAWARE STOCK CERTIFICATES WITH THE ENCLOSED PROXY CARD.

Q. What are the implications to HTCC Delaware stockholders of Invitel Denmark being a foreign private issuer ?

A. Following completion of the merger, Invitel Denmark will be subject to the reporting requirements under the U.S. Securities Exchange Act of 1934 (the Exchange Act) applicable to foreign private issuers. Under current regulations, Invitel Denmark will be required to file an annual report on Form 20-F with the SEC within six months after the end of each fiscal year. Invitel Denmark s current fiscal year begins on January 1 and ends on December 31. In addition, Invitel Denmark will be required to furnish reports on Form 6-K to the SEC regarding any information required to be publicly disclosed by Invitel Denmark in Denmark or filed with any stock exchange where its ordinary shares may be listed, or distributed or required to be distributed by Invitel Denmark to its shareholders. Invitel Denmark will remain subject to the disclosure rules of NYSE Alternext. Invitel Denmark will be subject to the mandates of the Sarbanes-Oxley Act applicable to foreign private issuers. Invitel Denmark will be exempt from certain rules under the Exchange Act, including the proxy rules which impose certain disclosure and procedural requirements for proxy solicitations under Section 14 of the Exchange Act, and will not be required to comply with Regulation FD, which addresses certain restrictions on the selective disclosure of material information. In addition, among other matters, Invitel Denmark s officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of Invitel Denmark securities. If Invitel Denmark loses its status as a foreign private issuer, it will no longer be exempt from such rules and, among other things, will be required to file periodic reports and financial statements as if it were a company incorporated in the United States. In addition, Invitel Denmark is considering preparing its financial reporting in accordance with International Financial Reporting Standards (IFRS) and may also change its reporting currency from U.S. dollars to euros. See Invitel Denmark will be a Foreign Private Issuer on page 139.

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Q. How will the reorganization be accomplished?

A. HTCC Delaware will transfer its assets to, and will have its liabilities assumed by, its wholly owned subsidiary Invitel Denmark in exchange for newly issued shares of Invitel Denmark. HTCC Delaware will subsequently merge with and into, a new Delaware limited liability company, MergeCo, a wholly owned direct subsidiary of Invitel Denmark, which was formed specifically for the merger. MergeCo will be the surviving entity in the merger. After completion of the merger, any remaining assets and liabilities of MergeCo will be transferred to and assumed by its parent, Invitel Denmark, and MergeCo will be dissolved. As a result of the merger, each share of HTCC Delaware common stock outstanding immediately prior to the effective time of the merger will automatically convert into the right to receive one Invitel Denmark ADS representing one ordinary share of Invitel Denmark, provided that you may elect to receive ordinary shares instead of Invitel Denmark ADSs. This procedure allows you to become a holder, either through Invitel Denmark ADSs or directly, of ordinary shares of Invitel Denmark, the new Danish parent company of the entire HTCC group. After this merger, you will own an interest in a Danish holding company which, together with its subsidiaries, will continue to be engaged in the same business that HTCC Delaware and its subsidiaries were engaged in before the merger. The additional steps in the reorganization are more fully described in The Reorganization Structure of the Reorganization on page 131.

Q. Will the reorganization dilute my ownership interest?

A. No. The reorganization will not dilute your ownership interest. Immediately after the reorganization is consummated, you will, either through Invitel Denmark ADSs or directly, own the same percentage of Invitel Denmark ordinary shares as you owned of HTCC Delaware common stock immediately prior to the completion of the reorganization, and your relative economic ownership in the company will remain unchanged. After completion of the reorganization, the total number of outstanding ordinary shares of Invitel Denmark will be equal to the number of shares of common stock of HTCC Delaware that were outstanding immediately prior to the effective time of the merger. As of February 2, 2009, HTCC Delaware had 16,425,733 shares of common stock outstanding.

Q. Do I have to change my stock certificates?

A. Yes. The exchange agent will send you a letter of transmittal, which will instruct you how to surrender your certificates of common stock of HTCC Delaware. Upon surrender of the certificate with a duly executed letter of transmittal, you will be entitled to receive in exchange the whole number of Invitel Denmark ADSs or, if you so elect, Invitel Denmark ordinary shares that you have the right to receive pursuant to the merger agreement. If you surrender a HTCC Delaware stock certificate and request the new Invitel Denmark ADSs or Invitel Denmark ordinary share in dematerialized form, as the case may be, to be issued in a name other than the one appearing on the surrendered certificate, you must endorse the stock certificate or otherwise prepare it to be in proper form for transfer. HTCC Delaware certificates that are surrendered will be cancelled. No interest will be paid or accrued on any amount payable upon surrender of stock certificates. No holder of unsurrendered certificates will receive any dividends or other distributions with respect to Invitel Denmark ADSs or Invitel Denmark ordinary shares to which the holder is entitled under the merger agreement, or be entitled to exercise voting power with respect to such holder s interest in Invitel Denmark ordinary shares, until the HTCC Delaware certificate registered to the holder is surrendered to the exchange agent. For further information, please see The Reorganization The Merger Agreement Share Election; Exchange of Shares on pages 133 and 135.

YOU SHOULD NOT SEND YOUR HTCC DELAWARE STOCK CERTIFICATES TO THE EXCHANGE AGENT UNTIL YOU HAVE RECEIVED TRANSMITTAL MATERIALS FROM THE EXCHANGE AGENT. DO NOT RETURN HTCC DELAWARE STOCK CERTIFICATES WITH THE ENCLOSED PROXY CARD.

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Q. Will HTCC Delaware stockholders be taxed as a result of the reorganization?

A. No. Generally, if you are a United States person and not a Danish resident, you should not recognize gain or loss when you exchange your shares of HTCC Delaware common stock solely for Invitel Denmark ADSs or Invitel Denmark ordinary shares pursuant to the reorganization. Your aggregate tax basis in Invitel Denmark ADSs or Invitel Denmark ordinary shares that you receive in the reorganization should equal your aggregate tax basis in shares of HTCC Delaware common stock you surrender. Your holding period for Invitel Denmark ADSs or Invitel Denmark ordinary shares that you receive in the reorganization should include your holding period for the shares of HTCC Delaware common stock that you surrender. If you acquired different blocks of HTCC Delaware common stock at different times and at different prices, your tax basis and holding period in your Invitel Denmark ADSs or Invitel Denmark ordinary shares may be determined with reference to each block of HTCC Delaware common stock. See Material Income Tax Consequences of the Reorganization Material United States Federal Income Tax Consequences United States Federal Income Tax Consequences of the Reorganization Tax Consequences to HTCC Delaware Stockholders on page 144. See also Material Income Tax Consequences of the Reorganization Material Danish Income Tax Consequences to Stockholders and Material Income Tax Consequences of the Reorganization Material Hungarian Income Tax Consequences to Stockholders. **You should consult your own tax advisors concerning the United States federal income tax consequences to you of the reorganization in light of your particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.**

Q. Will HTCC Delaware be taxed as a result of the reorganization?

A. We believe that HTCC Delaware should not incur a material amount of United States federal income tax liability as a result of the reorganization. However, there can be no assurance that the U.S. Internal Revenue Service (IRS) will not challenge the position taken by us with respect to the valuation of our assets. If the IRS were to successfully challenge the valuation of the company s assets, this could have a material adverse effect on Invitel Denmark as a successor to HTCC Delaware.

Q. When do you expect to complete the reorganization?

A. We hope to complete the reorganization (subject to the satisfaction or waiver of the conditions to the merger) shortly after the special meeting of HTCC Delaware stockholders, which we will hold on February 24, 2009.

Q. Will the proposal affect current operations? What about the future?

A. The reorganization will have no immediate major impact on how we conduct day-to-day operations. The location of future operations will depend on the needs of our business, independent of our place of incorporation.

Q. Will I be able to trade my shares during the time it takes to complete the reorganization?

A. Yes.

Q. How do I vote if my shares are registered in my name?

A. By completing, signing and returning your proxy card in the enclosed postage-prepaid envelope, you will authorize the persons named on the proxy card to vote your shares according to your instructions.

Q. How do I vote if my broker holds my shares in street name ?

A. If you hold your shares in street name through a stockbroker, bank or other nominee rather than directly in your own name, you are considered the beneficial owner of shares, and the proxy materials are being

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forwarded to you by your stockbroker, bank or other nominee together with a voting instruction card. Please carefully consider the information contained in this proxy statement/prospectus and, whether or not you plan to attend the special meeting, please follow the instructions provided to you by your stockbroker, bank or other nominee so that your shares may be voted in accordance with your wishes. To vote at the meeting, beneficial owners will need to contact the broker, bank, or other nominee that holds their shares to obtain a proxy issued in your name to bring to the special meeting.

Q. What if I don t vote or abstain?

SHARES FOR WHICH NO VOTES ARE CAST EFFECTIVELY WILL BE TREATED AS THOUGH THEY WERE VOTED AGAINST THE AGREEMENT AND PLAN OF MERGER. ABSTENTIONS WILL BE COUNTED AS VOTES AGAINST THE AGREEMENT AND PLAN OF MERGER.

Our majority stockholder, TDC, owns sufficient shares of our common stock to approve the adoption of the agreement and plan of merger and, therefore, no action by any other stockholder of HTCC Delaware is required for the merger and reorganization to be completed.

Q: Can I change my vote after I have delivered my proxy?

A: Yes. You may revoke your proxy at any time before its exercise. Proxies may be revoked by (i) sending a written notice of revocation dated later than the proxy to our proxy agent, Continental Stock Transfer & Trust Company, before the special meeting, (ii) duly executing a subsequent proxy relating to the same shares and delivering it to Continental Stock Transfer & Trust Company before the special meeting, or (iii) attending the special meeting and voting in person (although attendance at the special meeting will not in and of itself constitute revocation of a proxy). Any written notice revoking a proxy should be delivered to Continental Stock Transfer & Trust Company before the special meeting. If you are a beneficial stockholder, you must contact your broker, bank or other nominee to determine how to change your vote.

Q: Who will bear the cost for soliciting votes for the special meeting?

A: HTCC Delaware will bear all expenses in conjunction with the solicitation of the enclosed proxy, including the charges of brokerage houses and other custodians, nominees or fiduciaries for forwarding documents to security owners. In addition, proxies may be solicited by mail, in person, or by telephone or fax by certain officers, directors and employees of HTCC Delaware.

Q: Whom should I call with other questions?

A: If you have additional questions about this proxy statement, the special meeting, the reorganization or the merger, please contact: Hungarian Telephone and Cable Corp., 1201 Third Avenue, Suite 3400, Seattle, Washington 98101-3034, Attention: Peter T. Noone, General Counsel and Secretary, Telephone: +1 (206) 654-0204.

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SUMMARY

This document is a prospectus of Invitel Denmark and a proxy statement of HTCC Delaware. This summary highlights selected information from this document and may not contain all of the information that is important to you. To understand the reorganization, the merger and other transactions more fully and for a more complete description of the legal terms of the merger, you should read carefully this entire document, including the Annexes and the other documents we have referred you to. See Where You Can Find More Information on page 179. The agreement and plan of merger is attached as Annex A to this document. The articles of association that will govern our company once we are domiciled in Denmark are attached as Annex B.

Parties to the Merger

Hungarian Telephone and Cable Corp. (HTCC Delaware)

Hungarian Telephone and Cable Corp. was incorporated in Delaware in 1992 as a holding company to acquire concessions from the government of the Republic of Hungary to own and operate local fixed line telecommunications networks in Hungary as Hungary privatized its telecommunications industry. Today, we are the second largest fixed line telecommunications services provider in Hungary and the incumbent provider of fixed line telecommunications services to residential and business customers in our 14 historical concession areas, where we have a dominant market share. We are also the number one alternative fixed line operator in Hungary outside our historical concession areas, and we are also the number one independent regional wholesale provider of data and capacity services in Central and South Eastern Europe.

Our historical concession areas in Hungary are geographically clustered and cover an estimated 2.1 million people, representing approximately 21% of Hungary s population. Outside our historical concession areas, we believe that we are well positioned to continue to grow our revenue and market share based on our owned state-of-the-art backbone network, our experienced sales force and our comprehensive portfolio of services. Our extensive national fiber optic backbone network comprising approximately 8,500 route kilometers of fiber, provides us with nationwide reach, allowing business customers to be connected directly to our network to access voice, data and Internet services.

Outside Hungary we are the leading independent provider of wholesale data and capacity services throughout Central and South Eastern Europe. Our regional fiber optic backbone network comprises approximately 19,000 route kilometers of fiber with 40 points of presence in 14 countries. Our clients include the incumbent telecommunications services providers in these countries as well as alternative fixed line telecommunications services providers, mobile operators, cable television operators and Internet Service Providers. We also provide services to telecommunication services providers from Western Europe and the United States, enabling them to meet the regional demands of their corporate clients.

We operate in the following four markets:

- *Mass Market Voice.* We provide a full range of basic and value-added voice-related services to our residential and small office and home office customers both inside and outside our historical concession areas. These services include local, national and international calling, voicemail, fax, ISDN and directory assistance services.

- *Mass Market Internet.* We provide DSL broadband and dial-up Internet services to our Mass Market customers in Hungary, and have recently introduced an IPTV service aimed initially at DSL broadband customers within our traditional concession areas.

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Business. We provide fixed line voice, data, Internet and server hosting services to business (comprised of small and medium-sized enterprises and larger corporations), government and other institutional customers in Hungary.

Wholesale. We provide voice, data and network capacity services on a wholesale basis, both within Hungary and throughout Central and South Eastern Europe, to a number of other telecommunications and Internet Service Providers.

Invitel Holdings A/S (Invitel Denmark)

Invitel Denmark is a newly formed Danish corporation and is a wholly owned direct subsidiary of HTCC Delaware. Invitel Denmark has no significant assets or capitalization and has not engaged in any business or other activities other than in connection with its formation and the reorganization and related transactions. Invitel Denmark is the direct parent company of MergeCo. After completion of the reorganization, Invitel Denmark and its subsidiaries will continue to conduct the business now conducted by HTCC Delaware and its subsidiaries. See Business of HTCC Delaware on page 42 and Where You Can Find More Information on page 179.

The registered office of Invitel Denmark is located at Teglholmsgade 1, 2450 Copenhagen, Denmark. The principal executive offices of Invitel Denmark are currently located at Puskas Tivadas, u.8-10 u.8-10, H-2040 Budaörs, Hungary and its telephone number at that address is +36 (1) 801-1500. Invitel Denmark, however, currently does not conduct any business or other activities from these executive offices, other than to the extent required in connection with the reorganization.

Invitel Sub LLC (MergeCo)

MergeCo is a newly formed Delaware limited liability company and a wholly owned direct subsidiary of Invitel Denmark. MergeCo was organized to accomplish the proposed merger. MergeCo will merge with HTCC Delaware to facilitate the reorganization, and will be the surviving entity in the merger. Following completion of the merger, MergeCo s assets and liabilities will be transferred to and assumed by Invitel Denmark, and MergeCo will be dissolved. See The Reorganization Structure of the Reorganization on page 131. MergeCo has no significant assets or capitalization unrelated to the merger and has not engaged in any business or other activities except in connection with its formation and the reorganization and related transactions.

The principal U.S. executive offices of HTCC Delaware and MergeCo are located at 1201 Third Avenue, Suite 3400, Seattle, Washington 98101-3034. The telephone number of each such party at that address is +1 (206) 654-0204.

Recent Developments

We are in the process of conducting an internal reorganization of our operating subsidiaries to better reflect the business segments of the HTCC group. The final steps by which this reorganization will be implemented are still under review. We expect to complete the internal reorganization by the end of 2009.

In connection with this reorganization, in December 2008 HTCC Delaware transferred all of its shares in its wholly owned subsidiary, HTCC Holdco I B.V., to a newly formed Hungarian limited liability company, Invitel Hungary Holdings Kft., in exchange for newly issued shares of that company.

We are in discussions with several financing sources to refinance our senior credit facilities agreement and our bridge loan agreement. Repayment of the bridge loan is due on March 5, 2009. There can be no assurance regarding the outcome or the scope of these refinancing discussions. If we choose not to refinance our bridge loan or the market conditions make a refinancing prohibitive, we intend to convert the bridge loan to term loans maturing in 2016, which conversion is permitted, subject to certain conditions, pursuant to the bridge loan agreement. For more details about our bridge loan agreement, see HTCC Delaware Management Discussion and Analysis of Financial Condition and Result of Operations Liquidity and Capital Resources The Bridge Loan Agreement on page 121. For more details about our senior credit facilities agreement, see HTCC Delaware Management Discussion and Analysis of Financial Condition and Result of Operations Liquidity and Capital Resources The Amended Facilities Agreement on page 118. For more information about our on-going discussions regarding a refinancing, see Indicative Terms of 2009 Refinancing on page 123.

We are currently negotiating with three Hungarian municipalities with a view to reaching a final settlement with respect to the totality of certain claims regarding municipal taxes. We have made a provision for this contingent liability in the amount of HUF 2.2 billion (approximately $13 million). For more details regarding the legal proceedings with respect to these claims, see Legal Proceedings Local Business Tax on page 78.

The Reorganization (see page 131)

Our board has unanimously approved and recommends that you adopt the agreement and plan of merger which effectively changes your company s place of incorporation from Delaware to Denmark. HTCC Delaware has incorporated Invitel Denmark under the laws of Denmark, and Invitel Denmark has organized MergeCo as a Delaware limited liability company. The reorganization will be accomplished as follows:

- a transfer of HTCC Delaware s assets to, and assumption of HTCC Delaware s liabilities by, Invitel Denmark in exchange for newly issued shares of Invitel Denmark,

- a merger of HTCC Delaware with and into MergeCo, which will be the surviving company in the merger and will be a wholly owned, direct subsidiary of Invitel Denmark. The terms of the merger are set forth in the agreement and plan of merger attached as Annex A to this proxy statement/prospectus. As a result of the merger, your shares of HTCC Delaware common stock will automatically convert into the right to receive Invitel Denmark ADSs representing ordinary shares of Invitel Denmark, provided that you may elect to receive ordinary shares instead of Invitel Denmark ADSs. As a result, you will own, either directly or through the Invitel Denmark ADSs, shares in a Danish corporation rather than a Delaware corporation. For a description of the terms of the Invitel Denmark ordinary shares, please see Description of Ordinary Shares of Invitel Denmark on page 149, and for a description of the Invitel Denmark ADSs, see Description of Invitel Denmark American Depositary Shares on page 153. For a more detailed description of the differences between your rights under Delaware law and under Danish law, please see Comparison of Rights of Stockholders/Shareholders beginning on page 164, and

- after completion of the merger, the transfer by MergeCo of its remaining assets to, and the assumption of its liabilities by, its parent, Invitel Denmark, and the dissolution of MergeCo.

After completion of the reorganization, Invitel Denmark and its subsidiaries will continue to conduct the business that HTCC Delaware and its subsidiaries now conduct.

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Below is a graphic representation of the structure of HTCC group immediately before and after the reorganization:

After the merger occurs, our exchange agent will send a letter of transmittal to HTCC Delaware stockholders that will provide instructions on how to elect Invitel Denmark ordinary shares instead of Invitel Denmark ADSs, and on how to exchange your HTCC Delaware stock certificates for Invitel Denmark securities. PLEASE DO NOT SEND ANY STOCK CERTIFICATES AT THIS TIME.

Background and Reasons for the Reorganization (see page 131)

Our current business is conducted entirely in Hungary and elsewhere in Central and South Eastern Europe. As we announced on June 30, 2008, our board conducted a review of the company s strategic alternatives, which included the possibility of a sale of the company. As a result of such review, we believe that a reorganization of HTCC Delaware as a Danish corporation will allow us to better take advantage of certain financial and business opportunities that may arise in the future. We have outlined below what we believe to be the benefits of the reorganization.

Enhancement of the company s structuring flexibility with respect to a potential sale of the company or asset dispositions. Although we are not currently engaged in any negotiations with third parties with respect to a sale of the company or a significant portion of its assets, we believe that any future sale of the company or asset dispositions by the company will mainly attract interest from European buyers. For these investors, purchasing the shares of a Delaware corporation whose assets are entirely located in Europe or acquiring such assets from a Delaware corporation may not be efficient from a legal or tax perspective. HTCC Delaware, as a U.S. corporation, is subject to the full U.S. tax regime. A foreign buyer of HTCC Delaware may incur U.S. withholding tax on dividends paid by HTCC Delaware, which may prevent such buyer from efficiently structuring its acquisition of the company and the financing thereof.

Reduction of SEC reporting requirements and related expenses because the company would become a foreign private issuer.

Potential increased competitiveness regarding European acquisition opportunities, because Invitel Denmark ordinary shares may be a more attractive consideration than shares of common stock of a Delaware corporation.

Simplification and rationalization of the company s tax position and increased efficiency by reorganizing the company in a jurisdiction outside the United States at a time when we believe this should not result in a significant U.S. tax cost. All of our operating income is generated outside the United States and is subject to the primary taxing jurisdiction of the countries in Central and South Eastern Europe in which those operations take place. However, as a U.S. corporation, HTCC Delaware is subject to the full U.S. tax regime, potentially causing incremental U.S. tax on distributions of earnings from its foreign subsidiaries. In addition, internal group restructurings may generate U.S. tax to be paid by the company, even if no economic gain is recognized by the company. As a result of our review of the company s strategic alternatives, we believe that most prospective investors in the company or its assets will perceive the potential future U.S. tax burden (or the cost of structuring their investment in order to minimize such tax burden) as inefficient, which may prevent us from taking advantage of certain strategic or other business opportunities in the future. Although the Danish and Hungarian tax regimes have some counterparts to these U.S. tax provisions, we believe those regimes are better suited to the current and prospective operations of the company and prospective investors in the company or its assets. In particular, with a U.S. corporation as the direct or indirect parent of the foreign subsidiaries, we must consider whether each possible restructuring, borrowing, or foreign tax minimization option may result in taxable income and incremental tax cost at the U.S. parent level. By contrast, Denmark and Hungary have exemption systems for foreign subsidiary earnings and gains on foreign subsidiary shares. Therefore, we believe that reincorporating HTCC Delaware in Denmark will allow more flexibility in pursuing strategies to maximize shareholder value with less concern for potential adverse tax consequences at the level of Invitel Denmark.

We believe these benefits should enhance stockholder value. However, we cannot predict what impact, if any, the reorganization will have in the long-term in light of the fact that the achievement of our objectives depends on many things, including, among other things, future tax and other laws and regulations, as well as the development of our business.

For a discussion of the risk factors associated with the reorganization, please see the discussion under Risk Factors beginning on page 19. For further discussion regarding the factors considered by the board of directors in connection with the reorganization, see Recommendation of the Board of Directors on page 15.

Reason for the Reincorporation of HTCC Delaware in Denmark

Under the U.S. federal income tax regime, reincorporating HTCC Delaware in a jurisdiction where the HTCC expanded affiliated group (which, for these purposes, should include the ultimate parent company of HTCC Delaware and all of that parent company s subsidiaries) does not have substantial business activities, would result in HTCC Delaware s successor corporation continuing to be taxed as a U.S. corporation, despite the reorganization. TDC A/S is a Danish corporation that owns more than 50% of HTCC Delaware common stock, with the result that the HTCC expanded affiliated group should include TDC and all of TDC s subsidiaries. Reincorporating HTCC Delaware in Denmark, where TDC has substantial business activities, should avoid the adverse United States federal income tax consequences mentioned above, because the HTCC expanded affiliated group should be considered to have substantial business activities in Denmark. See Material Income Tax Consequences of the Reorganization Material United States Federal Income Tax Consequences United States Federal Income Tax Consequences of the Reorganization Tax Consequences to HTCC Delaware and Invitel Denmark Section 7874 Inversion Rules on page 142.

Conditions to Consummation of the Reorganization (see page 133)

The consummation of the reorganization is conditioned on several factors, including the affirmative vote of the holders of a majority of the outstanding shares of common stock of HTCC Delaware entitled to vote at the special meeting, that none of the parties to the agreement and plan of merger is subject to any governmental

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authority which prohibits the consummation of the reorganization, and the receipt of any required waivers from lenders under certain credit agreements. We are not aware of any regulatory requirements or approvals (other than those under the U.S. federal securities laws) that must be complied with or obtained in connection with the consummation of the reorganization.

For additional factors, please see The Reorganization The Merger Agreement Conditions to Consummation of the Reorganization on page 133.

Credit Facilities

As a result of the merger, we may fail to comply with certain covenants contained in our senior credit facilities agreement, as amended and restated. In particular, the merger may be considered a change in control under this facility. If the merger were considered a change of control thereunder, in the absence of a waiver from our lenders, it would cause a default. For more details about our senior credit facilities agreement, see HTCC Delaware Management Discussion and Analysis of Financial Condition and Result of Operations Liquidity and Capital Resources The Amended Facilities Agreement on page 118.

We are in discussions with several financing sources to refinance our senior credit facilities agreement and our 100 million bridge loan agreement with BNP Paribas and Merrill Lynch, dated March 3, 2008, and intend to seek any required waivers permitting the merger as part of such refinancing. We do not currently believe that any waivers under our bridge loan agreement will be necessary to enable us to complete the merger. There can be no assurance regarding the outcome or the scope of these refinancing discussions. If we choose not to refinance our bridge loan or the market conditions make a refinancing prohibitive, we intend to convert the bridge loans to term loans maturing in 2016, which conversion is permitted, subject to certain conditions, pursuant to the bridge loan agreement. For more information about our on-going discussions regarding a refinancing, see Indicative Terms of 2009 Refinancing on page 123.

In the absence of any required waivers described above or a refinancing that includes such waivers, we may reconsider or abandon the implementation of the company s reorganization.

Material United States Federal Income Tax Consequences to Stockholders (see page 141)

As set forth in further detail in the discussion under the heading Material Income Tax Consequences of the Reorganization Material United States Federal Income Tax Consequences on page 141, which, subject to the qualifications set forth therein, constitutes the opinion of Simpson Thacher & Bartlett LLP, our special United States tax counsel, for United States federal income tax purposes, HTCC Delaware stockholders who are United States persons and are not Danish residents should not recognize gain or loss when they exchange their shares of HTCC Delaware common stock solely for Invitel Denmark ADSs or Invitel Denmark ordinary shares. The aggregate tax basis in Invitel Denmark ADSs or Invitel Denmark ordinary shares received in the reorganization should equal the aggregate tax basis in the shares of HTCC Delaware common stock that such HTCC Delaware stockholders surrender. Such stockholders holding periods for Invitel Denmark ADSs or Invitel Denmark ordinary shares received in the reorganization should include their holding periods for the shares of HTCC Delaware common stock that they surrender. If HTCC Delaware stockholders acquired different blocks of HTCC Delaware common stock at different times and at different prices, their tax bases and holding periods in their Invitel Denmark ADSs or Invitel Denmark ordinary shares may be determined with reference to each block of HTCC Delaware common stock.

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HTCC Delaware stockholders should consult their own tax advisors concerning the United States federal income tax consequences of the reorganization in light of their particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.

An opinion of our special United States tax counsel confirming the opinion set forth under the heading Material Income Tax Consequences of the Reorganization Material United States Federal Income Tax Consequences on page 137 will be filed as an exhibit to the registration statement that includes this proxy statement/prospectus.

Material Danish Income Tax Consequences to Stockholders (see page 147)

As set forth in further detail in the discussion under the heading Material Income Tax Consequences of the Reorganization Material Danish Income Tax Consequences to Stockholders on page 147, which, subject to the qualifications set forth therein, constitutes the opinion of Kromann Reumert, our special Danish tax counsel, it is likely that the reorganization will not trigger Danish capital gains taxation for Danish resident stockholders of HTCC Delaware. No Danish income taxes should be triggered for stockholders resident in other countries.

Dividend distributions from Invitel Denmark to shareholders are generally subject to Danish withholding tax at a rate of 28%. This withholding tax may be reduced according to the double taxation treaty between Denmark and the country in which the shareholder is resident. Pursuant to the double taxation treaty between Denmark and the United States, the dividend withholding tax is reduced to 15% unless the shareholder owns more than 10% of the share capital of Invitel Denmark, in which case the dividend withholding tax is reduced to 5%.

Given that Invitel Denmark is considered tax resident in Hungary, the withholding tax rate is reduced to 0%. Invitel Denmark has obtained a Danish ruling that, subject to the facts and assumptions presented by the company, the company is, from the perspective of Danish tax laws, resident in Hungary for corporate income tax purposes and, assuming that this ruling remains in effect, Invitel Denmark will not be taxable in Denmark for corporate income tax purposes and no Danish withholding taxes on dividends should be withheld. Invitel Denmark intends to request a ruling from the Hungarian tax authorities confirming that the company is only resident in Hungary for corporate income tax purposes. Any statements made in this proxy statement/prospectus with respect to certain Danish and Hungarian income tax consequences of the reorganization assume a favorable ruling by the Hungarian tax authorities and the continued effectiveness of such rulings.

An opinion of our special Danish tax counsel confirming the opinion set forth under the heading Material Income Tax Consequences of the Reorganization Material Danish Income Tax Consequences to Stockholders on page 147 will be filed as an exhibit to the registration statement that includes this proxy statement/prospectus.

Material Hungarian Income Tax Consequences to Stockholders (see page 148)

As set forth in further detail in the discussion under the heading Material Income Tax Consequences of the Reorganization Material Hungarian Income Tax Consequences to Stockholders on page 148, which, subject to the qualifications set forth therein, constitutes the opinion of Réczicza White & Case LLP, our special Hungarian tax counsel, payments to stockholders made by companies incorporated outside Hungary that are tax resident in Hungary are subject to Hungarian rules regarding taxation.

Under Hungarian tax law, no withholding tax is payable on dividends paid to a person who is not a private individual. Hungarian dividend withholding tax would be payable on dividends paid to private individuals who hold ordinary shares directly. Provided that the depositary is the legal owner of the Invitel Denmark ordinary shares, no Hungarian withholding tax would be due on dividends paid to holders of Invitel Denmark ADSs.

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Capital gains earned by a non-Hungarian resident (whether a private individual or otherwise) are not subject to withholding taxes. However, capital gains earned by Hungarian tax residents would be subject to Hungarian tax, unless such gains qualify for the reported participation exemption which exempts gains realized by corporate shareholders under certain conditions. Under this rule, capital gains earned on participations that represent at least 30% ownership and have been reported to the tax authority (APEH) within 30 days of acquisition are tax exempt provided that they have been held for at least one year. This exemption is not applicable to private individuals.

There is currently no wealth tax in Hungary.

An opinion of our special Hungarian tax counsel confirming the opinion set forth under the heading Material Income Tax Consequences of the Reorganization Material Hungarian Income Tax Consequences to Stockholders on page 148 will be filed as an exhibit to the registration statement that includes this proxy statement/prospectus.

Comparison of Rights of Stockholders/Rights of Shareholders (see page 164)

There are differences between the rights of stockholders under Delaware law and shareholders under Danish law. In addition, there are differences between HTCC Delaware s current certificate of incorporation and by-laws and Invitel Denmark s memorandum of incorporation and articles of association. We encourage you to read the section titled Comparison of Rights of Stockholders/Shareholders on page 164 for a more detailed discussion of these differences.

There are also differences between the rights presently enjoyed by holders of HTCC Delaware common stock and the rights to which the holders of Invitel Denmark ADSs will be entitled following the merger. In some cases, the holders of Invitel Denmark ADSs to be delivered in connection with the merger may not be entitled to important rights to which they would have been entitled as holders of HTCC Delaware common stock. The rights and terms of the Invitel Denmark ADSs are designed to replicate, to the extent reasonably practicable, the rights attendant to Invitel Denmark ordinary shares, for which there is no active trading market in the United States. However, because of aspects of Danish law, the articles of association of Invitel Denmark and the terms of the deposit agreement under which the Invitel Denmark ADSs will be issued, the rights of holders of Invitel Denmark ADSs will not be identical to and, in some respects, may be less favorable than, the rights of holders of Invitel Denmark ordinary shares. For more information regarding the characteristics of, and differences between, HTCC Delaware common stock, Invitel Denmark ordinary shares and Invitel Denmark ADSs, please refer to Description of Ordinary Shares of Invitel Denmark, Description of Invitel Denmark American Depositary Shares, and Comparative Rights of Stockholders/Shareholders beginning on page 164.

Stock Exchange Listing; Recent Stock Prices

We intend to apply to list the Invitel Denmark ADSs on the NYSE Alternext stock exchange under the symbol IHO effective upon the merger. NYSE Alternext is the stock exchange on which the common stock of HTCC Delaware is currently listed. We may consider seeking a listing of Invitel Denmark ordinary shares on a stock exchange in Europe, where the HTCC group s operating businesses are located, at some future time. We may also seek a dual listing. In addition, we may in the future seek a delisting of the Invitel Denmark ADSs from NYSE Alternext or a deregistration from the U.S. Securities Exchange Act of 1934, if and when permitted under applicable laws and regulations.

On November 26, 2008, the last trading day before the public announcement of the reorganization, the closing price per HTCC Delaware share on the NYSE Alternext was $8.95, and the high and low sales prices were $8.95 and $8.35. On January 29, 2009, the closing price on the NYSE Alternext was $7.43.

No Rights of Dissenting Stockholders (see page 137)

Under Delaware law, you will not have dissenters or appraisal rights in connection with the merger and the reorganization.

Accounting Treatment of the Reorganization

The accounting for the reorganization of HTCC Delaware, MergeCo, and Invitel Denmark, which are all entities under common control, is addressed by Statement of Financial Accounting Standards (FAS) No. 141. Pursuant to FAS No. 141, this reorganization will be accounted for at carryover bases at the date of transfer and as such, there will be no changes in the historical consolidated carrying amounts of assets, liabilities and stockholders equity (deficit).

Effect on Stock Compensation Plans and Employment Arrangements with Officers and Directors (see page 137)

When the reorganization is completed, unless agreed otherwise with each option holder, we expect to amend and revise our employee and director stock option and other stock-based plans and arrangements to (1) provide that Invitel Denmark will continue the sponsorship of the existing awards under employee and director stock-based plans and arrangements, (2) provide that Invitel Denmark ordinary shares will be issued upon the exercise of any options under the plans and arrangements, and (3) otherwise appropriately reflect (x) the substitution of HTCC Delaware common stock for a number of ordinary shares of Invitel Denmark and (y) an exercise price per share, in each case, sufficient to retain the current intrinsic value of the outstanding options.

On December 23, 2008, the existing service contracts with respect to the management services provided to us by our Chief Executive Officer, Martin Lea (the CEO Service Agreement), and our Chief Financial Officer, Robert Bowker (the CFO Service Agreement), were amended. In particular, the provisions relating to a special one-time lump sum bonus payment in the event of a sale of the company or a sale of all or substantially all of its assets have been amended and a bonus may also be due in the event of a transaction or series of transactions resulting in the sale of a material portion of the company s assets or businesses that does not constitute a sale of all or substantially all assets. A detailed summary of these provisions is set forth under Executive Officer Compensation on page 81.

These service contracts have also been amended to provide for a special one-time lump sum bonus in the amount of 250,000 for the benefit of each of our Chief Executive Officer and our Chief Financial Officer, conditioned upon, and paid following the successful completion of a refinancing of the company s obligations under the bridge loan agreement with Merrill Lynch and BNP Paribas, dated March 3, 2008.

The company has agreed to award Peter T. Noone, HTCC Delaware s General Counsel and Secretary, a discretionary cash bonus in the amount of $100,000, which bonus is contingent upon, and payable following, the completion of the reorganization. The company has also agreed to provide Mr. Noone with a loyalty/retention bonus in the amount of $100,000. In addition, the company has amended Mr. Noone s employment agreement to increase the severance benefits by 25%.

Special Meeting (see page 175)

Time, Date, Place. The special meeting of stockholders will be held at the offices of Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY10017-3954, U.S.A., at 10 a.m. local time, on February 24, 2009.

Record Date. Only stockholders of record at the close of business on February 2, 2009, as shown in our records, will be entitled to vote, or to grant proxies to vote, at the special meeting.

Quorum. The presence, in person or by proxy, of stockholders holding a majority of the outstanding shares of HTCC Delaware that are entitled to vote will constitute a quorum.

Recommendation of the Board of Directors

At a meeting of HTCC Delaware s board of directors held on November 27, 2008, the board of HTCC Delaware considered the proposal to reincorporate the company in Denmark and discussed the potential benefits of the reorganization, which have been summarized above under Background and Reasons for the Reorganization. The board also noted potential disadvantages with respect to the reorganization. In particular, the board considered certain differences between Delaware and Danish corporate law. Under Danish law certain corporate transactions, such as a sale of all shares in the company by way of a merger, require the approval of at least two thirds of votes cast as well as two thirds of the share capital represented at a shareholders meeting. By contrast, a merger under Delaware law would only require a simple majority of shareholder votes. The board concluded, however, that, while an increased voting threshold for the sale of the company by way of a merger could limit its negotiation flexibility, it would also enhance the powers of minority shareholders. See Comparison of Rights of Stockholders/Shareholders on page 164. The board also considered the reporting requirements of Invitel Denmark as a foreign private issuer. In particular, Invitel Denmark will not be required to file quarterly financial statements under the Exchange Act, will be exempt from the SEC s proxy rules, which impose certain disclosure and procedural requirements for proxy solicitations, and will not be required to comply with Regulation FD, which addresses certain restrictions on the selective disclosure of material information. However, Invitel Denmark will file an annual report on Form 20-F, and will be subject to the mandates of the Sarbanes-Oxley Act applicable to foreign private issuers as well as the disclosure requirements of the NYSE Alternext stock exchange. See Invitel Denmark will be a Foreign Private Issuer on page 139. The board also considered the potential tax liability the company could incur as a result of the reorganization and concluded that these risks were not material. See Risks Relating to the Reorganization on page 19.

The board of directors has determined that the potential advantages of the reorganization substantially outweigh its risks and the differences described above. Accordingly, the board of HTCC Delaware unanimously approved the agreement and plan of merger, declared it advisable and in the best interest of all of HTCC Delaware s stockholders, and recommends that you vote FOR its adoption.

Vote Required

Adoption of the agreement and plan of merger requires the affirmative vote of holders of a majority of the shares of HTCC Delaware common stock outstanding on February 2, 2009. Abstentions and broker non-votes will effectively be counted as votes against adoption of the merger agreement.

As of the February 2, 2009 record date, there were 16,425,733 HTCC Delaware shares outstanding and entitled to vote. As of the record date, our directors and executive officers and their affiliates directly owned or are entitled to vote, in the aggregate, approximately 962,160 shares of HTCC Delaware common stock, which represents approximately 6% of the outstanding shares of HTCC Delaware common stock. As of February 2, 2009, TDC owns 10,499,782 shares of our common stock, representing approximately 63.9% of our outstanding common stock. TDC has informed the company that it intends to vote its shares of outstanding common stock of HTCC Delaware in favor of the adoption of the agreement and plan of merger. TDC owns sufficient shares of common stock to approve the adoption of the agreement and plan of merger and, therefore, no action by any other stockholder of HTCC Delaware is required for the merger and reorganization to be completed.

We do not believe that the interests of our majority stockholder, TDC, or its affiliates, differ from those of other stockholders or the company in connection with the reorganization. However, we cannot anticipate whether, or in what form, any differing interests may arise in the future. Conflicts between TDC and minority stockholders may arise with respect to, among other things, the company s strategic direction and significant corporate transactions, conflicts related to corporate opportunities that could be pursued by us on the one hand, or by TDC, on the other hand, or other contractual relationships between us and TDC or its affiliates. If we enter into a loan agreement with TDC in connection with a refinancing of our senior credit facilities agreement and/or our bridge loan agreement, similar conflicts of interest may occur. For more details about this refinancing, see Indicative Terms of 2009 Refinancing on page 123.

For more information see The Special Meeting Vote Required on page 175.

Proxies (see page 176)

Stockholders of record may vote by marking, signing and mailing their proxy card in the enclosed postage-prepaid envelope.

If you hold your HTCC Delaware shares in the name of a bank, broker or other nominee, you should follow the instructions provided by your bank, broker or nominee when voting your shares. To be effective, a form of proxy must be received by us prior to the beginning of voting at the special meeting.

There are three ways in which you may revoke your proxy and change your vote:

First, you may send a written notice to our proxy agent, Continental Stock Transfer & Trust Company, stating that you would like to revoke your proxy of an earlier date. This notice must be received prior to the special meeting.

Second, you may complete and submit a new, later-dated proxy to our proxy agent. The latest dated proxy actually received by the company prior to the special meeting will be the one that is counted, and all earlier proxies will be revoked.

Third, you may attend the special meeting and vote in person. Simply attending the meeting, however, will not revoke your proxy. At the special meeting, the chairman of the meeting will announce instructions for you to follow if you wish to revoke your proxy and vote in person at the meeting.

If you have instructed a broker to vote your shares, you must follow directions received from your broker to change or revoke your proxy.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The selected historical consolidated financial data of HTCC Delaware in the table below was derived from HTCC Delaware s audited consolidated financial statements as of and for each of the years in the five year period ended December 31, 2007, as well as unaudited data for the nine months ended September 30, 2008 and 2007. This data should be read in conjunction with the audited consolidated financial statements of HTCC Delaware, including the notes to the financial statements. The audited consolidated financial statements of HTCC Delaware for the years ended December 31, 2007, 2006 and 2005 and certain unaudited financial data for the nine months ended September 30, 2008 and 2007 are included in this proxy statement/prospectus, beginning on page F-1.

We have not included data for Invitel Denmark or MergeCo because they did not conduct business during any of the periods discussed below.

	Nine months ended September 30 (unaudited)		Year ended December 31,				
(in thousands, except per share amounts)	**2008**	**2007**	**2007**	**2006 (1)**	**2005 (1)**	**2004**	**2003**
Income Statement Data							
Revenues	$ 432,605	$ 258,127	$ 385,193	$ 189,260	$ 179,643	$ 69,007	$ 69,391
Net Income (Loss)	(43,862)	(81,951)	(96,472)	16,527	1,392	11,417	10,451
Basic Earnings (Loss) Per Share from Continuing Operations (2)	(2.68)	(5.40)	(6.23)	1.28	0.10	0.91	0.85
Balance Sheet Data							
Total Assets	1,343,387	1,077,303	1,110,191	333,384	298,817	192,285	176,556
Long-Term Debt (Excluding Current Installments) (3)	947,027	788,643	813,337	116,219	159,394	71,715	90,839
Cash Dividends Per Share							

(1) See Note 1(c) in Notes to the Consolidated Financial Statements for the year ended December 31, 2007, beginning on page F-11.

(2) Net Income (Loss) per basic common share is net income (loss) divided by the weighted average number of basic common shares outstanding.

(3) Long-term obligations include long-term debt, capital leases and redeemable preferred stock but excludes current installments of long-term debt.

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SUMMARY PRO FORMA FINANCIAL INFORMATION

A pro forma condensed consolidated balance sheet for Invitel Denmark is not presented in this proxy statement/prospectus because there would be no significant pro forma adjustments required to be made to the historical consolidated financial statements of HTCC Delaware as of December 31, 2007 or September 30, 2008 because the transaction will be accounted for at carryover basis. See The Reorganization Accounting Treatment of the Reorganization on page 139.

A pro forma condensed consolidated income statement for Invitel Denmark is not presented in this proxy statement/prospectus because there would be no significant pro forma adjustments required to be made to income from operations in the historical consolidated income statements of HTCC Delaware for the year ended December 31, 2007 or for the nine months ended September 30, 2008.

Reference is made to the consolidated financial statements of HTCC Delaware, beginning with the index thereto on Page F-1.

We estimate that the costs incurred in connection with the reorganization (excluding the cost of refinancing our existing senior credit facilities agreement and our bridge loan agreement) will amount to approximately 3.5 million euros.

RISK FACTORS

In considering whether to vote for adoption of the agreement and plan of merger, you should consider carefully the following risks or investment considerations related to the reorganization, in addition to the other information in this proxy statement/prospectus. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business. If any of the following risks actually occur, our business could be adversely affected. In those cases, the trading price of the Invitel Denmark ADSs could decline, and you may lose all or part of your investment.

Risks Relating to the Reorganization

HTCC Delaware may be required to pay taxes as a result of the reorganization.

If the fair market value of HTCC Delaware s assets exceeds its adjusted tax basis in such assets, the reorganization should be taxable to HTCC Delaware unless such gain could be reduced by available tax losses. Although the management of HTCC Delaware does not believe that the amount of any such gain would exceed the amount of net operating losses available to offset it, there can be no assurance that the U.S. Internal Revenue Service (the IRS) will accept HTCC Delaware s determination of the value of its assets or net operating losses. If the IRS were to successfully challenge the valuation of the company s assets or net operating losses, Invitel Denmark as a successor to HTCC Delaware could incur a material amount of United States federal income tax liability as a result of the reorganization. A more detailed discussion of the material United States federal income tax consequences of the reorganization to HTCC Delaware and Invitel Denmark is set forth under the heading Material Income Tax Consequences of the Reorganization Material United States Federal Income Tax Consequences United States Federal Income Tax Consequences of the Reorganization Tax Consequences to HTCC Delaware and Invitel Denmark on page 142.

Based on the current provisions and interpretation of Danish tax legislation, we expect that the reorganization will not result in any material Danish income tax liability to any of HTCC Delaware, Invitel Denmark or MergeCo. Also, we expect that we will not be required to pay any material taxes in Hungary as a result of the reorganization. The Danish tax authorities (Skatteministeriet, or SKAT), the Hungarian tax authorities (Adó- és Pénzügyi Ellenorzési Hivatal, or APEH) and the local Hungarian tax authorities, however, could disagree with this view and could take the position that material taxes are payable by any one or more of these companies as a result of the reorganization.

Changes in foreign laws, including tax law changes, could adversely affect Invitel Denmark, its subsidiaries and its shareholders.

Changes in tax laws, treaties or regulations or the interpretation or enforcement thereof could adversely affect the tax consequences of the reorganization to Invitel Denmark, its subsidiaries and its shareholders. In addition, the IRS, SKAT, APEH, the local Hungarian tax authorities or other taxing authorities may not agree with our assessment of the effects of such laws, treaties and regulations, which could have a material adverse effect on the tax consequences of the reorganization.

WE STRONGLY URGE YOU TO CONSULT YOUR TAX ADVISORS REGARDING YOUR PARTICULAR TAX CONSEQUENCES OF THE REORGANIZATION.

We may not realize the benefits, if any, described in this proxy statement/prospectus, if the board of HTCC Delaware chooses to defer or abandon the reorganization.

The reorganization may be deferred or abandoned, at any time, by action of the board of directors of HTCC Delaware, whether before or after the special stockholders meeting. While we currently expect the reorganization to take place as soon as practicable after adoption of the agreement and plan of merger at the special stockholders meeting, the board may defer the reorganization for a significant time after the stockholders meeting or may abandon the reorganization because of, among other reasons, an increase in the

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estimated cost of the reorganization, including U.S. tax costs or other costs, the failure to obtain any necessary waivers from certain lenders, changes in existing or proposed tax legislation or a determination by the board that the reorganization would not be in the best interests of the HTCC group or its stockholders or that the reorganization would have material adverse consequences to the HTCC group or its stockholders.

We may not benefit from the reorganization because of changes in tax laws and other factors.

We have presented in this proxy statement/prospectus the anticipated benefits of the reorganization. See Background and Reasons for the Reorganization on page 131. Many factors could affect the outcome of the reorganization, and some or all of the anticipated benefits of the reorganization may not occur. The anticipated enhancement to the company s structuring flexibility with respect to a potential sale of the company or asset dispositions may not prove valuable if such sale or dispositions do not take place. In addition, the anticipated reduction of SEC reporting requirements and related expenses may not be achieved in the event of changes to the SEC rules applicable to foreign private issuers. If opportunities for the company to acquire additional European assets using its shares as consideration do not materialize, the reorganization may not prove as useful for this purpose as we anticipate. With regard to the simplification of the company s tax position, we have obtained a ruling from the Danish authorities that, subject to the facts and assumptions presented by the company, Invitel Denmark will not be taxable in Denmark. We intend to apply for a ruling from the Hungarian tax authority that Invitel Denmark will only be resident in Hungary for corporate income tax purposes. If we should not obtain such ruling (or if this ruling request is withdrawn on determining that it is not reasonably achievable), we may find that the company s overall tax position would not be materially improved as compared to the current tax structure and the board may choose to abandon the reorganization before completion. Similarly, changes in existing or proposed tax laws in Hungary, Denmark or the United States may result in the reorganization not achieving some or all of its anticipated benefits or make it inadvisable to proceed with the completion of the reorganization.

The enforcement of civil liabilities against Invitel Denmark may be more difficult.

Because Invitel Denmark is a Danish corporation, investors could experience more difficulty enforcing judgments obtained against Invitel Denmark in U.S. courts than would currently be the case for U.S. judgments obtained against HTCC Delaware. In addition, it may be more difficult to bring some claims against Invitel Denmark in Danish courts than it would be to bring similar claims against a U.S. company in a U.S. court.

Your rights as a shareholder will change if the reorganization is completed. The rights of holders of Invitel Denmark securities to be issued in the merger will not be the same as the rights of holders of HTCC Delaware common stock, and the rights of a holder of Invitel Denmark ADSs may be less favorable than the rights of a holder of Invitel Denmark ordinary shares.

HTCC Delaware is a corporation organized under the laws of Delaware and Invitel Denmark is a corporation organized under the laws of Denmark. The rights of holders of HTCC Delaware common stock are governed by the Delaware General Corporation Law, and the certificate of incorporation and by-laws of HTCC Delaware. The rights of holders of Invitel Denmark ordinary shares are governed by the Danish Public Limited Companies Act (the Companies Act) and the memorandum of incorporation and articles of association of Invitel Denmark. Upon completion of the merger, the holders of HTCC Delaware common stock will receive either Invitel Denmark ADSs, which represent Invitel Denmark s ordinary shares, or Invitel Denmark ordinary shares.

Because of the differences between Delaware law and Danish law and certain differences between the governing documents of HTCC Delaware and Invitel Denmark, your rights as a stockholder will change when the merger is completed, and the rights of holders of Invitel Denmark securities will not be identical to and, in some respects, may be less favorable than, the rights you currently have as a stockholder of HTCC Delaware.

The rights of holders of Invitel Denmark ADSs will be governed by Danish Law, Invitel Denmark s articles of association and the deposit agreement pursuant to which the Invitel Denmark ADSs will be issued. The rights of holders of Invitel Denmark ordinary shares will also be governed by the Companies Act. There are differences between the rights presently enjoyed by holders of HTCC Delaware common stock and the rights to which the holders of Invitel Denmark ADSs will be entitled following the merger. As an Invitel Denmark ADS holder, Invitel Denmark will not treat you as one of its shareholders and you will not have shareholder rights. Danish law and Invitel Denmark s articles of association govern shareholder rights. The depositary will be the holder of the Invitel Denmark ordinary shares underlying the Invitel Denmark ADSs. As a registered holder of Invitel Denmark ADSs, you will have ADS registered holder rights. A deposit agreement among Invitel Denmark, the depositary Invitel Denmark ADS registered holder, and all other persons indirectly holding Invitel Denmark ADSs sets out ADS registered holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the Invitel Denmark ADSs. In some cases, the holders of Invitel Denmark ADSs to be issued in the merger may not be entitled to important rights to which they would have been entitled as holders of HTCC Delaware common stock, and the rights of holders of Invitel Denmark ADSs will not be identical to and, in some respects, may be less favorable than, the rights of holders of Invitel Denmark ordinary shares.

In the case of a future increase of Invitel Denmark s share capital for payment in cash, holders of Invitel Denmark s ordinary shares are generally entitled to preemptive rights pursuant to the Companies Act and the articles of association of Invitel Denmark. To the extent that preemptive rights are granted, U.S. and certain other non-Danish holders of Invitel Denmark ordinary shares and holders of Invitel Denmark ADSs may not be able to exercise preemptive rights for their ordinary shares, including in connection with an offering of ordinary shares below market value, unless Invitel Denmark decides to comply with applicable laws, regulations and other requirements in the relevant countries and, in the case of U.S. holders, unless a registration statement under the Securities Act is effective with respect to those rights, or an exemption from the registration requirements thereunder is available. No assurance can be given that any steps will be taken in any jurisdiction or that any registration statement will be filed to enable the exercise of such holders preemptive rights.

In addition, although they may vote through a broker depositary, holders of Invitel Denmark s ordinary shares outside Denmark and holders of Invitel Denmark ADSs may face difficulties exercising their rights to vote at General Meetings of Invitel Denmark. For example, the rights of holders of Invitel Denmark ADSs will be governed by the deposit agreement. The notice period agreed with the depositary of 30 days may under certain circumstances exclude the ADS holders from taking part in shareholders meetings of the company.

For more information regarding the characteristics of, and differences between, HTCC Delaware common stock, Invitel Denmark ADSs and Invitel Denmark ordinary shares, please refer to Description of Ordinary Shares of Invitel Denmark on page 149, Description of Invitel Denmark American Depositary Shares, beginning on page 153 and Comparison of Rights of Stockholders/Shareholders beginning on page 164.

Invitel Denmark ADSs may not be as liquid as HTCC Delaware common stock.

There is a possibility that Invitel Denmark ADSs will be less liquid than HTCC Delaware common stock or, if we decide to list the Invitel Denmark ordinary shares on a European stock exchange, than the market for such ordinary shares. In addition, investors may incur higher transaction costs when buying and selling Invitel Denmark ADSs than they would incur in buying and selling HTCC Delaware common stock.

After the completion of the merger, the market price of Invitel Denmark ADSs may not be identical, in U.S. dollar terms, to the market price of Invitel Denmark ordinary shares.

In the event that we decide to list Invitel Denmark ordinary shares on a European exchange, while the market price of Invitel Denmark ADSs is expected to fluctuate according to the market price of Invitel Denmark ordinary shares and according to changes in the U.S. dollar euro exchange rate, there is no guarantee that this relationship will be observed at all times, or at any time. The market price of Invitel Denmark ADSs may differ from the market price of Invitel Denmark ordinary shares in U.S. dollar terms for a number of reasons, including the relative liquidity of Invitel Denmark ADSs and Invitel Denmark ordinary shares.

As a result of increased shareholder approval requirements, Invitel Denmark may have less flexibility than HTCC Delaware with respect to certain business combinations.

Under Danish law, certain corporate transactions, such as a sale of all shares in the company by way of a merger, require the approval of at least two thirds of votes cast as well as two thirds of the share capital represented at the shareholder s meeting. By contrast, a merger under Delaware law would only require a simple majority of shareholder votes. These increased shareholder approval requirements may limit our flexibility to enter into or complete certain business combinations that may be beneficial to shareholders. See Comparison of Rights of Stockholders/Shareholders on page 164.

The reorganization will result in additional cost to us, some of which will be incurred whether or not the reorganization is completed.

The completion of the reorganization will result in an increase in some of our ongoing expenses and require us to incur some new expenses. For example the costs of holding board meetings, which must be held in Hungary in order to maintain our tax residence in Hungary, are expected to be higher than was the case for board meetings of HTCC Delaware, which could be held anywhere in the world or by telephone. We also expect to incur new expenses, including the addition of professional fees to comply with Danish corporate law and Hungarian tax laws. In addition, we will incur certain transaction costs in connection with the reorganization whether or not the reorganization is completed. The reorganization may also result in indirect costs by diverting attention of management and employees from our business.

As a result of the merger, we may fail to comply with certain covenants under our senior credit facilities agreement, which may result in a default.

As a result of the merger, we may fail to comply with certain covenants contained in our senior credit facilities agreement, as amended and restated.

We are in discussions with several financing sources to refinance our senior credit facilities agreement and our bridge loan agreement, and intend to seek any required waivers permitting the merger as part of such refinancing. There can be no assurance regarding the outcome or the scope of these refinancing discussions. If we choose not to refinance our bridge loan or the market conditions make a refinancing prohibitive, we intend to convert the bridge loan to term loans maturing in 2016, conversion of which is permitted, subject to certain conditions, pursuant to the bridge loan agreement.

In the absence of any required waivers described above or a refinancing that includes such waivers, we may reconsider or abandon the implementation of the company s reorganization.

Risks Relating to Our Business

We have experienced substantial net losses and may need additional liquidity in the foreseeable future.

During the nine months ended September 30, 2008, we incurred substantial net losses (approximately $44 million) and used a substantial amount of cash for capital investments and acquisitions. We currently anticipate a net loss for the fourth quarter of 2008 in line with those reported in prior quarters of 2008. We also may require additional financing in the foreseeable future. Although we expect that we will continue to be in compliance with the debt covenants contained in our financing agreements (provided that we obtain any necessary waivers in connection with the reorganization merger under our senior credit facilities agreement), based on current projected results of operations, it is possible that we will not be able to comply with certain debt covenants. However, we cannot assure you that we will be able to obtain a waiver for any non-compliance with any debt covenant or that we will be able to improve our results of operations or obtain additional financing.

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The global capital and credit markets have been experiencing extreme volatility and disruption during the past year, which could limit the availability and increase the cost of financing. The availability of financing will depend on a variety of factors, such as economic and market conditions, the availability of credit, as well as the possibility that lenders could develop a negative perception of the prospects of our company, the industry generally or the geographic markets where we operate. It may be difficult or impossible to obtain financing in the event that the company needs additional liquidity in the near future.

Our revenue and cash flow will be adversely affected if the Hungarian fixed line market further declines and our Mass Market Voice business declines at a higher rate than we expect.

Our business strategy depends, in part, on our ability to manage our Mass Market Voice operations, in terms of both our revenue and our market share. The Mass Market Voice market in Hungary has continued to decline, in terms of both the number of lines and total voice traffic. However, the rate of decline of the Mass Market Voice market has slowed. We experienced a decline in the number of Mass Market Voice lines in our historical concession areas from approximately 474,000 lines, 424,000 lines, and 405,000 as at December 31, 2005, 2006, and 2007, respectively, to 389,000 lines as at September 30, 2008.

We believe that the declines in the number of our fixed lines and in the Hungarian fixed line market in general have been caused primarily by competition from mobile operators and, to a lesser extent, cable television operators. Although fixed-to-mobile churn, or the percentage of customers that disconnect or are terminated from service relative to the customer base, has decreased due to the very high mobile penetration in Hungary of over 100% by the end of 2007, continued fixed-to-mobile substitution is likely to continue to have a negative impact on the fixed line market. We are also facing, and will likely continue to face, additional competition in our historical concession areas from T-Com, the largest incumbent fixed line operator, and from cable television operators (most significantly UPC Kabelcom and T-Kabel, a cable television operator affiliated with T-Com) offering voice services in triple play (combined cable television, Internet and voice) service packages, which could further affect our operations. We do not provide mobile services to the residential market. However, we have grown our DSL activities faster than the market in 2006, 2007 and during the first nine months of 2008. We believe that the growth of our DSL customer base could help increase line retention and stimulate fixed line Average Revenue Per User (ARPU) growth, and thereby help mitigate the decline in our Mass Market Voice business. Furthermore, in June 2008 we launched our InviTV IPTV service, whereby we are now also offering TV service over DSL (in both triple and dual play bundles) to mass market customers in most of our historical concession areas. We plan to introduce IPTV services in our remaining historical concession areas in February of 2009. We believe that this will further encourage broadband usage and thereby potentially reduce fixed line churn. Nonetheless, a decline in our Mass Market Voice business at a rate greater than we anticipate, through a decrease in the number of lines and/or traffic could have a material adverse effect on our business, operating results and financial condition.

Our failure to increase revenue in the Mass Market Internet market may adversely affect our results of operations and reduce our market share.

Our strategy includes increasing our market penetration in a growing Mass Market Internet market. The Hungarian government has been promoting Internet usage throughout Hungary with the goal of making Hungary the logical regional hub for Central and Eastern Europe based on a knowledge-based economy, innovation and high-tech industries. We are planning on increasing our revenue from Internet services to offset our decreased revenue from our Mass Market Voice services. If Hungary s Internet usage does not grow as expected, or if our competitors are more successful at obtaining new customers or the competition negatively affects pricing more than we expect, we may not be able to increase our revenue in the Mass Market Internet market as planned, which could have a material adverse effect on our results of operations and reduce our market share.

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If we are not able to manage costs while effectively responding to competition and changing market conditions, our cash flow may be reduced and our ability to service our debt or implement our business strategies may be adversely affected.

Our business plan is dependent on our ability to effectively manage the costs associated with running our business. If we need to respond to actions by our competitors or unanticipated changes in our markets, we may be required to make investments in our business and other expenditures which would reduce our cash flow available for other purposes. This could have a negative impact on our ability to service existing debt and our business, results of operations and financial condition could be adversely affected.

We are subject to increased competition due to the liberalization of the telecommunications sector, the business strategies of our competitors, prevailing market conditions and the effect of E.U. regulation on the Hungarian telecommunications market, which may result in the loss of customers and market share.

Competition in the Hungarian telecommunications sector has increased since 2001 as a result of market liberalization measures introduced by Act XL of 2001 on Communications (the 2001 Communications Act) and more recently the 2004 Communications Act. The 2004 Communications Act promotes competition in fixed line and mobile telecommunications services through, among other things, the transposition of relevant E.U. directives and regulations and the imposition of universal service obligations (USO), cost accounting, price controls, Carrier Pre-Selection, Carrier Selection, Local Loop Unbundling and number portability. The 2004 Communications Act also grants powers to the regulatory authority to impose obligations on market participants to remedy competitive deficiencies. As a result, we have faced, and could continue to face, increasing competition.

Our competitors include mobile and fixed line telecommunications services providers in both the Mass Market and Business markets and cable television operators (offering triple play packages comprised of television, Internet and voice services) specifically in the Mass Market. The scope of competition and its effect on our business, operating results and financial condition will depend on a variety of factors that we currently cannot assess with precision and that are for the most part outside of our control. Such factors include, in addition to the regulatory measures described above, the business strategies and capabilities of potential competitors, prevailing market conditions and the effect of E.U. regulation on the Hungarian telecommunications market (where fixed line penetration is significantly lower than in Western Europe), as well as the effectiveness of our efforts to address increased competition.

Competition in any or all of our services has led to, and may continue to lead to:

- price erosion;
- loss of market share;
- loss of existing customers and greater difficulty in obtaining new customers;
- the need for more rapid deployment of new technologies as existing technologies are becoming obsolescent at a more rapid pace; and
- other developments that could have a material adverse effect on our financial condition and results of operations.

Increased competition has led to, and may continue to lead to, increased customer churn. Customer churn is a measure of customers who stop purchasing our services, as manifested by the loss of either voice traffic (as measured in minutes) or lines, leading to reduced revenue. Fixed-to-mobile substitution has increased customer churn in both the Mass Market and Business markets in the past, although we believe that the rate of fixed-to-mobile substitution has decreased since the beginning of 2005 as a result of Hungary s very high mobile

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penetration rate, which reached over 100% by the end of 2007. Further, we continue to face increasing competition from cable television operators. Although we try to control customer churn by improving our customer service, introducing new customized service offerings, utilizing effective advertising and through other means, if we are unsuccessful in any of these initiatives, our customer churn could further increase and our business could be materially adversely affected.

We may seek to grow our business through additional acquisitions, which could entail a number of risks.

We may seek to grow the company and businesses by making further acquisitions of, or entering into partnerships and joint ventures with, other fixed line carriers, mobile operators, Internet operators or cable television operators in order to maintain our competitive position. Any current or future acquisition, partnership or joint venture may require that we make significant cash investment, issue stock or incur substantial debt. In addition, acquisitions, partnerships or investments may require significant managerial attention, which may be diverted from our other operations. These capital, equity and managerial commitments may impair the operation of our businesses. Furthermore, any future acquisitions of businesses or facilities could entail a number of additional risks, including, problems with effective integration of operations, inability to maintain key pre-acquisition business relationships, increased operating costs, exposure to unanticipated liabilities, and difficulties in realizing projected efficiencies, synergies and cost savings.

The current global financial crisis may result in the deterioration of economic conditions in our operating areas, which may impact demand for our services and affect our ability to refinance our existing debt or obtain additional financing. Austerity measures introduced by the Hungarian government may similarly impact demand for our services.

Our business is affected by general economic conditions in Hungary and internationally. There are many factors that influence global and regional economies which are outside of our control. A cautious or negative business outlook may cause our Business customers to delay or cancel investment in information technology and telecommunications systems and services, which may adversely and directly affect our revenue and, in turn, slow the development of new services that could become future revenue sources for us. Although our revenue does not appear to have been significantly adversely affected during the last quarter of 2008, a further deterioration of the global and regional economies could have a material adverse effect on our business, operating results and financial condition. The current global financial crisis may result in the deterioration of economic conditions in our operating areas. The impact of the credit crisis on our customers may adversely impact the overall demand for our products and services. This in turn may result in decreased revenue. In addition, a continued credit crisis may affect our ability to refinance our existing debt or obtain additional financing.

Budget deficits as a percentage of GDP have remained relatively high for Hungary over the last several years. The Updated Convergence Program, a government plan consisting of austerity measures to redress the Hungarian economy and which was endorsed by the European Commission in September 2006, contemplates a reduction in the general government budget deficit.

In an effort to halt the growth of the budget deficit and generate additional government revenue, the Hungarian Parliament adopted certain tax law amendments, taking effect as of September 2006 (such as a 4% solidarity tax), and additional tax increases were introduced as of January 1, 2007. Such measures affect the vast majority of taxpayers in Hungary, including individuals and corporate entities. The austerity measures are likely to reduce the purchasing power of individuals in Hungary, which may result in a reduction in demand for our services. Since the austerity measures and tax increases were introduced, the company has noted a decrease in revenue from fixed lines. However, we are not in a position to determine whether this decrease is caused by the aforementioned measures.

In addition to a significant budget deficit, in recent years the Hungarian economy has been marked by a large current account deficit, rapid credit growth and a reliance of Hungarian businesses and consumers on foreign currency loans. These factors have left Hungary especially vulnerable to a financial crisis.

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Since December 23, 2008, the base interest rate of the National Bank of Hungary has been 10%. At the end of October 2008, the Hungarian government adopted a set of policies agreed upon with the E.U., the European Central Bank and the International Monetary Fund to bolster the Hungarian economy s near-term stability and improve its long-term growth potential by ensuring fiscal sustainability and strengthening the financial sector. In addition, the International Monetary Fund extended Hungary significant financial assistance. These challenging economic conditions, the continuing turmoil in the financial sector and macroeconomic policies made in response to these conditions could have a material adverse effect on our business, financing, operating results and financial condition.

Economic and political developments in other Central and Eastern European countries may also impact our business. For example, Bulgaria and Romania joined the E.U. on January 1, 2007. Turkey has applied for E.U. membership but is still being considered. Over the past two decades, the Turkish economy has undergone a transformation from a highly protected and regulated system to a free market system. The Turkish economy has experienced severe macroeconomic imbalances, including substantial budget deficits, significant balance of payment deficits, high rates of inflation and high real rates of interest (which are nominal interest rates less inflation).

The loss of key senior management could negatively affect our ability to implement our business strategy and generate revenue.

Our performance and continued success depends, in part, on our senior management. In particular, we depend in large part on the knowledge, expertise, reputation and services of our Chief Executive Officer Martin Lea and our Chief Financial Officer Robert Bowker. The familiarity of these individuals with our company and our business, their experience in management and with financial matters, and their combined experience in the telecommunications market generally make them important to our continued success. The loss of any members of our senior management could negatively affect our ability to implement our business strategy and generate revenue.

Technological changes and the shortening life cycles of our services and infrastructure may affect our operating results and financial condition and may require us to make unanticipated capital expenditures.

The telecommunications industry is characterized by rapidly changing technology, related changes in customer demands and the need for new services at competitive prices. Technological developments are also shortening life cycles of both services and the business infrastructure on which those services are based, and are facilitating convergence of different segments of the increasingly global information industry. In addition, competition based on alternative technologies, such as cable television networks or voice-over IP, wireless based technologies or radio-based alternative networks in our voice markets, could provide a lower cost solution or render our services obsolete or cost-inefficient in our markets.

Our future success will be impacted by our ability to anticipate, invest in and implement new technologies in order to provide services at competitive prices. Technological advances may also affect our operating results and financial condition by shortening the useful life of some of our assets or by requiring us to make additional unanticipated capital expenditures, particularly in connection with our network. If we need to respond to actions by our competitors or unanticipated changes in our markets or market conditions, we may be required to make investments in our business and other expenditures which would reduce our cash flow available for other purposes, including servicing our debt.

Network or system failures could result in reduced user traffic and revenue, or require unanticipated capital expenditures, and could harm our reputation.

Our technical infrastructure (including our network infrastructure for fixed-network services) is vulnerable to damage or interruption from information technology failures, power loss, floods, windstorms, fires, intentional wrongdoing and similar events. Unanticipated problems at our facilities, network or system failures,

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hardware or software failures or computer viruses could affect the quality of our services and cause service interruptions. Any of these occurrences could result in reduced user traffic and revenue, or require unanticipated capital ex