



Telenor ASA

(incorporated as a limited company in the Kingdom of Norway)

US\$6,000,000,000

Debt Issuance Programme

Under the Debt Issuance Programme described in this Base Prospectus (the "Programme"), Telenor ASA (the "Issuer") may from time to time issue debt securities (the "Notes"). The aggregate nominal amount of Notes outstanding will not at any time exceed US\$6,000,000,000 (or the equivalent in other currencies), subject to compliance with all relevant laws, regulations and directives.

Notes may be issued in bearer form only ("Bearer Notes"), in registered form only ("Registered Notes"), in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") or in uncertificated book entry form cleared through the Norwegian Central Securities Depository, the *Verdipapirsentralen* ("VPS Notes" and the "VPS" respectively).

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "Prospectus Directive") which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses of the Issuer.

Application has been made to the Luxembourg Stock Exchange for the Notes issued under the Programme (other than VPS Notes) during the period of 12 months from the date of this Base Prospectus to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. However, Notes may also be issued under the Programme which are listed and traded on another stock exchange or which will not be listed and traded on any stock exchange.

Application has been made to the Commission de Surveillance de Secteur Financier (the "CSSF") for approval of this Base Prospectus.

References in this Base Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange and have been listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange is a regulated market for the purposes of the Investment Services Directive (Directive 93/22/EEC).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a Final Terms (the "Final Terms") which, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be delivered to the CSSF.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Each Series (as defined below) of Notes in bearer form will initially be represented on issue by a temporary global note in bearer form (each a "temporary Global Note") or a permanent global note in bearer form (each a "permanent Global Note"). Notes in registered form will be represented by registered certificates (each a "Certificate"), one Certificate being issued in respect of each Noteholder's entire holding of registered Notes of one Series. Global Notes and Certificates may (or in the case of Notes listed on the Luxembourg Stock Exchange will) be deposited on the issue date with a common depository or, as the case may be, a common safekeeper on behalf of Euroclear Bank S.A./N.V. ("Euroclear"), and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes while in Global Form". Each Series of VPS Notes will be issued in uncertificated book entry form, as more fully described under "Summary of Provisions Relating to VPS Notes" below. On or before the issue date of each Series of VPS Notes entries may be made with the VPS to evidence the debt represented by such VPS Notes to accountholders with the VPS. VPS Notes will be issued in accordance with the laws and regulations applicable to VPS Notes from time to time.

The Programme has been rated A2 by Moody's Investors Services, Inc. and A- by Standard & Poor's Rating Group. Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, such rating will be specified in the relevant Final Terms and its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

This Base Prospectus supersedes and replaces the Offering Circular dated 16th September 2005 published by Telenor ASA relating to the Programme. This Base Prospectus does not affect any Notes already in issue.

Arranger

Deutsche Bank

Dealers

Citigroup
Dresdner Kleinwort
JPMorgan

Deutsche Bank
Goldman Sachs International
Nordea

7th July 2006

The Issuer accepts responsibility for the information contained in this Base Prospectus. Having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of the knowledge and belief of the Issuer, in accordance with the facts and contains no omission likely to affect its import.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or Arranger (as defined in “Summary of the Programme”). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see “Subscription and Sale”.

This Base Prospectus does not constitute an offer of, nor an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes.

The Arranger and the Dealers have not separately verified the information contained in this Base Prospectus. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any document incorporated by reference nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any other financial statements or any document incorporated by reference should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus, and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “US\$” and “US dollars” are to United States dollars and to “Nkr”, “NKr” or “NOK” are to Norwegian Kroner.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes (provided that, in the case of any Tranche of Notes to be listed on the Luxembourg Stock Exchange, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the

Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “Relevant Factor”). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, you should consult your own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of their particular circumstances.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Modification, waivers and substitution

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 11(d) of the conditions of the Notes.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

Risks related to the Group's Business

The Group faces increasing competition in the Norwegian telecommunications market which may result in further reductions in tariffs and loss of market share and could affect the Group's future revenues and profitability.

The Group is experiencing increasing competition from competing service providers in the Norwegian market for telecommunications services. Generally, the Norwegian regulatory regime poses few barriers to entry for new competitors.

In fixed network services, a number of regulatory measures have been introduced that have strengthened and may strengthen the position of the Group's competitors. Pursuant to regulatory

requirements, the Group introduced carrier pre-selection for its customers in November 2000, enabling them to select alternative service providers. In April 2000, the Group began offering interconnection services for its local access network, or local loop, at cost-oriented prices. Competitors may also use alternative technologies, such as cable or wireless local loop connections, to provide telecommunications services and in March 2000 the Norwegian regulator awarded licences to the Group's competitors to provide wireless access services. From 2003 onwards, the Group has offered wholesale line rental (PSTN and ISDN) to other operators, enabling the operators of telephony traffic to deliver fixed telephony subscription to their customers using the Group's fixed network. Such access also means that subscriptions and traffic may be delivered separately by different operators. In addition, a number of service providers have recently launched Voice over Internet Protocol (VoIP), which is a competitive technology to traditional telephony in the consumer market.

In the mobile market, there are two Universal Mobile Telephony Service (UMTS) license holders apart from the Group, one of which is the Group's primary competitor in the Norwegian mobile market, NetCom. The second license holder, Hi3G, a new entrant to the Norwegian mobile market, was awarded its license in August 2003. Apart from enjoying more favourable licence conditions than NetCom and the Group, Hi3G was permitted to immediately claim national roaming in the existing GSM networks.

Currently, several mobile service providers utilise the Group's infrastructure or that of its primary competitor. The regulator may require the Group to reduce the prices it charges to these service providers. The Group has also launched an MVNO (Mobile Virtual Network Operator) offer in the market. Furthermore, pursuant to regulatory requirements, it provides network access to external providers of short messaging services (SMS).

As competition continues to intensify, the Group expects that market pressures may require it to reduce tariffs further and to increase its marketing and sales expenses. However, the Group may nonetheless lose further market share, which may adversely affect its revenue growth and profit margin since the effect of lost market share in the retail market is unlikely to be fully offset by providing wholesale services to competing service providers.

If the Group fails to develop and market new mobile communications services successfully, its ability to achieve further revenue growth in mobile communications services in the Norwegian market and the more mature international markets in which the Group operates may be limited.

Due to the Group's high market share, the current high penetration rate and increased competition in the mobile telephony market in Norway and certain more mature international markets in which the Group operates, such as Denmark and Hungary, it expects that further revenue growth in mobile communications in these countries will depend on the Group's ability to develop and market new applications and services successfully or have third parties provide services using the Group's network. In particular, it is the Group's goal to stimulate demand for value-added services. Failure to do so successfully may impair its ability to achieve further revenue growth in mobile communications services in these countries.

Lack of control, or failure to increase the Group's ownership and thus gain control, over companies in which the Group has minority interests, or disagreements with other principal shareholders, may impede the Group's strategic objectives.

As part of its strategy, the Group continues to intend to expand its minority ownership interests in, and gain control of, some of its investments in order to exercise a controlling influence over key business decisions, including the approval of strategy and business plans. If the Group fails to increase its ownership interests and gain control, the cost savings and revenue enhancement from these operations may be limited. A failure to increase its ownership interest in its associated companies may limit its ability to influence key business or strategic decisions, particularly in situations in which the Group disagrees with other principal shareholders. The Group's ability to

influence key business or strategic decisions in its associated company VimpelCom, a Russian mobile operator, is closely linked to the fact that VimpelCom's charter currently requires certain decisions to be approved by 80 per cent. of the members of VimpelCom's board of directors. If the decision of the Cassation Court of Krasnodarsky Krai requiring VimpelCom to amend this provision of the charter is upheld, as the Group has only three nominees on the current nine-member board of directors of VimpelCom, the Group's ability to influence decisions about important matters, including the acquisition of shareholdings in other companies, may be adversely affected.

In addition, if the other shareholders fail to support these companies adequately or disagree with the Group over key corporate actions, such companies may not be able to compete or operate effectively and the value of the Group's investments may be impaired. For example, Ukrainian law requires the attendance of shareholders holding more than 60 per cent. of a company's share capital for a quorum to be present at shareholder meetings, and the charter of Kyivstar, the Group's Ukrainian mobile operator, requires the attendance of at least one director from Storm, the other shareholder in Kyivstar, for a valid quorum at board meetings. Accordingly, disagreements with Storm resulting in the failure of Storm or its nominees to attend meetings could adversely affect the ability of Kyivstar to operate effectively.

The value of the Group's international operations and investments may be adversely affected by political, economic and legal developments in foreign countries.

Some of the countries in which the Group has operations or in which it has made significant equity investments in telecommunications operators, such as Russia, have political, economic and legal systems that are unpredictable. Political or economic upheaval or changes in laws or their application may harm the operations of the companies in which the Group has invested and impair the value of these investments to us. A significant risk of operating in emerging market countries is that foreign exchange restrictions could be established. This could effectively prevent the Group from receiving profits from, or from selling its investments in, these countries.

Increased exposure to currency exchange rate fluctuations may have an adverse effect on the Group's reported earnings and the value of the Group's international operations and investments.

An increasing proportion of the Group's revenues and profits are derived from its international mobile operations and investments. Fluctuations in currency exchange rates between the Norwegian Krone and the currencies, in particular the U.S. dollar, in which the Group's international operations or investments report and operate could adversely affect the Group's reported earnings and the value of these businesses. The Group attempts to mitigate the effect of fluctuations in foreign currency exchange rates through foreign currency hedging. However, there can be no assurance that these efforts will be successful.

If the Group or international mobile operators in which it has invested fail to obtain or fail to enter into agreements to utilise, licences for third generation mobile services, the Group may be unable to achieve further revenue growth in mobile communications or to benefit from certain cost reductions related to network improvements in its target markets.

The Group's ability to offer third generation mobile services, either directly, or through the associated international companies of the Group, depends upon its ability to obtain UMTS licences or enter into agreements with operators that have been awarded such licences in markets in which the Group is, or intends to be, present. Failure to establish itself or its associated companies among the providers of third generation mobile services may limit its ability:

- to achieve further revenue growth in mobile communications, if demand for improved or new services and products, which will work better on UMTS networks, proves to be strong; and/or
- to benefit from the low incremental costs of increases in UMTS network capacity compared to increases in GSM network capacity.

Continuing rapid changes in technologies could increase competition or require the Group to make substantial additional investments.

The services offered by the Group are technology-intensive. The development of new technologies may render the Group's services non-competitive. The Group may have to make substantial additional investments in new technologies to remain competitive. New technologies chosen by the Group may not prove to be commercially successful. As a result, it could lose customers, fail to attract new customers or incur substantial costs in order to maintain its customer base.

In-orbit satellite failure may result in lost revenues in the Group's satellite broadcasting business.

The operation of satellites is subject to the risk of in-orbit failure, which could arise from various causes, such as a failure of satellite components, solar or other astronomical events or space debris. It is not feasible to repair satellites in space. The satellites themselves are insured in such cases, but the Group does not insure against lost revenues in the event of a total or partial loss of the communications capacity of a satellite while in orbit.

Actual or perceived health risks or other problems relating to mobile handsets or transmission masts could lead to decreased mobile communications usage.

Concern has been expressed that the electromagnetic signals from mobile handsets and base stations and/or chemicals leaking from mobile handsets may pose health risks or interfere with the operation of electronic equipment, including automobile braking and steering systems. The actual or perceived risks associated with mobile handsets or base stations, together with any related publicity, regulation or litigation, could reduce the Group's mobile telephone customer base, make it difficult to find attractive sites for base stations and/or cause mobile telephone customers to use their mobile phones less.

Risks related to Regulatory Matters

Increased regulation and changes in the regulatory environment could adversely affect the Group's business operations in Norway.

The Group's operations are subject to extensive regulatory requirements in Norway. In particular, the Group must comply with requirements regulating the licencing, construction and operation of its telecommunications, cable TV, broadcasting and satellite networks and services, and there are governmental authorities which monitor and enforce competition laws and consumer protection laws applicable to the telecommunications industry. It is difficult for the Group to predict the precise impact of any proposed or potential changes in regulatory, environmental or government policies on its operations. If regulators decide to expand or introduce restrictions and obligations applicable to its business operations or to extend them to new services and markets, this could adversely affect the Group's business operations and competitiveness in existing and new markets.

Existing and new regulatory requirements may impair the Group's flexibility in setting tariff structures, require it to reduce tariffs further, provide advantages to its competitors or provide grounds for legal proceedings against it.

The Group is considered by the Norwegian Post and Telecommunications Authority to have significant market power with regard to both fixed and mobile operations in the Norwegian markets for voice telephony, transmission capacity and interconnection services. As a result, the Group is subject to specific obligations regarding pricing, accounting and reporting with respect to these services. In particular, it is required to offer these services to its wholesale customers and end users at cost-oriented prices and on non-discriminatory terms.

These and other new requirements may impair the Group's flexibility in setting tariff structures or may require it to further reduce tariffs, which may adversely affect its revenues and net income. In addition, if the Group is required to reduce interconnection prices or change the terms on which it

provides certain services as a result of its obligations to provide cost-oriented pricing and non-discriminatory terms for interconnection and access, its competitors may be at an advantage, depending on the services provided.

This regulatory environment also provides the grounds for several legal proceedings brought against the Group by its competitors and customers, alleging that the failure of or delay by, the group in providing access to its network on the terms required by law has caused them loss. These alleged failures and delays could include failing to deliver cost oriented pricing and the late implementation of carrier pre-selection. For additional information on these legal proceedings, potential investors should read the "Litigation" section on pages 72 to 74.

The new regulatory framework in Norway, which is based on EU telecommunications regulation, may impair the Group's ability to compete effectively in its existing or new markets.

In February 2002, the European Union (EU) adopted a number of directives with the objective of developing a harmonised regulatory framework for electronic communications networks and services throughout the EU. In Norway, the new regulatory framework was implemented by the Electronic Communications Act of July 2003. The impact of the introduction of the new framework is still uncertain, in part because it will depend on the regulators' interpretation of the framework and their assessment of the competitive situation in the relevant markets. The Group's ability to compete effectively in its existing or new geographical and product markets could be adversely affected by the regulators' decision to extend the scope of the restrictions that the Group is currently subject to, to new services and markets in the face of continuing convergence of information and communications services.

Increased and unpredictable regulation of the Group's international mobile operations and investments and the lack of institutional continuity and safeguards in certain of the emerging market countries in which the Group operates could adversely affect its competitive position, increase its costs of regulatory compliance and adversely affect its results and business prospects.

The Group derives an increasing portion of its revenues and profits (or losses) from its international mobile operations and investments which, in recent years, have been subject to increased regulation. As a consequence, regulatory uncertainty or unfavourable regulatory developments in certain countries could adversely affect results and business prospects of the Group.

The Group must comply with an extensive range of requirements that regulate the licencing, construction and operation of its telecommunications networks and services or restrict its ability to invest, or increase investment, in local companies in these countries. In particular, there are agencies which regulate and supervise the allocation of frequency spectrum and which monitor and enforce regulation and competition laws that apply to the mobile telecommunications industry. Decisions by regulators regarding the granting, amendment or renewal of licences, to its or to third parties, could adversely affect its future operations in these countries.

For example, the Group's subsidiary Pannon, has been identified as having significant market power in the mobile and interconnection markets in Hungary, and has been required to contribute to a fund established by the Hungarian authorities to compensate universal service providers. In Malaysia, the Group is required to reduce its current 61 per cent. ownership interest in its mobile subsidiary DiGi.Com to below 50 per cent. by 2006. In the Ukraine, a "calling party pays" regime was introduced in September 2003, but it may still be revised or replaced. In Thailand, the Group operates through its associated mobile company TAC, and is thereby exposed to any uncertainties relating to (i) the licensing system, (ii) the consequences of the build, operation and transfer regime applicable to mobile networks operated by private investors and (iii) restrictions on foreign investment in Thailand, in particular with respect to the cap on the Group's ownership interest in TAC.

Some of the emerging markets in which the Group operates are in the process of transition to market economies, political institutions and comprehensive regulatory systems. Overall, the Group expects the regulatory framework in most countries to converge with those of the member states of European Union. However, some of the emerging market countries in which the Group operates lack the institutional continuity and strong procedural and regulatory safeguards typical of the more established countries in which the Group operates, such as Norway, Denmark and Hungary. In addition, in countries with a large and complicated structure of government and administration, such as Russia, national, regional, local and other governmental bodies could issue inconsistent decisions. As a result, in these emerging countries the Group is exposed to regulatory uncertainty, which could, increase uncertainty for the Group's business, and the cost of regulatory compliance, and lead to less comprehensive protection for some of the Group's rights.

Risks related to the Group's ownership by the Kingdom of Norway

The Group could be influenced by the Kingdom of Norway whose interest may not always be aligned with the interests of the Group's other shareholders.

The Kingdom of Norway holds 54.0 per cent. of Telenor ASA's shares. Accordingly, the Kingdom of Norway continues to have the power to determine certain matters submitted for a vote of shareholders, including electing a majority of the corporate assembly which, in turn, has the power to elect the board of directors, as well as the power of approval of the annual financial statements and declarations of dividends. The interests of the Kingdom of Norway in deciding these matters and the factors it considers in exercising its votes could be different from the interests of other shareholders in the Group.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the CSSF shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (a) the consolidated published annual report of the Issuer for the year ended 31st December 2004, containing the statement of profit and loss on page 82, the balance sheet on page 83, the cash flow statement on page 84, the accounting principles on pages 86 to 88, the notes to the financial statements on pages 89 to 133 and the auditor's report on page 146;
- (b) the consolidated published annual report of the Issuer for the year ended 31st December 2005, containing the statement of profit and loss on page 10, the balance sheet on page 11, the cash flow statement on page 12, the accounting policies on pages 18 to 24, the notes to the financial statements on pages 25 to 87 and the auditors report on page 101;
- (c) the consolidated published quarterly financial statements of the Issuer for the three months ended 31st March 2006, containing the statement of profit and loss on page 10, the balance sheet on page 11, the cash flow statement on page 13 and the definitions on page 20; and
- (d) the certificate of registration and articles of association of the Issuer (for information purpose only),

save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus. Any information not listed above but included in the documents incorporated by reference is given for information purposes only.

Copies of documents incorporated by reference in this Base Prospectus and the Final Terms for Notes listed on the Luxembourg Stock Exchange can be obtained from the registered office of the Issuer, from the specified office of the Paying Agent for the time being in Luxembourg and from the Luxembourg Stock Exchange's website. This Base Prospectus will also be published on the Luxembourg Stock Exchange's website (*www.bourse.lu*).

SUPPLEMENT TO THE BASE PROSPECTUS

The Issuer has given an undertaking to the Dealers and the Luxembourg Stock Exchange, that unless the Issuer does not intend to issue Notes under the Programme for the time being, if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of the Notes, the Issuer shall prepare a supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request and supply to the Luxembourg Stock Exchange such number as the Luxembourg Stock Exchange shall require.

GENERAL DESCRIPTION OF THE PROGRAMME

The following general description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined in “Terms and Conditions of the Notes” below shall have the same meanings in this general description. The Issuer may agree with any Dealer that Notes may be issued in a form other than that contemplated in “Terms and Conditions of the Notes” herein, in which event a supplement to this Base Prospectus if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

This section constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No.809/2004 implementing the Prospectus Directive.

Issuer	Telenor ASA (with organisational registration no. 982 463 718 in the Norwegian Register of Companies)
Description	Debt Issuance Programme. Up to US\$6,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arranger	Deutsche Bank AG, London Branch
Dealers	Citigroup Global Markets Limited Deutsche Bank AG, London Branch Dresdner Bank AG Goldman Sachs International J.P. Morgan Securities Ltd. Nordea Bank Norge ASA The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Trustee	Citicorp Trustee Company Limited
Issuing and Paying Agent	Citibank, N.A., London branch
Registrar	Citibank, N.A., London branch
VPS Account Manager:	DnB Nor ASA
Transfer and Paying Agents	Citibank, N.A., London branch and Dexia Banque Internationale à Luxembourg.
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.
Notes with a maturity of less than one year	Notes having a maturity of less than one year from the date of issue will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services

and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent.

Under the Luxembourg Law on Prospectuses for Securities which implements the Prospectus Directive, prospectuses for the listing of money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions of such law and do not need to be approved by the CSSF.

Denomination of Notes

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that (i) in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum denomination shall be €50,000 (or its equivalent in any other currency as at the date of issue of the Notes); and (ii) the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency – see “*Notes with a maturity of less than one year*” above.

Form of Notes

The Notes may be issued in bearer form only (“Bearer Notes”), in bearer form exchangeable for Registered Notes (“Exchangeable Bearer Notes”), in registered form only (“Registered Notes”) or in uncertificated book entry form cleared through the Norwegian Central Securities Depository, the *Verdipapirsentralen* (“VPS Notes” and the “VPS”, respectively). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “Summary of the Programme-Selling Restrictions”), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “Global Certificates”. VPS Notes will not be evidenced by any physical note or document of title. Entitlements to VPS Notes will be evidenced by the crediting of VPS Notes to accounts with the VPS.

Maturities

Subject to compliance with all relevant laws, regulations and directives, any maturity from one month.

Issue Price

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly-paid Notes may be issued, the issue price of which will be payable in two or more instalments.

Method of Issue

The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “Series”), having one or more issue dates and on terms otherwise identical (or identical

other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”), on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the relevant Final Terms to this Base Prospectus.

Clearing Systems

Clearstream, Luxembourg and Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer or, in relation to VPS Notes, *Verdipapirsentralen*, Norway.

Initial Delivery of Notes

On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Certificate representing Registered Notes may (or, in the case of Notes listed on the Luxembourg Stock Exchange, shall) be deposited with a common depositary or, as the case may be, a common safekeeper for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates relating to Notes that are not listed on the Luxembourg Stock Exchange may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Fixed Rate Notes

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

Floating Rate Notes

Floating Rate Notes will bear interest determined separately for each Series by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms.

Zero Coupon Notes

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

Variable Coupon Amount Notes

The Final Terms issued in respect of each issue of variable coupon amount Notes will specify the basis for calculating the amounts of interest payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Final Terms.

Interest Periods and Interest Rates

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

Variable Redemption Amount Notes	The Final Terms issued in respect of each issue of variable redemption amount Notes will specify the basis for calculating the redemption amounts payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Final Terms.
Other Notes	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, dual currency Notes, reverse dual currency Notes, optional dual currency Notes, partly-paid Notes and any other type of Note that the Issuer, the Trustee and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.
Optional Redemption	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Early Redemption	Except as provided in “Optional Redemption” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See “Terms and Conditions of the Notes – Redemption, Purchase and Options”.
Redemption by Instalments	The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Withholding Tax	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Kingdom of Norway, subject to customary exceptions, all as described in “Terms and Conditions of the Notes – Taxation”.
Status of Notes	The Notes will constitute unsubordinated and unsecured obligations of the Issuer, as described in “Terms and Conditions of the Notes – Status”.
Negative Pledge	The Notes will contain a Negative Pledge as described in Condition 4.
Cross Default	The Notes will contain a Cross Default as described in Condition 10.
Ratings	<p>The Programme has been rated A2 by Moody’s Investors Services, Inc. and A- by Standard & Poor’s Rating Group. Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p>
Redenomination, Renominalisation and/or Consolidation	Notes denominated in a currency of a country that subsequently participates in the third stage of European economic and monetary union may be subject to redenomination, renominalisation and/or consolidation with other Notes then denominated in euro. The provisions applicable to any such redenomination, renominalisation and/or consolidation will be specified in the relevant pricing supplement.

Listing	Other than VPS Notes, the Luxembourg Stock Exchange or as otherwise specified in the relevant Final Terms. Applications may be made to list VPS Notes on the Oslo Stock Exchange. Any such applications will be in accordance with applicable laws and regulations governing the listing of VPS Notes on the Oslo Stock Exchange from time to time. As specified in the relevant Final Terms, a Series of Notes may also be unlisted.
Governing Law	<p>The Notes will be governed by and construed in accordance with English law.</p> <p>VPS Notes must comply with the Norwegian Securities Register Act of 5th July 2002 no.64, as amended from time to time, and the holders of VPS Notes will be entitled to the rights and are subject to the obligations and liabilities which arise under this Act and any related regulations and legislation.</p>
Selling Restrictions	<p>United States, European Economic Area including United Kingdom, the Kingdom of Norway, the Netherlands, Japan and such other restrictions as may be required in connection with a particular issue of Notes. See “Subscription and Sale”.</p> <p>The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.</p> <p>The Notes will be issued in compliance with U.S. Treas. Reg. 1.163-5(c)(2)(i)(D) (the “D Rules”), unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. 1.163-5(c)(2)(i)(C) (the “C Rules”), or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.</p>

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

[Date]

TELENOR ASA

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the US\$6,000,000,000 Debt Issuance Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [date] which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Base Prospectus is available for viewing at Telenor ASA, Snarøyveien 30, 1331 Fornebu, Norway, www.telenor.com and the Luxembourg Stock Exchange’s website (www.bourse.lu) and copies may be obtained from Dexia Banque Internationale à Luxembourg, 69 Route d’Esch, Luxembourg, L-2953.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the Conditions) set forth in the Base Prospectus dated [original date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) and must be read in conjunction with the Base Prospectus dated [current date] which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [current date] and [original date]. Copies of such Base Prospectuses are available for viewing at Telenor ASA, Snarøyveien 30, 1331 Fornebu, Norway and www.telenor.com and copies may be obtained from Dexia Banque Internationale à Luxembourg, 69 Route d’Esch, Luxembourg, L-2953.]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. Issuer: Telenor ASA
2. (a) Series Number: []

- (b) Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 (a) Series: []
 (b) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount
 [plus accrued interest from [insert date] *(if applicable)*]
6. Specified Denominations: []
 []
(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €50,000 minimum denomination is not required.)
7. (a) Issue Date: []
 (b) Interest Commencement Date: []
8. Maturity Date: *[Fixed rate - specify date/
 Floating rate - Interest Payment Date falling in or nearest to [specify month]]*
9. Interest Basis: [[] per cent. Fixed Rate]
 [[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Dual Currency Interest]
 [*specify other*]
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
 [Index Linked Redemption]
 [Dual Currency Redemption]
 [Partly Paid]
 [Instalment]
 [*specify other*]
11. Change of Interest Basis or Redemption/Payment Basis: *[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]*
12. Put/Call Options: [Investor Put]
 [Issuer Call]
 [(further particulars specified below)]

13. [Date [Board] approval for issuance of Notes obtained: []
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)
14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate(s) of Interest: [] per cent. per annum [payable [annually/semi annually/quarterly] in arrear]
- (b) Interest Payment Date(s): [[] in each year up to and including the Maturity Date][specify other]
(N.B. This will need to be amended in the case of long or short coupons)
- (c) Fixed Coupon Amount(s): [] per [] in nominal amount
- (d) Broken Amount(s): [Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount]
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or [specify other]]
- (f) Determination Date(s): [] in each year

[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon
N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration
N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)]
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
16. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: []
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[specify other]]
- (c) Additional Business Centre(s): []

- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Issuing and Paying Agent): []
- (f) Screen Rate Determination:
- Reference Rate: [].
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
 - Interest Determination Date(s): [].
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: [].
(In the case of EURIBOR, if not Telerate Page 248 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (g) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (h) Margin(s): [+/-] [] per cent. per annum
- (i) Minimum Rate of Interest: [] per cent. per annum
- (j) Maximum Rate of Interest: [] per cent. per annum
- (k) Day Count Fraction: [Actual/365
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
Other]
(See Condition 5 for options)

- (l) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
17. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Accrual Yield: [] per cent. per annum
- (b) Reference Price: []
- (c) Any other formula/basis of determining amount payable: []
- (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 6(b) and (c) apply/specify other]
18. Index Linked Interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Index/Formula: *[give or annex details]*
- (b) Calculation Agent responsible for calculating the interest due: []
- (c) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (d) Specified Period(s)/Specified Interest Payment Dates: []
- (e) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/specify other]
- (f) Additional Business Centre(s): []
- (g) Minimum Rate of Interest: [] per cent. per annum
- (h) Maximum Rate of Interest: [] per cent. per annum
- (i) Day Count Fraction: []
19. Dual Currency Interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate of Exchange/method of calculating Rate of Exchange: *[give or annex details]*

- (b) Calculation Agent, if any, responsible for calculating the interest payable: []
- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (d) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

20. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s): [] per Note of [] Specified Denomination
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (d) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or Trustee)
21. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s): [] per Note of [] Specified Denomination
- (c) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as

27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. N.B. a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]
28. Details relating to Instalment Notes:
- (a) [Instalment Amount(s): [Not Applicable/give details]
- (b) [Instalment Date(s): [Not Applicable/give details]
29. Redenomination applicable: Redenomination [not] applicable
- [(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))][(if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)]
30. Other final terms: [Not Applicable/give details]
- (When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

31. (a) If syndicated, names of Managers: [Not Applicable/give names]
- (b) Stabilising Manager (if any): [Not Applicable/give name]
32. If non-syndicated, name of relevant Dealer: [Name]
33. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable]
34. Additional selling restrictions: [Not Applicable/give details]

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the US\$ 6,000,000,000 Debt Issuance Programme of Telenor ASA.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[] has been extracted from []. The Issuer confirms that such information has been accurately reproduced and

that, so far as it is aware and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg/other (specify)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [] with effect from [].]
[Not Applicable.]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading)*
- (iii) Estimate of total expenses related to admission to trading: []

2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [S & P: []]
- [Moody's: []]
- [[Other]: []]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. - Amend as appropriate if there are other interests]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer []
- (See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*
- (ii) Estimated net proceeds: []
- (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- (iii) Estimated total expenses: []. [Include breakdown of expenses]
- (If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure*

of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

5. YIELD (*Fixed Rate Notes only*)

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (*Index-Linked Notes only*)

[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]

[Need to include a description of any market disruption or settlement disruption events that affect the underlying.]

[Need to include adjustment rules in relation to events concerning the underlying.]

[Where the underlying is a security the name of the issuer of the security and its ISIN or other such security identification code.]

[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]

[Where the underlying is an interest rate a description of the interest rate.]

[Where the underlying is a basket of underlyings disclosure of the relevant weightings of each underlying in the basket.]

7. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (*Dual Currency Notes only*)

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

8. OPERATIONAL INFORMATION

(i) ISIN Code: []

(ii) Common Code: []

(iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)/Verdipapirsentralen, Norway. VPS identification number: []. The Issuer shall be entitled to obtain certain information from the register maintained by the VPS for the purposes of performing its obligations under the issue of VPS Notes]

(iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of additional Paying Agent(s) (if any): []

(vi) Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes][No].

[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][*include this text if “yes” selected in which case the Notes must be issued in NGN form*]

9. GENERAL

The aggregate principal amount of Notes issued has been translated into U.S. dollars at a rate of [], producing a sum of [] (for Notes not denominated in U.S. dollars):

[Not Applicable/US\$[]]

Tradeable Amount:

[]

Applicable TEFRA exemption:

[C Rules/D Rules/Not Applicable]

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. The following Conditions will be applicable to each VPS Note, as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms. VPS Notes will not be evidenced by any physical note or document of title other than statements of account made by the VPS. Ownership of VPS Notes will be recorded and transfer effected only through the book entry system and register maintained by the VPS. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are constituted by a Trust Deed dated 27th February 1996 (as amended and/or supplemented and/or restated as at the date of issue of the Notes (the “Issue Date”), the “Trust Deed”) between the original issuer, Telenor AS (now Telenor Communication AS) (the “Original Issuer”) and Citicorp Trustee Company Limited (the “Trustee”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). Pursuant to a Supplemental Trust Deed dated 10th April 2002 Telenor ASA (the “Issuer”) was substituted with effect on and from 15th April 2002 in place of the Original Issuer in respect of the then existing notes issued under the Programme (as defined in the Trust Deed) and pursuant to a further Supplemental Trust Deed dated 17th April 2002 the Issuer became the issuer in place of the Original Issuer for the purposes of the Trust Deed, enabling the Issuer to issue, on and after 17th April 2002, notes to be constituted by the Trust Deed. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. The Trust Deed is further supplemented by the Twelfth Supplemental Trust Deed dated 7th July 2006. An Agency Agreement (as amended and/or supplemented and/or restated as at the Issue Date, the “Agency Agreement”) dated 7th July 2006 has been entered into in relation to the Notes between the Issuer, the Trustee, Citibank, N.A., London branch as initial issuing and paying agent and calculation agent and the other agents named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “Issuing and Paying Agent”, the “Paying Agents” (which expression shall include the Issuing and Paying Agent), the “Registrar”, the “Transfer Agents” (which expression shall include the Registrar) and the “Calculation Agent(s)”. Notes cleared through the Norwegian Central Securities Depository, the *Verdipapirsentralen* (“VPS Notes” and the “VPS”, respectively) will be created and held in uncertificated book entry form in accounts with the VPS. DnB Nor ASA (the “VPS Account Manager”) will act as agent of the Issuer in respect of all dealings with the VPS in respect of VPS Notes. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (at 7th July 2006 at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders, the holders of the interest coupons (the “Coupons”), appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”), (the “Couponholders”), and the holders of the receipts for the payment of instalments of principal (the “Receipts”), relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions

applicable to them of the Agency Agreement. VPS Notes are in dematerialised form: any references in these Conditions to Receipts, Coupons and Talons shall not apply to VPS Notes and no global or definitive Notes will be issued in respect thereof. These Conditions shall be construed accordingly.

1. Form, Denomination and Title

The Notes are issued in bearer form (“Bearer Notes”, which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (“Registered Notes”), in bearer form exchangeable for Registered Notes (“Exchangeable Bearer Notes”) or, in the case of VPS Notes, in uncertificated book entry form, as specified in the applicable Final Terms, in each case in the Denomination(s) shown hereon provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a Base Prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €50,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

All Registered Notes shall have the same specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

So long as the Notes are represented by a temporary Global Note, permanent Global Note or Global Certificate and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided hereon and integral multiples of the Tradeable Amount provided in the relevant Final Terms.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“Certificates”), and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “Register”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder. The holder of a VPS Note will be the person evidenced as such by a book entry in the records of the VPS. Title to the VPS Notes will pass by registration in the registers between the direct or indirect accountholders at the VPS in accordance with the rules and procedures of the VPS. Where a nominee is so evidenced, it shall be treated by the Issuer as the holder of the relevant VPS Note. VPS Notes may not be exchanged for Bearer Notes or Registered Notes and vice versa.

Subject as provided below, in these Conditions, “Noteholder” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “holder” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes. For so long as any Note is a VPS Note, each person who is for the time being shown in the records of the VPS as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by the VPS as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, any Paying Agent and the Trustee as the “Noteholder” or the “holder” of such nominal amount of such Notes for all purposes.

2. Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) Exchange of Exchangeable Bearer Notes

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same aggregate principal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmaturing Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination may not be exchanged for Bearer Notes of another Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer’s or Noteholders’ option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) *Delivery of New Certificates*

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar.

(e) *Exchange Free of Charge*

Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) *Closed Periods*

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of 7 days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3. Status

The Notes and the Receipts and Coupons relating to them constitute (subject to Condition 4) unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

4. Negative Pledge

So long as any of the Notes, Receipts or Coupons remains outstanding (as defined in the Trust Deed) the Issuer will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("Security"), upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt, or any guarantee of or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the Issuer's obligations under the Notes, the Receipts, the Coupons and the Trust Deed (aa) are secured equally and rateably therewith, or (bb) have the benefit of such other security or other arrangement as the

Trustee in its absolute discretion shall deem to be not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of this Condition, "Relevant Debt" means any present or future indebtedness in the form of, or represented by, securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market.

5. Interest and Other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified hereon, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified hereon.

(b) Interest on Floating Rate Notes and Index Linked Interest Notes:

(i) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) Business Day Convention

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest for Floating Rate Notes

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is

specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the 2000 ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon. For the purposes of this sub-paragraph (A), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity", "Reset Date" and "Swap Transaction" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

- (y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time)

on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Rate Multiplier or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin, Rate Multiplier or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin, Rate Multiplier or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period.

(iv) *Rate of Interest for Index Linked Interest Notes*

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) *Zero Coupon Notes*

Where a Note the Interest Rate of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Interest Rate for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) *Dual Currency Notes*

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) *Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(f) *Accrual of Interest*

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(g) *Margin, Maximum/Minimum Interest Rates, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding*

(i) If any Margin or Rate Multiplier is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5 above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency and, with respect to euro, means 0.01 euro.

(h) *Calculations*

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the outstanding principal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(i) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts*

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority and, in the case of VPS Notes, the VPS and the VPS Account Manager as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) *Determination or Calculation by Trustee*

If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(k) *Definitions*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a specified currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency; and/or
- (ii) in the case of euro, a day on which the TARGET system is operating (a “TARGET Business Day”); and/or
- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the “Calculation Period”):

- (i) if “Actual/365” or “Actual/Actual – ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- (v) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); and
- (vi) if “Actual/Actual – ICMA” is specified hereon,
 - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where “Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date and “Determination Date” means the date specified as such hereon or, if none is so specified, the Interest Payment Date.

“Effective Date” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such hereon or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“Interest Amount” means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“Target System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

(l) *Calculation Agent*

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding as defined in the Trust Deed. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6. Redemption, Purchase and Options

(a) *Redemption by Instalments and Final Redemption*

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates so specified hereon) is extended pursuant to any Issuer’s or Noteholder’s option in accordance with Condition 6(d) or (e), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding principal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the principal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer’s or Noteholder’s option in accordance with Condition 6(d) or (e), each Note shall be finally redeemed on the Maturity Date specified hereon at its Redemption Amount (which, unless otherwise provided hereon, is its principal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) *Early Redemption of Zero Coupon Notes*

- (i) The Redemption Amount payable in respect of any Note that does not bear interest prior to the Maturity Date, the Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date for the first Tranche of the Notes) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.
- (iii) If the Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c), (d) or (e) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(d).

(c) *Redemption for Taxation Reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note) or at any time (if this Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and which shall be published in accordance with Condition 16) at their Redemption Amount (together with interest accrued to the date fixed for redemption), if the Issuer satisfies the Trustee immediately before the giving of such notice that (i) it has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Norway or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee and, in the case of VPS Notes, the VPS Account Manager (aa) a certificate signed by two Directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (bb) a legal opinion acceptable to the Trustee to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept such certificate or opinion as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above in which event it shall be conclusive and binding on Noteholders and Couponholders.

(d) *Redemption at the Option of the Issuer*

If so provided hereon, the Issuer may, on giving notice to the Noteholders (which notice shall be irrevocable and which shall be published in accordance with Condition 16) falling within the Issuer's Option Period, redeem all or, if so provided, some of the Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Minimum Redemption Amount together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws (including, in the case of VPS Notes, the rules of the VPS) and stock exchange requirements.

(e) *Redemption at the Option of Noteholders*

If (so provided hereon) the Issuer shall, at the option of the holder of any such Note, redeem such Note on the date or dates so provided at its Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice"), in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Option Period. No Note or Certificate so deposited and option exercised may be withdrawn without the prior consent of the Issuer, except that such Note or Certificate will be returned to the relevant Noteholder by the Paying Agent, the Registrar or Transfer Agent with which it has been deposited if, prior to the due date for its redemption or the exercise of the option, the Note becomes immediately due and payable or if upon due presentation payment of the redemption moneys is not made or exercise of the option is denied.

If this Note is a VPS Note, to exercise the right to require redemption of the VPS Notes, the holder of the VPS Notes, must, within the notice period, give notice to the relevant account operator of such exercise in accordance with the standard procedures of the VPS from time to time.

(f) *Purchases*

The Issuer and any of its Subsidiaries (as defined in the Trust Deed) may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(g) *Cancellation*

All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries (as defined in the Trust Deed) must be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes,

by surrendering the Certificate representing such Notes to the Registrar and, in each case, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith) or, in the case of VPS Notes, shall be deleted from the records of the VPS. Any Notes so surrendered for cancellation or deleted from the records of the VPS may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7. Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(g)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(g)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre for that currency or, in the case of euro, at the option of the holder, by transfer to or cheque drawn on a euro account (or any other account to which euro may be transferred) specified by the holder.

(b) Registered Notes

- (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of that currency or, in the case of payment in euro, by transfer to a euro account (or any other account to which euro may be transferred) specified by the holder.

(c) VPS Notes

Payments of principal and interest in respect of VPS Notes will be made to the Noteholders shown in the records of the VPS in accordance with and subject to the rules and regulations from time to time governing the VPS.

(d) *Payments in the United States*

Notwithstanding the foregoing, if any Bearer Notes are denominated in US dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law.

(e) *Payments Subject to Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(f) *Appointment of Agents and VPS Account Manager*

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents, the Calculation Agent and the VPS Account Manager act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent, the Calculation Agent or the VPS Account Manager and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Luxembourg Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities (including Luxembourg) so long as the Notes are listed on the Luxembourg Stock Exchange, (vi) pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to any such Directive or law, (vii) in the case of VPS Notes, a VPS Account Manager authorised to act as an account operating institution with the VPS, (viii) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed (or any other relevant authority) in each case, as approved by the Trustee.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in US dollars in the circumstances described in paragraph (d) above.

Notice pursuant to Condition 16 of any such change or any change of any specified office shall promptly be given to the Noteholders.

(g) *Unmatured Coupons and Receipts and Unexchanged Talons*

(i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unexpired Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Redemption Amount due for payment. Any amount so

deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

- (ii) If the Notes so provide, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(h) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(i) *Non-Business Days*

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Business Day Jurisdictions" hereon or in the relevant Final Terms and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

(j) *Redenomination, Renominalisation and/or Consolidation*

Notes denominated in a currency that may, after the start of the third stage of Economic and Monetary Union, be converted into euro, may be subject to redenomination, renominalisation and/or consolidation with other Notes then denominated in euro, as specified in the relevant Final Terms.

8. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons and under the Trust Deed shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Kingdom of Norway or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (i) to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the Kingdom of Norway other than the mere holding of the Note, Receipt or Coupon;
- (ii) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth (30) day; or
- (iii) to, or to a third party on behalf of, a holder who is able to lawfully avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it), Receipt or Coupon is presented for payment; or
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, "Relevant Date" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "principal" and/or "interest" shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

9. Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. Events of Default

If any of the following events (“Events of Default”), occurs, the Trustee at its discretion may, and if so requested by holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Redemption Amount together with accrued interest:

(a) *Non-Payment*

the Issuer fails to pay the principal of or any interest on any of the Notes when due and, in the case of interest, such failure continues for a period of 14 days and, in the case of principal, such failure continues for a period of seven days; or

(b) *Breach of Other Obligations*

the Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee; or

(c) *Cross-Default*

- (i) any Financial Indebtedness of the Issuer is not paid when due (after the expiry of any applicable grace period); or
- (ii) any Financial Indebtedness of the Issuer is declared to be or otherwise becomes due and payable prior to its specified maturity by reason of an event of default (howsoever described);

provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) has or have occurred equals or exceeds €75,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the euro as quoted by any leading bank on the day on which this paragraph operates); or

(d) *Creditors' Process*

any execution, distress, attachment or legal process is levied, made or taken against, or an encumbrancer takes possession of, the whole of the assets of the Issuer, or any execution, distress, attachment or legal process is levied, made or taken against, or an encumbrancer takes possession of, any part of the assets of the Issuer and the Trustee certifies that in its opinion such event is materially prejudicial to the interests of the Noteholders except where:

- (i) within 30 days of receiving notice of the action all appropriate and bona fide procedural and other steps have been commenced by the Issuer in order to contest such execution, distress, attachment or legal process; and
- (ii) within 90 days of the Issuer receiving notice of the action, the execution, distress, attachment or legal process has been permanently stayed, vacated or otherwise discontinued; or

(e) *Insolvency*

the Issuer is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; or

(f) *Winding-up*

a petition is presented or an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations or sells or transfers, directly or indirectly, all or substantially all of its undertaking or assets, except, in either case, for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders; or

(g) *Appointment of Liquidator etc.*

any liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or the like is appointed in respect of the Issuer or any part of its assets and, if only part of its assets, the Trustee certifies that in its opinion such event is materially prejudicial to the interests of the Noteholders; or

(h) *Analogous Events*

any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (d), (e), (f) or (g) above.

For the purpose of these Terms and Conditions:

“Consolidated Assets” means, at any time, the assets of the Group, as demonstrated from time to time by the most recent audited consolidated financial statements.

“Financial Indebtedness” means (without double counting) any indebtedness (other than Limited Recourse Indebtedness) (not being indebtedness owed to any other member of the Group) in respect of (a) moneys borrowed, (b) any debenture, bond, note or other debt instrument; (c) any acceptance credit; (d) any liability in respect of any purchase prices for assets or services, payment of which is deferred for a period in excess of 180 days; (e) any note purchase facility; (f) currency swap or interest swap, cap or collar arrangements or other derivative instruments; (g) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing or raising of money; or (h) any guarantee, indemnity or similar assurance against financial loss of any person.

“Limited Recourse Indebtedness” means any indebtedness for borrowed money or indebtedness in respect of currency swap or interest rate swap, cap or collar arrangements or other derivative instruments to finance the ownership, acquisition, development, redevelopment and/or operation by any member of the Group of an asset in respect of which the person or persons to whom any such indebtedness for borrowed money is or may be owed by the relevant borrower (whether or not a member of the Group) has or have no recourse whatsoever to any member of the Group for the repayment thereof other than:

- (i) recourse to the relevant borrower for amounts limited to the cash flow or net cash flow (other than historic cash flow or historic net cash flow) from such asset; and/or

- (ii) recourse to the relevant borrower for the purpose only of enabling amounts to be claimed in respect of such indebtedness for borrowed money or other indebtedness as aforesaid in an enforcement of any security interest given by the relevant borrower over such asset or the income or cash flow deriving therefrom (“Relevant Property”) (or given by a shareholder or the like in the relevant borrower over its shares or the like in the capital of the relevant borrower (“Related Property”)) to secure such indebtedness. Provided that (A) the extent of such recourse to such borrower is limited solely to the amount of any recoveries made on any such enforcement, and (B) such person or persons are not entitled, by virtue of any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding-up or dissolution of such borrower or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of such borrower or any of its assets (save for the assets the subject of such security interest); and/or
- (iii) recourse to the relevant borrower generally, or directly or indirectly to a member of the Group, under any form of assurance, undertaking or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation (not being a payment obligation or an obligation to procure payment by another or an indemnity in respect thereof or an obligation to comply or to procure compliance by another with any financial ratios or other tests of financial condition) by the person against whom such recourse is available.

“Group” means the Issuer and its Subsidiaries.

“Subsidiary” shall have the meaning given thereto in the Trust Deed.

11. Meeting of Noteholders, Modification, Waiver and Substitution

(a) Meetings of holders of Bearer Notes and/or Registered Notes

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Interest Rate, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per

cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

(b) *Meetings of holders of VPS Notes*

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in principal amount of the VPS Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding a certificate (dated no earlier than 14 days prior to the meeting) from either the VPS or the VPS Account Manager stating that the holder is entered into the records of the VPS as a Noteholder or representing a clear majority in principal amount of the VPS Notes for the time being outstanding and providing an undertaking that no transfers or dealings have taken place or will take place in the relevant VPS Notes until the conclusion of the meeting, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the VPS Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the VPS Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the VPS Notes, (ii) to reduce or cancel the principal amount of, or any Instalment Amount of, or any premium payable on redemption of, the VPS Notes, (iii) to reduce the rate or rates of interest in respect of the VPS Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the VPS Notes, (iv) if a Minimum and/or a Maximum Interest Rate, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the VPS Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

These Conditions may be amended, modified, or varied in relation to any Series of VPS Notes by the terms of the relevant Final Terms in relation to such Series.

For the purposes of a meeting of Noteholders, the person named in the certificate from the VPS or the VPS Account Manager described above shall be treated as the holder of the VPS Notes specified in such certificate provided that he has given an undertaking not to transfer the VPS Notes so specified (prior to the close of the meeting) and the Trustee shall be entitled to assume that any such undertaking is validly given, shall not enquire as to its validity and enforceability, shall not be obliged to enforce any such undertaking and shall be entitled to rely on the same.

(c) *Modification of the Trust Deed*

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error or an error which, in the opinion of the Trustee, is proven, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

(d) *Substitution*

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of any other company in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(e) *Entitlement of the Trustee*

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12. Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them and/or the Issue Price) and so that such further issue shall be consolidated and form a single series with the outstanding

securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

14. Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in principal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

15. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

16. Notices

(a) Holders of Registered and/or Bearer Notes

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and if such Registered Notes are admitted to trading on and listed on the Official List of the Luxembourg Stock Exchange, a notice shall also be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *de Wort or the Tageblatt*) and on the website of the Luxembourg Stock Exchange (www.bourse.lu). Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times) and so long as the Notes are listed on the Luxembourg Stock Exchange, in a daily newspaper with general circulation in Luxembourg (which is expected to be the *de Wort or the Tageblatt*) and on the website of the Luxembourg Stock Exchange (www.bourse.lu). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

(b) Holders of VPS Notes

In the case of VPS Notes, notices shall be given in accordance with the procedures of the VPS as amended from time to time.

17. Currency Indemnity

Any amount received or recovered or falling to be due in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (under any applicable law and whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had all actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

18. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law. VPS Notes must comply with the Norwegian Securities Register Act of 5th July 2002 no. 64, as amended from time to time and the holders of VPS Notes will be entitled to the rights and are subject to the obligations and liabilities which arise under this Act and any related regulations and legislation.

(b) Jurisdiction

The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("Proceedings"), may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) Service of Process

The Issuer has irrevocably appointed Thommessen Krefting Greve Lund AS of 42 New Broad Street, London EC2M 1JD to receive, for it and on its behalf, service of process in any Proceedings in England.

(d) Waiver of Immunity

The Issuer has in the Trust Deed irrevocably agreed that no immunity (to the extent that it may now or hereafter exist, whether on the grounds of sovereignty or otherwise) from any Proceedings or from execution of judgment shall be claimed by or on behalf of or with respect to its assets, and

has irrevocably waived any such immunity and the Issuer has in the Trust Deed consented generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with any such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever of any order or judgment which may be made or given in such Proceedings.

USE OF PROCEEDS

The net proceeds of each issue of Notes will be used by the Issuer for its general corporate purposes.

If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Each Tranche of Notes issued in bearer form and cleared through Euroclear and Clearstream, Luxembourg will be initially issued in the form of a temporary global note (a “Temporary Global Note”) or, if so specified in the applicable Final Terms, a permanent global note (a “Permanent Global Note”) which either case will:

- (i) if the Global Notes are intended to be issued in new global note (“NGN”) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the “Common Safekeeper”) for Euroclear and Clearstream, Luxembourg; and
- (ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depository (the “Common Depository”) for Euroclear and Clearstream, Luxembourg.

Depositing the Global Notes with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Upon the initial deposit of a Global Note with (i) the Common Depository (if the Global Note is not intended to be issued in NGN form) or (ii) the Common Safekeeper (if the Global Note is intended to be issued in NGN form) or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

If the Global Note is a NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of both Euroclear and Clearstream, Luxembourg. The records of such clearing systems shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by a clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository or Common Safekeeper, as applicable, may (if indicated in the relevant Final Terms) also be credited to the accounts of other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

1. Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Summary of the Programme – Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

2. Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “Partial Exchange of Permanent Global Notes”, in part for Definitive Notes only upon the occurrence of an Exchange Event.

For these purposes, “Exchange Event” means:

- (1) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an “Alternative Clearing System”), and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
- (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Issuing and Paying Agent of its election for such exchange.

If the permanent Global Note is an Exchangeable Bearer Note, it will be exchangeable, free of charge to the holder, on or after the Exchange Date, for Registered Notes by the holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. Noteholders who hold Notes in the relevant clearing system in amounts that are not integral multiples of a Specified Denomination may need to purchase or sell, on or before the relevant Exchange Date, a principal amount of Notes such that their holding is an integral multiple of a Specified Denomination.

3. Permanent Global Certificates

If the Final Terms states that the Notes are to be represented by a permanent Global Certificate on issue, transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the Notes represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays,

statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the consent of the Issuer;

provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

4. *Partial Exchange of Permanent Global Notes*

For so long as a permanent Global Note is held on behalf of a clearing system and that clearing system so permits, such permanent Global Note will be exchangeable in part on one or more occasions only for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Final Terms) relating to partly-paid Notes.

5. *Delivery of Notes*

If the Global Note is a NGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) if the Global Notes are not NGNs, in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange, (ii) if the Global Notes are NGNs, procure that details of such exchange shall be entered *pro rata* in the records of the relevant clearing systems or (iii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. In this Base Prospectus, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

6. *Exchange Date*

"Exchange Date" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and

conditions of the Notes set out in this Base Prospectus. The following is a summary of certain of those provisions:

1. *Payments*

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-US beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation (and, in the case of a Global Note not intended to be issued in NGN form, endorsement) and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If a Global Note is not a NGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. If the Global Note is a NGN, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing systems and the nominal amount of the Notes recorded in the records of the relevant clearing systems and represented by the Global Note will be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing systems shall not affect such discharge.

2. *Prescription*

Claims against the Issuer in respect of Notes that are represented by a Global Note will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

3. *Meetings*

The holder of a Global Note or of the Notes represented by a Global Certificate shall (unless such Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholder and, at any such meeting, the holder of a Global Note shall be treated as having one vote in respect of each US\$1 or such other amount as the Trustee may in its absolute discretion stipulate (or, in the case of meetings of holders of Notes denominated in another currency, such amount in such other currency as the Trustee in its absolute discretion may stipulate) in nominal amount of Notes represented by such Global Note.

4. *Cancellation*

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

5. *Purchase*

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

6. *Issuer's Option*

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the

Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. If any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or any Alternative Clearing System (as the case may be).

7. *Noteholders' Options*

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is not a NGN, presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Where the permanent Global Note is a NGN, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

8. *NGN nominal amount*

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, shall be entered *pro rata* in the records of the relevant clearing systems and upon any such entry being made, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

9. *Trustee's Powers*

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

10. *Notices*

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note, except that so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *de Wort* or the *Tageblatt*).

11. *Partly-Paid Notes*

The provisions relating to partly-paid Notes are not set out in this Base Prospectus, but will be contained in the relevant Final Terms and thereby in the Global Notes. While any instalments of the

subscription moneys due from the holder of partly-paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any partly-paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

12. Tradeable Amounts

So long as the Notes are represented by a temporary Global Note, permanent Global Note or Global Certificate and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) and integral multiples of the Tradeable Amount specified in the relevant Final Terms.

SUMMARY OF PROVISIONS RELATING TO VPS NOTES

Each Series of VPS Notes will be issued in uncertificated and dematerialised book entry form. Legal title to the VPS Notes will be evidenced by book entries in the records of the VPS. Issues of VPS Notes will be constituted by the Trust Deed. On the issue of such VPS Notes, the Issuer will send a letter to the Trustee, with copies sent to the Issuing and Principal Paying Agent and the VPS Account Manager (the "VPS Letter"), which letter will set out the terms of the relevant issue of VPS Notes in the form of Final Terms attached thereto. On delivery of a copy of such VPS Letter, including the applicable Final Terms, to the VPS and notification to the VPS of the subscribers and their VPS account details by the relevant Dealer, the VPS Account Manager will credit each subscribing account holder with the VPS with the nominal amount of VPS Notes equal to the nominal amount thereof for which it has subscribed and paid.

Settlement of sale and purchase transactions in respect of VPS Notes in the VPS will take place three Oslo business days after the date of the relevant transaction. Transfers of interests in the relevant VPS Notes will take place in accordance with the rules and procedures for the time being of the VPS.

TELENOR ASA

Introduction

On 21st July 2000, a new company named Telenor ASA was incorporated under the laws of the Kingdom of Norway and pursuant to the Norwegian Public Limited Companies Act ("lov av 13. juni 1997 nr. 45 om allmennaksjeselskaper"). Telenor AS, the predecessor of Telenor ASA, was renamed Telenor Communication AS ("Telenor Communication"). On 3rd October 2000, Telenor ASA became the ultimate holding company of the Telenor Group of Companies (the "Telenor Group"). Telenor ASA is registered in the Norwegian Register of Companies with organisational number 982 463 718 under the laws of the Kingdom of Norway. The telephone number for Telenor ASA is + 47 67 89 00 00 and its registered office address is Snarøyveien 30, 1331 Fornebu, Norway.

The predecessors of the companies which now form part of the Telenor Group have been responsible for telecommunications in Norway since 1855. Telenor Communication was established on 24th June 1994 as a limited liability company, wholly-owned by the Kingdom of Norway. On 1st January 1998, the Norwegian telecommunications market was opened to full competition by the Norwegian Government, a process started in 1988. Liberalisation of the market for telecommunications services in Norway has proceeded generally in line with liberalisation in the European Union (the "EU"), and in some respects ahead of the EU. In December 2000, Telenor ASA made an initial public offering (the "IPO") of 372,151,899 of its ordinary shares representing 21.0 per cent. of its outstanding share capital in the form of ordinary shares and American Depositary Shares ("ADSs"). As a result of the IPO, Telenor ASA and the Telenor Group ceased to be wholly-owned by the Kingdom of Norway.

As at 31st December 2005, Telenor ASA had 41,340 shareholders. Of these, 40,030 were private shareholders. Non-Norwegian investors (i.e. investors without Norwegian citizenship) owned approximately 35.6 per cent. of the total shares of Telenor ASA compared to about 22.0 per cent. as at the end of 2004. The Kingdom of Norway, through the Ministry of Trade and Industry, is the largest single shareholder, holding 54.0 per cent. of the issued shares. Pursuant to authorisation given by the Norwegian Parliament (Storting), the Ministry of Trade and Industry may reduce its shareholding in Telenor ASA to no lower than 51.0 per cent.

The Ministry of Trade and Industry is also authorised to dilute its shareholding through structural transactions, reducing its ownership interest to a minimum of 34.0 per cent. As at 31st December 2005, the authorised and issued share capital of Telenor ASA was NOK 10.2 billion, divided into 1,706,570,293 shares, each with a nominal value of NOK 6. As at 31st December 2005, Telenor ASA had repurchased 12,846,514 of its own shares. At the Annual General Meeting of Telenor ASA held on 23rd May 2006 there was a resolution stating that Telenor ASA's share capital was reduced by NOK 157,774,338 by the cancellation of 12,105,182 of the repurchased shares together with the redemption of 14,190,541 shares held by the Kingdom of Norway. Approval was also given at the Annual General Meeting held on 23rd May 2006 to authorise the board of directors to acquire 165,000,000 of Telenor ASA's own shares with a nominal value totalling NOK 990,000,000 which equated to approximately 10 per cent. of Telenor ASA's share capital after the completion of the repurchase described above. The amount paid shall be a minimum of NOK 6 and a maximum of NOK 200 per share and the authorisation is valid until the next Annual General Meeting to be held in 2007. As of 7th July 2006 Telenor ASA has not acquired any shares pursuant to this authorisation. Telenor ASA shares are listed on the Oslo Stock Exchange and the Nasdaq Stock Market, Inc.

Mobile Operations

Mobile Operations develops mobile services for voice, data, internet, content services and electronic commerce in the Norwegian, Nordic and international markets. As at 31st December 2005, Mobile Operations had ownership interests in 12 mobile operations in 12 countries. Ten of

these were consolidated in Telenor Group's accounts as at 31st December 2005 and the other two companies in the mobile portfolio were treated as affiliates. The mobile operations are geographically concentrated in selected countries in Central and Eastern Europe and South East Asia.

Consolidated subsidiaries

The following companies in the mobile portfolio are consolidated subsidiaries of Telenor ASA:

Telenor Mobil AS was established in 1993 in Norway and is the leading provider of mobile communications in Norway with an estimated market share for mobile communications in Norway as at 31st December 2005 of 56 per cent. The company provides services to both the private and business markets, spanning from text and image messaging to mobile exchange solutions. Telenor Mobil AS launched sound and image messaging (MMS) in 2002, and is strongly committed to mobile Internet, m-Commerce and mobile data services. In December 2004, Telenor Mobile became the first operator to launch UMTS in Norway. As of 1st March 2006, Telenor Mobil AS' UMTS coverage extended to approximately 70.6 per cent. of the population. Pursuant to instructions from the Norwegian regulator, Telenor Mobil AS is required to provide UMTS services to approximately 3.75 million people (approximately 80.9 per cent. of the population) in Norway by 1st March 2007. Telenor Mobil AS provides services in both the GSM and UMTS networks. GSM currently covers 99.8 per cent. of Norway's population.

Pannon GSM, Hungary was established in 1993 and is the second largest of three mobile operators in Hungary. Pannon GSM's estimated market share for mobile communications in Hungary at year-end 2005 was 34 per cent. Telenor Group was involved in founding the company, and from February 2002 it has held 100 per cent. of its shares, having increased its shareholding by 74.22 per cent. since the establishment of the company. Pannon GSM launched commercial operations for its GSM 900 network in 1994, and opened its GSM 1800 network early in 2001. GPRS was launched in 2001 and Pannon GSM was the first operator in Hungary to offer national coverage. In December 2004 Pannon GSM acquired one of three UMTS licences in Hungary through an auction process. Pannon GSM launched EDGE-based broadband services in February 2005 and UMTS-based broadband services in October 2005.

DiGi.Com Berhad, Malaysia was established in 1995 and is one of three mobile operators in Malaysia. The DiGi.Com estimated market share for mobile communications in Malaysia as at 31st December 2005 was 25 per cent. Telenor Group became part owner of DiGi.Com in 1999 and as at 31st December 2005 held an ownership interest of 61.0 per cent. DiGi.Com has been listed on the stock exchange in Kuala Lumpur since 1997. The company operates a GSM 1800 network and launched GPRS in 2002. Under Malaysia's current New Economic Policy (NEP), Telenor Group is required to reduce its ownership interest in DiGi.Com to less than 50 per cent. by the end of 2006. The NEP also requires at least 30 per cent. of the ownership interest in any publicly-listed company to be held by members of the Bumiputera community, the largest indigenous ethnic community in Malaysia. Telenor ASA will be required to comply with this requirement in the second half of 2006, unless Telenor ASA applies for additional extensions.

Kyivstar GSM, Ukraine was established in 1997. Telenor Group became part owner in 1998, and as at 31st December 2005 owned 56.5 per cent. of its shares. The company operates a national GSM 900 network and a GSM 1800 network. Kyivstar GSM is the market leader in the Ukraine with an estimated market share for mobile communications in Ukraine of 46 per cent. as at the end of 2005. In September 2003, an amendment to the 1995 telecommunications legislation took effect, preventing operators from charging their own subscribers for incoming calls. This has contributed to increased use and an increase in the number of customers. As at 31st December 2005, Kyivstar's GSM network offered geographical coverage of approximately 92 per cent. and population coverage of approximately 96 per cent. Kyivstar's network is fully GPRS upgraded.

In 2005, Kyivstar launched EDGE services, which at year-end were operational at approximately half of the base stations in the ten largest cities in Ukraine. Kyivstar also continued to roll out its own fibre backbone network during 2005.

GrameenPhone Ltd., Bangladesh was established in 1997 and is the leading provider of mobile communications services in Bangladesh with an estimated market share for mobile communications in Bangladesh of 62 per cent. as at 31st December 2005. Telenor Group became part owner in 1997, and as at 31st December 2005 it held an ownership share of 62 per cent. GrameenPhone currently holds both a GSM 900 and a GSM 1800 licence. The Bangladeshi government has not yet announced any plans to issue UMTS licences. GrameenPhone also offers the market's widest coverage, which increased from approximately 58 per cent. of the population in 2004 to approximately 85 per cent. in 2005. GrameenPhone also offers GPRS in most of the country and EDGE in urban areas.

In February 2006, GrameenPhone entered into a two-year framework agreement to expand and upgrade its GSM/EDGE network. The contracted party will supply core and radio network equipment in addition to a range of other services.

Telenor Mobile Sverige, Sweden was, in 2001, by means of an agreement with Europolitan AB (Vodafone SE), established as a service provider through the brand name djuice.se. In 2002, Telenor Mobile Sverige signed an MVNO agreement with Tele2. This agreement gave the Telenor Group the capability to provide GSM and UMTS services via Tele2's network in Sweden. djuice was relaunched through this MVNO agreement in the first quarter of 2003. Vodafone's Swedish operations were acquired by the Telenor Group on 31st October 2005 (with completion of the acquisition on 5th January 2006), at a price of NOK 7,739 million including assumed debt. Following the acquisition, the Telenor Group is now the third largest mobile operator in Sweden, with 1.7 million subscriptions and an estimated market share for mobile communications in Sweden of approximately 17 per cent. at the end of first quarter 2006. Telenor Group expects to achieve full integration of Vodafone Sweden and Telenor Mobile Sverige during the first half of 2006.

The acquisition of Vodafone's Swedish operations has increased the Telenor Group's Scandinavian mobile customer base by approximately 39 per cent., bringing the total number of subscriptions up to 5.7 million.

As at 31 December 2005, Telenor Mobile Sweden had approximately 95,000 subscriptions with an estimated market share for mobile communications in Sweden of one per cent. Vodafone Sweden had approximately 1.6 million subscriptions and an estimated market share for mobile communications in Sweden of approximately 16 per cent. at year-end 2005.

Sonofon Holding A/S, Denmark was established in 1991 and is the second largest of four mobile operators in Denmark. Telenor Group became part owner in 2000 with an ownership share of 53.5 per cent., and signed an agreement in December 2003 to purchase the remaining 46.5 per cent. of the shares. Sonofon Holding A/S currently holds three GSM licences, and in December 2005, it also acquired a UMTS licence at a price of NOK 574 million. Under the terms of the UMTS licence, network coverage must exceed 30 per cent. of the Danish population by 2009, and 80 per cent. of the population by 2013.

ProMonte GSM was established in 1996 and was Montenegro's first mobile operator. Telenor Group became part owner in 1996 and acquired 100 per cent. of ProMonte GSM in August 2004. ProMonte GSM has at year-end 2005 an estimated 58 per cent. market share for mobile communications in Montenegro and is the market leader in Montenegro. ProMonte GSM holds a GSM 900 and a GSM 1800 licence. As at 31st December 2005, ProMonte GSM's GSM network had achieved a geographical coverage of approximately 75 per cent. and population coverage of 98.7 per cent. The operator launched mobile data services over GPRS in July 2004. ProMonte GSM provides EDGE coverage in most big cities and urban areas.

Telenor Pakistan Pvt. Ltd. is a subsidiary 100 per cent. owned by Telenor Group, and as at 31 December 2005 the company had an estimated market share for mobile communications in Pakistan of approximately 9 per cent. On 14th April 2004, the Telenor Group was awarded a GSM licence to build and operate a mobile network in Pakistan. The company rolled out its GSM network rapidly during 2005. On 15th March 2005, commercial mobile services, with a full multimedia platform, were launched under the name Telenor. The Pakistani market is predominately pre-paid, with 95 per cent. of all customers currently on pre-paid subscription plans. According to Telenor Pakistan's licence terms, Telenor Pakistan must provide coverage to 70 per cent. of Pakistan's "tehsil" by the fourth year of operation. The network currently being rolled out is WAP and GPRS enabled and EDGE compatible. In addition, the company holds a Long Distance and International ("LDI") licence through which it is providing nationwide and international call services.

Total Access Communication Company PCL ("DTAC"), Thailand was established in 1989 and is Thailand's second largest mobile operator with an estimated market share for mobile communications in Thailand as at 31 December 2005 of 28 per cent., equalling 8.7 million subscriptions. DTAC currently holds a GSM 1800 and an AMPS 800 concession, and offers mobile voice, roaming, and value-added services to its customers through contract and prepaid subscription plans. DTAC's non-voice services also include mobile Internet services based on WAP and EDGE.

On 26th October 2005, Thai Telco Holdings ("TTH"), a 49 per cent. subsidiary of Telenor Group, completed the purchase of a 39.9 per cent. stake in United Telecommunications Industry PCL ("UCOM"). In compliance with relevant stock market regulations in Thailand and Singapore, TTH then launched a mandatory tender offer for all outstanding shares of UCOM and, along with Telenor Asia, a Chain Principle Offer (as defined by stock market regulation in Singapore), for all of the shares of DTAC that they, and their parties acting in concert, did not collectively own or control. The mandatory tender offer resulted in an increase in Telenor Group's economic stake in DTAC, held through TTH, UCOM and Telenor Asia, to 69.3 per cent. at 31st December 2005. In the first quarter of 2006, this was increased to 70.2 per cent. DTAC is listed on the Singapore stock exchange and UCOM on the stock exchange in Thailand.

Associated Companies and Joint Ventures

VimpelCom was established in 1992, and operates under the Bee Line brand in Russia. VimpelCom is the main associated company of the Telenor Group and Russia's second largest mobile operator, with an estimated overall market share for mobile communications in Russia of 34.3 per cent. as at year-end 2005. VimpelCom's ADSs are listed on the New York Stock Exchange and registered with the United States Securities Exchange Commission. VimpelCom has subsidiaries in Kazakhstan, Uzbekistan and Tajikistan. VimpelCom's ownership of Ukrainian Radio Systems ("URS") in the Ukraine is currently the subject matter of litigation between Telenor Group and VimpelCom. Telenor ASA became a part owner of VimpelCom in 1999, and held, at the end of 2005, an ownership share of 29.9 per cent. and a voting share of 26.6 per cent.

VimpelCom operates a GSM 900/1800 network, as well as several small AMPS/ D-AMPS networks, that target both the business and consumer markets. VimpelCom's Russian licence portfolio covers approximately 94 per cent. of the population. VimpelCom offers voice services and value-added services on its GSM and D-AMPS networks on both a prepaid and contract basis, with around 99 per cent. of its Russian subscribers using GSM.

As part of its overall business strategy, VimpelCom has constructed and tested a pilot UMTS network, and intends to introduce UMTS services in some of the larger cities if awarded a UMTS licence.

On 20th March 2006, the Telenor Group made a proposal for VimpelCom to acquire full ownership of Kyivstar, Telenor Group's consolidated mobile operation in Ukraine, in which Telenor Group holds a 56.5 per cent. ownership interest, at a price of more than US\$ 5 billion in cash. A condition to Telenor Group's proposal is that Telenor Group and Alfa Group enter into a market based

separation mechanism. If implemented and activated, this mechanism would permit the party placing the highest value on VimpelCom to make an offer for all of the other party's shares and obligate the other party to dispose of its entire shareholding.

ONE, Austria (formerly Connect Austria) was established in 1997 and is the third largest of six mobile operators in Austria. The Telenor Group became a part owner in 1997, and was as at 31st December 2005 holding an ownership share of 17.5 per cent. ONE operates a nationwide GSM 1800 network and provides Internet and fixed line solutions to the market. GPRS was launched in 2002.

Fixed

Telenor Group is the leading provider of fixed network communications services in Norway and through the acquisitions of Bredbandsbolaget in Sweden and Cybercity in Denmark in July 2005, has taken a substantial position in the growing broadband markets in these countries. In the first quarter of 2006, Telenor Group increased its ownership interest in Glocalnet AB in Sweden to 96.6 per cent.

Fixed Norway – Residential

Telenor Group provides voice services on a traditional public switched telephone network ("PSTN"), an integrated services digital network ("ISDN") and via broadband Voice over Internet Protocol ("VoIP"). Telenor Group also provides narrowband ("PSTN/ISDN") and broadband ("xDSL") Internet access and services to households across Norway. As at 31st December 2005, Telenor Group had approximately 922,000 PSTN subscriptions, 286,000 ISDN basic rate access subscriptions, and 24,000 VoIP subscriptions for telephony services. Telenor Group also had 579,000 Internet access subscriptions in the residential market, comprising 165,000 narrowband ("ISDN/PSTN") subscriptions and 414,000 broadband ("xDSL") subscriptions.

Fixed Norway – Business

Telenor Group provides its business customers, which include a number of public sector entities, with PSTN, ISDN and VoIP telephony services, Internet access via xDSL and leased lines services. As at 31st December 2005, Telenor Group had approximately 167,000 PSTN subscriptions, 216,000 basic rate and 7,000 primary rate ISDN subscriptions as well as 1,600 VoIP subscriptions for telephony services. Telenor Group also had 61,000 subscriptions for Internet access via xDSL in this market. In addition, Telenor Group provides integrated voice and data communications solutions, access and network services to the Norwegian business market.

Fixed Norway – Wholesale

Telenor Group provides a range of interconnection and capacity services, including leased lines, in the Norwegian market. Telenor Group's interconnection and capacity services allow other network operators, Internet service providers and other service providers to connect to its network or use its infrastructure in order to facilitate their own service offerings. Telenor Group also offers unbundled telephony access (PSTN and ISDN) and xDSL access to other operators and service providers. Further, Telenor Group provides local loop unbundling ("LLUB") and shared access to the local loop, which enables other operators to provide end-users with broadband.

Fixed Sweden

Telenor Group provides telephony, IP-based and data communication services and advanced network services to the business and wholesale markets in Sweden through the group's wholly owned Swedish subsidiary Utfors AB. As from July 2005, Telenor Group provides high-speed Internet, VoIP, IP-TV and add-on broadband services to the Swedish residential market through the

wholly owned subsidiary Bredbandsbolaget, which had approximately 369,000 subscriptions (an estimated 20 per cent. market share for broadband services in Sweden), at year-end 2005.

Fixed Denmark

As from July 2005, the Telenor Group provides broadband solutions and network-based products, such as security and VPN products for residential and business customers, through its Danish broadband provider Cybercity. Cybercity serves small, medium and large business customers as well as residential customers. As at 31st December 2005, Cybercity had approximately 122,000 xDSL customers.

Broadcast

Telenor Group is the leading provider of television and broadcasting services to consumers and enterprises in the Nordic region. Telenor Group also operates the national terrestrial broadcast network in Norway and is the leading provider of satellite broadcasting services in the Nordic region, utilising three geostationary satellites. Telenor Group's key objective is to further strengthen its position in the broadcasting market in the Nordic region.

In June 2005, Canal Digital, in partnership with the Norwegian broadcaster TV2, acquired the rights to distribute Norwegian elite football on TV, broadband Internet and 3G mobile, at a price of NOK 1 billion, for the period 2006 through 2008.

As at 31st December 2005, Telenor Group had more than three million subscribers to its different television services, consisting of 906,000 pay-TV subscribers and 222,000 basic tier households on DTH, 681,000 cable TV subscribers, 33,000 DTT pay-TV subscribers and 1,177,000 households in SMATV networks.

In Sweden, the government commenced the shutdown of analogue terrestrial TV in September 2005. Between 100,000 and 200,000 households were directly affected by this shutdown in 2005. As affected households migrate from analogue TV reception to digital reception via cable, DTH or DTT, the major operators in the Swedish market expect a growth in subscribers uptake.

In Norway, Norges Televisjon ("NTV"), which is jointly owned by Telenor Group and the Norwegian broadcasters NRK and TV2, was awarded a DTT licence on 2nd June 2006.

Telenor Group also provides transmission services for broadcasters through Telenor Satellite Broadcasting and Norkring. Telenor Satellite Broadcasting owns and operates satellite transmission capacity on the satellite position 1-degree west, and is the largest Nordic provider of commercial satellite services for transmission of television and radio programmes.

In the third quarter of 2005, Telenor Satellite Broadcasting entered into an agreement for the acquisition of a new satellite to replace the Thor II satellite, at a price of NOK 1.2 billion. Telenor Group will take possession of the new satellite towards the end of 2007.

Telenor Group's wholly owned subsidiary Norkring owns and operates analogue and digital terrestrial radio and television transmission systems in Norway. Norkring provides analogue services to two nationwide television broadcasters: the national broadcaster NRK and the commercial channel TV2, several national radio broadcasters and a number of local television and radio stations.

Telenor Group's wholly owned subsidiary Conax offers conditional access systems that enable broadcasters and content providers to encrypt their digital services. At year end 2005, Conax had sales and support staff in India, Singapore, China, Brazil and Germany, and customers in more than 40 countries.

EDB Business Partner

As at 31st December 2005, the Telenor Group held an ownership share of 51.8 per cent. in EDB Business Partner ASA. EDB Business Partner ASA is one of the Nordic region's leading IT groups, with around 3,900 employees. EDB Business Partner is a supplier of software solutions and offers management services with special expertise in telecommunications, banking and finance. EDB Business Partner has a strong presence in the Norwegian market, as well as in the US, Sweden, the UK, Switzerland and Spain.

Satellite Services

Telenor Satellite Services is wholly owned by the Telenor Group, and supplies satellite-based voice and data services for use on land, in shipping and the offshore industry and in aviation. Following the acquisition of Telenor Satellite Services Inc. (formerly COMSAT Mobile Communications) in January 2002 and Marlink (formerly Sait Communications) in 2001, Telenor Satellite Services has become one of the world's leading suppliers of global, mobile communications solutions via satellite. The services are marketed through a broad international chain of distributors as well as from its own offices around the world. In June 2004, the wholly-owned subsidiary of Telenor ASA, Telenor Satellite Networks merged with Telenor Satellite Services.

Research And Development

Telenor Research and Development makes an important contribution to Telenor Group's value improving services through strategic consultancy, innovation and improvement of existing solutions. The research and development activity is mainly linked to future broadband networks and mobile systems, as well as new services and customer solutions across different networks. The company also carries out work on new business models and takes part in strategic processes in the Telenor Group. The company is Norway's largest research community in the field of ICT, and is regarded as one of the leaders in specific areas within European research collaboration.

Telenor Venture

Telenor Venture is seeking to create value by investing in companies in the fields of telecommunications and IT and taking an active ownership role in them. The Telenor Venture companies are managed and administered by Televenture Management AS and Televenture Management II AS. Telenor ASA has an ownership share of 23.9 per cent. in Televenture Management AS.

Telenor Eiendom Holding

Telenor Eiendom Holding is wholly owned by the Telenor Group. At the end of 2004, the company owned, managed and leased approximately 1 million square metres of floor space spread out over approximately 4,500 buildings. The company's main task is to ensure that the Telenor Group has at its disposal sufficient premises to allow its main activities to be performed in a cost effective manner.

Recent Developments

Legal Proceedings

Telenor Group is involved in a number of legal proceedings within various forums. Some of these proceedings involve administrative agencies, arbitrations, court cases within the governing jurisdiction and matters before governmental bodies which include minor and material issues that arise out of activities related to the Telenor Group's business. While acknowledging the uncertainties of litigation, the Telenor Group is of the opinion that based on the information available to date, these matters will be resolved without any material negative effects individually or in the aggregate on Telenor Group's financial position. Provisions have been made to cover

unfavourable rulings, judgments, decisions or foreseeable deviations in tax assessments, pending the outcome of appeals by Telenor Group against these decisions. Furthermore, provisions have been made to cover the expected outcome of the other proceedings to the extent that negative outcomes are likely and that reliable estimates can be made.

Telenor Eiendom Holding AS

In January 2003, Telenor Eiendom Holding AS (previously Telenor Communication AS) initiated proceedings against the Norwegian tax authorities before the Oslo District Court relating to the non-recognition of a tax loss for the fiscal year 2001 deriving from the sale of shares in Sonofon Holding A/S from Telenor Eiendom Holding AS to Dansk Mobil Holding AS. The disputed amount is approximately NOK 8.6 billion, corresponding to a tax charge of approximately NOK 2.4 billion. Hearings were held before the Oslo District Court in January 2004 and a decision favourable to Telenor Eiendom Holding AS was issued on 14th June 2004. The tax authorities appealed the judgment and main proceedings before the Court of Appeal (Borgarting Lagmannsrett) were held on or about the 14th through the 18th November 2005. On 21st December 2005 a decision was reached and issued by the Borgarting Lagmannsrett Appeals Court in Norway for Telenor Eiendom Holding AS with respect to the intra group sale of Telenor Group's shares in Sonofon Holding A/S. The taxes were paid in 2003. On or about 30th January 2006, the Norwegian tax authorities appealed the ruling of the Appeals Court to the Supreme Court of Norway. The Supreme Court has decided to hear the appeal. Consequently, Telenor Group has not taken the tax reduction to income.

Telenor Mobile AS

In November 2003, Sense Communication ASA initiated legal proceedings against Telenor Mobil AS before the Oslo District Court claiming that prices set forth in a service provision agreement for the period 2000-2003 had been excessive and not in accordance with the requirements for cost-oriented pricing. Sense gave notice to the effect that the claim might be recalculated in order to include other relevant years. The Asker and Bærum District Court gave judgment in favour of Telenor Mobil on 2nd November 2004 and Sense appealed to the Court of Appeal. Sense (Reitan Gruppen AS, the Sense assignee) presented the claim to the Appeals Court during the 8th through the 16th February 2006 estimating its claim for NOK 261 million plus interest and legal costs. The Appeals Court rendered a decision in April 2006 in favour of Telenor Mobil and Reitan Gruppen AS, the Sense assignee, filed an appeal to the Supreme Court concerning the Appeals Court decision. At this time the Supreme Court has not yet decided whether it shall hear the appeal requested by Reitan Gruppen AS, the Sense assignee.

In March 2004, Telenor Mobil AS was summoned to appear before the conciliation board in connection with a complaint filed by Tele2. Tele2 has asserted a request for reimbursement of approximately NOK 113 million plus interests and legal costs. Tele2 alleges that prices charged by Telenor Mobil for resale of mobile telephone services under the service provider agreement with Tele2 has not been in accordance with the requirements for cost-oriented pricing and the case has been referred to the District Court for disposition. In May 2005, Tele2 filed their claim and Telenor Mobil has provided its response before the ordinary court in the first instance stating that prices have been in accordance with the requirements of cost oriented pricing. The parties have agreed to suspend the case until clarification of some of the issues determined in the Sense Communication case.

Telenor Group owns 56.5 per cent. of the voting shares in Kyivstar GSM, Ukraine ("Kyivstar"), with the remaining 43.5 per cent. of the voting shares owned by Storm LLC ("Storm"), a wholly owned subsidiary of the Alfa Group (an unrelated entity). As of 31st December, 2005, Kyivstar was fully consolidated in Telenor Group's financial statements. Over the past year, Storm has, in a number of instances, failed to present at least one Storm representative for Kyivstar's shareholder and board meetings. For a valid quorum to be present at Kyivstar's shareholder meetings, Ukrainian law requires the attendance of shareholders holding more than 60 per cent. of a company's share

capital and, for a valid quorum to be present at board meetings, Kyivstar's charter and shareholder agreement require the attendance of at least one director from Storm. Storm and certain of its affiliates have also filed a number of related lawsuits in the Ukrainian courts contesting, among other things, the validity of parts of Kyivstar's shareholder agreement and charter, including the ability of Kyivstar's chief executive officer to carry out his delegated duties, and the validity of previous decisions made by members of Kyivstar's board of directors. Telenor Group believes that these lawsuits are without merit and is vigorously contesting all of the claims that are currently pending in Ukrainian courts. Telenor Group has also proposed technical changes to Kyivstar's charter to ensure that the Kyivstar board continues to function in accordance with the Kyivstar shareholder agreement, but the actions of Storm described above, including the failure of Storm or its nominees to attend meetings, could still adversely affect the ability of Kyivstar to operate and compete effectively. In accordance with Kyivstar's shareholder agreement, Telenor Group commenced in February 2006 an arbitration proceeding in New York against Storm for violating the Kyivstar shareholder agreement. In the Spring of 2006 members of the arbitration panel were selected and agreed upon by Storm and Telenor Group pursuant to the terms of the Arbitration procedure. Subsequent to that agreement on selecting members of the panel however, Storm on 29th June, 2006 made a special appearance before the Arbitration panel and now challenges the jurisdiction of the Arbitration panel. The panel has decided to conduct an evidentiary hearing before ruling on Storm's motion to dismiss.

Management

The General Meeting of shareholders of the Telenor Group is held at least once every year. The General Meeting monitors the Board of Directors to ensure sound management and good operating practices, and also approves the accounts. In addition, the Board of Directors must submit to the General Meeting all matters which are considered to be of major, fundamental, political or social importance to the Telenor Group as well as an annual plan which covers the main business actions for the coming years, including major reorganisations, the development of new operations, the further development of existing operations, major investments, financial development, and pricing trends.

Matters which must be submitted to the General Meeting must first, so far as possible, be submitted to the Corporate Assembly for comment. The Corporate Assembly has 15 members, elected for two-year periods, and meets three to four times a year. The General Meeting elects two-thirds of its members and the other one-third are elected by and from employees of the Telenor Group. The Corporate Assembly's principal function is the election and removal of the Board of Directors. The Board of Directors approves the Telenor Group's strategy and its annual budgets and, together with the President of the Telenor Group's Executive Management, shares the overall responsibility for managing the Telenor Group. The Board of Directors also appoints the President and CEO of Telenor ASA and the members of the Telenor Group Executive Management. The Board of Directors aims to meet on a monthly basis and has ten members of whom seven, including the Chairman and Vice-Chairman, are elected by the General Meeting for two year periods and three are elected by and from the employees of the Telenor Group in accordance with the Norwegian Companies Act. The Board of Directors had eleven meetings in 2005.

Important strategic and financial issues or other fundamental matters relating to Telenor ASA are dealt with in the CEO and Group Executive Management weekly meetings, including the preparation of items for the Board, the Corporate Assembly and the General Meeting. This includes, amongst other things, strategy, ongoing follow-up of activities and coordination between the company's senior managers.

The CEO and members of Group Executive Management are as follows:

Jon Fredrik Baksaas has served as President and CEO since 21st June 2002.

Trond Westlie has served as Chief Financial Officer of Telenor ASA since September 2005 and previously held the position of Director of Finance of Telenor ASA.

Arve Johansen has served as Senior Executive Vice President since 1999.

Morten Karlsen Sørby has served as Executive Vice President since January 2003.

Jan Edvard Thygesen has served as Executive Vice President since 1999.

Stig Eide Sivertsen has served as Executive Vice President since 1999.

Ragnar H. Korsæth has served as Executive Vice President since January 2006.

Bjørn Magnus Kopperud has served as Executive Vice President since January 2006.

The members of the Board of Directors of Telenor ASA are as follows:

Thorleif Enger was elected to the Board on 1st October 2001 and was made Chairman on 6th March 2003. He is CEO of Yara International ASA.

Björg Ven was elected to the Board on 1st October 2001. She has been a partner in the law firm Haavind Vislie in Oslo since 1980.

John Giverholt was elected to the Board on 8th May, 2003. He is the CFO of Ferd AS.

Jørgen Lindegaard was elected to the Board on 1st October 2001. He is the CEO of the airline company SAS.

Hanne de Mora was elected to the Board on 18th June 2002. Since June 2002 she has run her own management resource firm in Switzerland.

Liselott Kilaas was elected to the Board on 8th May, 2003. She is the Managing Director of Zenitel ASA in Norway.

Paul Bergqvist was elected to the Board on 7th April 2005. He is the Executive Vice President and Deputy CEO of Calsberg Sweden A/S.

Harald Stavn was elected to the Board on 20th June 2000 as an employee representative.

Per Gunnar Salomonsen was elected to the Board on 1st November 2000 as an employee representative.

Irma Tystad was elected to the Board of directors on 20th June 2000 as an employee representative.

There are no conflicts of interest between any duties to Telenor ASA of the persons above and other duties or private interests of those persons.

The business address for Group Executive Management and members of the Board of Directors is c/o Telenor ASA, Snarøyveien 30, 1331 Fornebu, Norway.

Employees

At year-end of 2005, Telenor Group had 28,500 employees (working 27,600 man-years), of whom 17,200 were employees outside Norway. This is an increase of 6,750 employees compared to year-end 2004.

Auditors

The external auditors of the Telenor Group are Ernst & Young AS, state authorised public accountants ("statsautoriserede revisorer").

Glossary of Terms

ADSL: Asymmetrical Digital Subscriber Line; method of transmission that uses existing copper cable networks for services that require a higher capacity in one direction than the other, e.g. video on demand.

AMPS:	Advance Mobile Phone Service; the original standard specification for analog mobile networks, AMPS divides a geographic area into cells in order to optimise the use of a limited number of frequencies.
Broadband:	transmission capacity with sufficient broadband to transmit, for example, voice, data and video simultaneously.
EDGE:	Enhanced Data rates for GSM Evolution – GSM network upgrade that allows for considerably higher bandwidth and data transmission speeds of up to 144 kbps.
GPRS:	General Packet Radio Services; packet switch service that transfers data as packets, each with its own address.
GSM:	Global System for Mobile communications; common European standard for digital mobile telephone systems.
ICT:	Information and Communications Technology.
IP:	Internet Protocol; the protocol (standard) that the Internet is based on.
ISDN:	Integrated Services Digital Network; term for digital networks that integrate a number of difference services – voice, text, data and images.
MMS:	Multimedia Messaging Service; a standard that enables the transfer of formatted text, and live pictures and sound, to and from mobile telephones.
MVNO:	Mobile Virtual Network Operators; are mobile operators without physical network infrastructure, possessing all systems necessary to provide combined services and roaming to other network operators. May offer subscriptions (SIM-cards) and services to end users.
PSTN:	Public Switched Telephone Network; term for the regular, analog telecoms network.
SMS:	Short Messaging Service; the text message system in GSM.
UMTS:	Universal Mobile Telecommunications System; term for the third generation mobile network.

TAXATION

Norwegian Taxation

The information provided below does not purport to be a complete summary of Norwegian tax law and practice currently applicable. Prospective investors who are in any doubt as to their tax position should consult with their own professional advisers.

Payments of principal and interest on the Notes to persons or legal entities who have no connection with Norway other than the holding of Notes issued by the Issuer are, under present Norwegian law, not subject to any withholding or deduction for or on account of any Norwegian taxes, duties, assessments or Governmental charges.

Gains or profits realised on the sale, disposal or redemption of the Notes by persons or legal entities who have no connection with Norway other than the holding of Notes are under present Norwegian law, not subject to Norwegian taxes, duties, assessments or Governmental charges.

No Norwegian issue tax or stamp duties are payable in connection with the issue of the Notes.

Holders of Notes will not be subject to any Norwegian estate duties provided that, at the time of the death of any Noteholder, such Noteholder has no connection with Norway other than the holding of the Notes and provided that the Notes have not been used in or attached to any business activity operated through a permanent establishment situated in Norway.

Holders of Notes resident in Norway for tax purposes will be subject to Norwegian income taxation on interest and capital gains at the applicable rate. The same applies to other legal entities that are resident in Norway for tax purposes (including, but not limited to individuals and legal entities having a permanent establishment in Norway provided that the Notes are used in or connected with any business activity operated through such permanent establishment). In such cases, interest and gains or profits realised by such persons or legal entities on the ownership, sale, disposal or redemption of the Notes will be subject to Norwegian taxation at the applicable rate.

Holders of Notes issued with a discount (compared to the nominal value) being resident in Norway for tax purposes, or otherwise subject to taxation through a permanent establishment in Norway, may be taxed annually for a deemed interest element on such Notes.

Investors are recommended to seek legal advice on their individual tax situation.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1st July 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

Luxembourg Taxation

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

(i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the “Laws”) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 15 per cent. during the first three-year period starting 1 July 2005, at a rate of 20 per cent. for the subsequent three-year period and at a rate of 35 per cent. thereafter. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 15 per cent.

(ii) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the “Law”) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in an Amended and Restated Programme Agreement dated 7th July 2006 (as further amended and/or supplemented and/or restated from time to time, the "Programme Agreement"), among the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to issue Notes directly on its own behalf to Dealers that are not Permanent Dealers and who agree to be bound by the restrictions below. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arrangers for its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code and regulations thereunder.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Dealer, by the Issuing and Paying Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, US persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, US persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such Offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive was implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) in relation to any Notes having a maturity of less than one year from the date of issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;
- (ii) it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity

(within the meaning of Section 21 of the FSMA) received by it in connection with the issue of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

The Kingdom of Norway

Neither the Notes nor this Base Prospectus have been filed with any Norwegian Stock Exchange and the Notes have not been registered with the Norwegian Central Securities Depository (VPS). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, unless the Issuer has confirmed in writing to each Dealer that the Notes and this Base Prospectus have been filed with any Norwegian Stock Exchange, the Norwegian Register of Business Enterprises and the Norwegian Central Securities Depository, it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in the Kingdom of Norway or to residents of the Kingdom of Norway, other than to persons who are registered with the Oslo Stock Exchange as professional investors. Notes denominated in Norwegian Kroner may not be offered or sold within Norway or outside Norway to Norwegian citizens abroad, without the Notes prior thereto having been registered in the Norwegian Central Securities Depository.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “Securities and Exchange Law”). Accordingly, each of the Dealers has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law, and other relevant laws, regulations and ministerial guidelines of Japan. As used in this paragraph, “resident of Japan” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

The Netherlands

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that any Notes with a maturity of less than 12 months and a denomination of less than €50,000 will only be offered in The Netherlands in circumstances where another exemption or a dispensation from the requirement to make a prospectus publicly available has been granted under Article 4 of the Securities Transaction Supervision Act 1995 (“*Wet toezicht effectenverkeer 1995*”).

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will, to the best of its knowledge and belief, comply with all relevant laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any other Dealer shall have responsibility therefor.

GENERAL INFORMATION

1. The Luxembourg Stock Exchange has allocated the number 12432 to the Programme for the purposes of admittance to the Luxembourg Stock Exchange.
2. The Issuer has obtained all necessary consents, approvals and authorisations in the Kingdom of Norway in connection with the establishment and update of the Programme and the issue and performance of the Notes. The issue of Notes under the Programme was last authorised by a resolution of the Board of Directors passed on 26th June 2003.
3. Except as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer or of the Telenor Group since 31st March 2006 and no material adverse change in the financial position or prospects of the Issuer or of the Telenor Group since 31st December 2005.
4. Except as disclosed on pages 72 to 74, neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) that may have, or have had during the 12 months preceding the date of the document, a significant effect on the financial position or profitability of the Telenor Group or of the Issuer nor is the Issuer aware that any such proceedings are pending or threatened.
5. Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
6. Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code and the International Securities Identification Number (ISIN) and the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms. If the Notes are to clear through an additional or alternative clearing systems (including the VPS) the appropriate information will be specified in the applicable Final Terms. Euroclear, Clearstream, Luxembourg and the VPS are the entities in charge of keeping the records. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels; the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg; and the address of the VPS is Biskop Gunnerusgate, 14A, 0185 Oslo, Norway.
7. For as long as Notes are listed on the Luxembourg Stock Exchange, copies of the following documents (together with English translations where applicable) will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the offices of the Issuer and the Issuing and Paying Agent and at the office of the Paying Agent in Luxembourg and (in respect of those documents listed in 7.3 to 7.7 (inclusive)), for collection at the office of the Paying Agent in Luxembourg:
 - 7.1 the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons) as amended or supplemented from time to time;
 - 7.2 the Programme Agreement as amended or supplemented from time to time;
 - 7.3 the Certificate of Registration and Articles of Association of the Issuer;
 - 7.4 the consolidated published annual report of the Issuer for the last two years ended 31st December 2004 and 31st December 2005, the most recently published annual report of the Issuer;

- 7.5 each Final Terms for Notes that are listed on the Luxembourg Stock Exchange or any other stock exchange. Final Terms for Notes listed on the Luxembourg Stock Exchange will also be published in the Luxembourg Stock Exchange's website (*www.bourse.lu*);
 - 7.6 a copy of this Base Prospectus together with any further Base Prospectus or Supplement to this Base Prospectus;
 - 7.7 a copy of the subscription agreement for Notes issued on a syndicated basis that are listed on the Luxembourg Stock Exchange; and
 - 7.8 any reports (other than audit reports), letters, statement and valuations prepared at the Issuer's request and included in this Base Prospectus (if any).
8. The auditors of the Issuer are Ernst & Young AS state authorised public accountants ("Statsautoriserete"), who have audited the Issuer's accounts, without qualification, in accordance with Norwegian GAAP with IFRS comparable figures for the financial year ended 31st December 2004 and in accordance with IFRS for the financial year ended 31st December 2005. Ernst & Young AS are members of the Norwegian Institute of Public Accountants. The auditors of the Issuer have no material interest in the Issuer.
 9. Any certificate or report of the Auditors or any person called for by or provided to the Trustee in accordance with or for the purposes of these presents may be relied upon by the Trustee as sufficient evidence of the facts stated therein whether or not such certificate or report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of the Auditors or such other person in respect thereof.

10. Post-issuance information

The Issuer does not intend to provide post-issuance information in relation to any issues of Notes on the underlying, if not otherwise required by any applicable laws and regulations.

REGISTERED OFFICE OF THE ISSUER

Telenor ASA
Snarøyveien 30
1331 Fornebu
Norway

ARRANGER

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB

DEALERS

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB

Dresdner Bank AG
Jürgen-Ponto-Platz 1
D-60301 Frankfurt am Main
Germany

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB

J.P. Morgan Securities Ltd.
125 London Wall
London EC2Y 5AJ

Nordea Bank Norge ASA
Middelthuns gate 17
NO-0368 Oslo
Norway

LEGAL ADVISERS

To the Issuer

in respect of Norwegian law
Bugge, Arentz-Hansen & Rasmussen
Stranden 1
P.O. Box 1524 Vika
N-0117 Oslo
Norway

in respect of English law
Linklaters
One Silk Street
London EC2Y 8HQ

To the Dealers and the Trustee

in respect of Norwegian law
Wiersholm, Mellbye & Bech
P.O. Box 1400 Vika
N-0115 Oslo
Norway

in respect of English law
Allen & Overy LLP
One New Change
London EC4M 9QQ

AUDITORS

Ernst & Young AS
Statsautoriserte revisorer
Oslo Atrium
P.O. Box 20
N-0051 Oslo
Norway

TRUSTEE

Citicorp Trustee Company Limited

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

**ISSUING AND PAYING AGENT, REGISTRAR, TRANSFER AGENT
AND CALCULATION AGENT**

Citibank, N.A., London branch

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

PAYING AGENT AND TRANSFER AGENT

Dexia Banque Internationale à Luxembourg

69 Route d'Esch
Luxembourg, L-2953

VPS ACCOUNT MANAGER

DnB Nor ASA

Stranden 21
Aker Brygge
N-0021 Oslo

LUXEMBOURG LISTING AGENT

Dexia Banque Internationale à Luxembourg

69 Route d'Esch
Luxembourg, L-2953

