



# Telenor ASA

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

€7,500,000,000

## 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 €7,500,000,000 (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 Markets in Financial Instruments Directive 2004/39/EC.

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 SA/NV (**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 "Overview 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 "Overview 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 A3 by Moody's Investors Services, Inc. and BBB+ by Standard & Poor's Rating Services, a division of the McGraw Hill Companies Inc. 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 4 July 2008 published by Telenor ASA relating to the Programme. This Base Prospectus does not affect any Notes already in issue.

*Arranger*

**Deutsche Bank**

*Dealers*

**Citi**

**Deutsche Bank**

**ING Wholesale Banking**

**Nordea**

19 May 2009

**Commerzbank Corporates & Markets**

**Goldman Sachs International**

**J.P. Morgan**

*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 “General Description 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.*

*In the case of any Notes which are to be admitted 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 (2003/71/EC), the minimum specified denomination shall be €50,000 (or its equivalent in any other currency as at the date of issue of Notes).*

*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, the Dealers and the Trustee (as defined herein) have not separately verified the information contained in this Base Prospectus. None of the Dealers, the Arranger or the Trustee 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 Trustee, 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, the Arranger or the Trustee 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, the Arranger or the Trustee.*

*Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers, as the case may be.*

*In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “US\$” and “US dollars” are to United States dollars, to “Nkr”, “Nkr” or “NOK” are to Norwegian Kroner and to “THB” are to Thailand Baht. In addition, all references to “euro” and “€” refer to the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.*

**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 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. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

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## RISK FACTORS

*The Issuer believes that the following risk factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these risk 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. Any of the risks described below could have a material adverse impact on Telenor's business, financial condition and results of operations and could therefore have a negative effect on the Issuer's ability to pay interest, principal or other amounts on or in connection with any Notes. The information below does not purport to be exhaustive. 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, each potential investor should consult its 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.

### *EU Savings Directive*

Under EC Council Directive 2003/48/EC (the **Directive**) on the taxation of savings income, Member States are required 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 another 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 adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008, the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008, the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of these proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

#### *Change of law*

The Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

#### *Notes where denominations involve integral multiples: definitive Notes*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

#### ***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**

#### ***Operational Risks***

**If Telenor fails successfully to develop and market new mobile communications services in the markets in which Telenor operates, Telenor's ability to achieve further revenue growth from mobile communications services may be constrained.**

Telenor is a market leader in Norway and a leading player in some of the other markets in which Telenor operates. Due to increasing, and in some cases already high, penetration rates and increased competition in these markets, Telenor expects that further revenue growth from mobile communications services in these markets will partly depend on Telenor's ability successfully to develop and market new applications and services or have third parties provide services to Telenor's customers on its network. In particular, Telenor strives to stimulate demand for value-added services among its existing customers. If a new service launched by Telenor is not technically or commercially successful or launched according to expected schedules, Telenor's ability to attract new customers or maintain existing customers may be impaired. If Telenor is unable successfully to market and cross-sell among its existing customers in these markets, Telenor's ability to achieve further revenue growth from mobile communications services in these markets may be impaired.

**Telenor may not be able to increase its subscriber base or stabilise its churn rates and average revenue per user (ARPU), which could adversely affect Telenor's revenue, profitability and business operations.**

Attracting a new subscriber costs Telenor more than to maintain an existing subscriber. Telenor's revenue from its existing subscribers may not be sufficient to cover the costs of attracting new subscribers or the increased network costs required to accommodate new subscribers on Telenor's networks. If Telenor experiences a substantial increase in subscriber deactivations, Telenor's profitability could be adversely affected, which could cause a materially negative impact on Telenor's business, financial condition and results of operations.

To increase Telenor's subscriber base, it may be necessary to lower the rates Telenor charges, which may result in a corresponding decrease in ARPU. In some of its markets Telenor invests in low ARPU subscribers in the anticipation that they will evolve into high ARPU subscribers. In addition, Telenor may experience increased subscriber acquisition costs, including as a result of the provision of incentives such as free or highly subsidised handsets, which would increase operating costs but may not result in a corresponding increase in revenue. Further, regulations in the markets in which Telenor operates regarding pricing and promotions may restrict the methods Telenor uses to attract new subscribers. Any such failure to increase Telenor's subscriber base and ARPU may have a material adverse effect on Telenor's business, financial condition, results of operations and prospects. Any adverse effect on Telenor's cash flow could negatively impact its ability to service its obligations under the Notes.

**Telenor's business, earnings and financial condition have been and will continue to be affected by the current crisis in the global financial markets and the deterioration in the global economic outlook.**

Telenor's performance is influenced by economic conditions in the markets in which it operates. The global economy and the global financial system have been experiencing a period of uncertainty and significant difficulties since August 2007 and the financial markets have deteriorated substantially since September 2008. This has led to severe dislocation of financial markets around the world and unanticipated levels of illiquidity. The market dislocation has also been accompanied more recently by recessionary conditions and trends in a number of economies across the world. The continuing financial crisis and a protracted economic downturn in any of Telenor's major markets could have an adverse effect on the level of demand for its products and services. Continued deterioration in the global economy and specifically in the economies in which Telenor operates, including in the equity and bonds markets, the availability and cost of credit, the telecommunication sector generally, business and consumer confidence, employment trends, inflation, the liquidity of global financial markets and market interest rates may significantly impact Telenor's earnings and financial position. The exact nature of all the risks and uncertainties Telenor faces as a result of the current global financial crisis and global economic outlook cannot be predicted and many of these risks are beyond Telenor's control. In addition, disruption, uncertainty or volatility in the stock and credit markets may limit Telenor's ability to access the capital necessary to implement, finance or re-finance its capital and other expenditure.

**Emerging markets such as Russia, Ukraine, Malaysia, Thailand, Pakistan, India and Bangladesh are subject to greater risks than more developed markets, and financial turmoil in any emerging market country could disrupt Telenor's business.**

As a large, multinational company, Telenor offers its services throughout the world, including Russia, Ukraine, Malaysia, Thailand, Bangladesh, Pakistan and India. These markets are subject to greater risk than more developed markets, including significant legal, economic, tax and political risks that are subject to rapid change (as further discussed under "Political Risks").

Financial problems or an increase in the perceived risks associated with investing in emerging economies generally could reduce foreign investment in any emerging market country and adversely affect that country's economy. In addition, companies that operate in emerging markets

may face severe liquidity constraints as foreign funding is withdrawn. Thus, even if the economy in one emerging market country remains relatively stable, financial turmoil in any other emerging market country could materially adversely affect Telenor's business and prospects in emerging markets generally.

**Telenor's inability to control or acquire control over companies in which it owns minority interests, or disagreements with Telenor's partners or co-shareholders in its international operations, may impede the fulfilment of Telenor's strategic objectives.**

Telenor's strategy in the markets in which it operates is to acquire control, or exercise significant influence over, the companies in which it invests, allowing it to exercise a controlling influence over those companies' key business or strategic decisions. Telenor's mobile operations include one company in which Telenor is not deemed to exercise control on the basis of its shareholding, Open Joint Stock Company "Vimpel-Communications" ("VimpelCom"), a Russian telecommunications operator in which Telenor owns 29.9 percent. of the voting share capital. If Telenor is unable to acquire or maintain a control position, its ability to apply its experience and expertise in the communications sector to, and its ability to achieve cost savings, enhance profitability and increase utilisation from, its operations in these markets may be reduced. Further, Telenor's inability to increase its ownership interests in the companies in which it invests or influence key business or strategic decisions in those companies, particularly in situations in which Telenor disagrees with its partners or co-shareholders, may reduce the effectiveness of its investments.

In addition, when Telenor's local partners or other co-shareholders fail to co-operate in adequately supporting the companies in which Telenor has invested or disagree with Telenor's strategy and business plans, these companies may not be able to compete or operate effectively, thereby impairing the value of Telenor's investments. As of 31 March 2009, Telenor's assessment is that corporate governance and control has still not been restored in Kyivstar (as defined under "*Telenor ASA – Telenor's Operations*"). Kyivstar still has significant influence and continues to be accounted for as an associated company.

**Telenor is involved in legal proceedings that may disrupt its operations and its reporting of financial results.**

Telenor and its affiliated companies are involved in a number of litigation and arbitration proceedings under industry-specific and general laws and regulations and with Telenor's co-shareholders in its investments in Russia and Ukraine. Telenor has made determinations regarding accounting provisions for these proceedings based on the advice of Telenor's legal counsel; however, actual decisions of courts and arbitration tribunals may not match Telenor's expectations and could result in large damage awards and/or other remedies against Telenor or that affect Telenor's interests.

**Telenor may be unable to implement or finance its capital expenditure plans, which may materially and adversely affect its growth prospects and future profitability.**

The telecommunications industry is capital intensive. Telenor's ability to maintain and increase its revenue, net income and cash flows depends upon continued capital expenditure to build, maintain, modernise and operate its telecommunications network and technologies. Telenor also incurs significant capital expenditure developing, marketing, distributing and implementing its services, products and new telecommunications technologies. Telenor anticipates that the expansion of its business, including developing its 3G network capacity, will require substantial capital expenditure.

Telenor's capital expenditure includes investment expenditure for network capacity, improved operational efficiency, coverage and product development. Actual capital expenditure may be significantly higher than planned, and there can be no assurance whether, or at what cost, planned or other possible capital projects will be completed or that these projects will be successful if completed.

Telenor's capital expenditure is subject to a number of risks, contingencies and other factors, some of which are beyond its control, including:

- (i) requirements to obtain governmental and/or regulatory approvals for major projects, certain types of loans and the import or export of equipment;
- (ii) failures by Telenor's partners to fulfil their funding obligations, leaving Telenor liable for their additional financial commitments;
- (iii) regulations requiring that mobile operators share base stations and other transmission equipment;
- (iv) unplanned cost overruns, including as a result of exchange rate fluctuations;
- (v) the ability to keep pace with the capital expenditures of Telenor's competitors;
- (vi) the ability to integrate new technologies with Telenor's network infrastructure;
- (vii) consumer demand for network and technological improvements;
- (viii) the ability to obtain sufficient financing at acceptable prices; and
- (ix) the ability to generate sufficient cash flows from operations and financings to finance Telenor's capital expenditures, investments and other requirements.

Any of these or other factors may hinder or prevent Telenor from being able to implement its capital projects, which may adversely affect its business, financial condition or results of operations.

**Telenor may experience repeated, prolonged or catastrophic network systems failures or technology systems failures with respect to its mobile telecommunications services.**

Most of Telenor's telecommunications services are provided through its mobile telecommunications network, comprising optic cable and microwave transmission links, and through network interconnection with the networks of other service providers. The quality and reliability of Telenor's telecommunications services depends on the stability of its network and the networks of other service providers with which it interconnects. These networks are vulnerable to damage or service interruptions caused by flooding, monsoons, hurricanes, earthquakes, fires, power outages, security breaches, electronic viruses, piracy or hacking, terrorist activities, network failures, network software flaws, transmission cable disruptions, government actions or other events beyond Telenor's control, resulting in subscriber complaints (and potential subscriber deactivations) over call failures and failed connection fines and potential regulatory fines.

Recently, power outages have occurred more frequently in Pakistan and Bangladesh, affecting Telenor's network availability and increasing Telenor's operating costs due to the need to use generators for back-up power. While Telenor continues to explore other alternatives for back-up power supply, such as solar power generators, commercially viable, cost-effective alternatives may not be available or practical.

Repeated, prolonged or catastrophic network or systems failures could damage Telenor's business and its ability to attract and retain subscribers, as well as subjecting Telenor to potential claims by other telecommunications service providers, network operators, subscribers or regulators.

**Telenor is dependent on key suppliers and vendors as well as third-party providers for the adequate and timely supply and maintenance of equipment and services.**

Telenor depends on key suppliers and vendors to provide it with equipment and services that it needs to expand its network and upgrade and operate its business. Telenor's principal suppliers of core network, radio and access equipment may not continue to supply equipment and provide services to Telenor on terms that are favourable or at all. Any failure to obtain the equipment and

services that Telenor needs to build its network and upgrade and operate its business may have a material adverse effect on its business, financial condition and results of operations.

**Telenor depends on the services of highly skilled, qualified and experienced personnel, and any inability to retain such personnel or attract suitable replacements could adversely affect Telenor's business.**

Telenor's business depends upon the continued service of highly skilled and qualified personnel with experience in the telecommunications industry and the markets in which Telenor operates, and competition for such experienced and qualified personnel can be substantial. Any inability to attract, retain and motivate these employees at compensation packages within budgeted levels could adversely affect the operation, operating costs and the success of Telenor's business.

**Telenor's reputation may be harmed by violations of applicable labour laws and/or other laws and regulations by Telenor's vendors and contractors.**

While Telenor believes that it has adequate measures in place to ensure that its affiliates, vendors and contractors comply with all labour laws and/or other laws and regulations, Telenor's ability to monitor and ensure that its affiliates, vendors, contractors and other parties providing services to or on behalf of Telenor are not in violation of applicable laws is, to an extent, limited. After unacceptable working conditions were revealed at the premises of contractors of Telenor's partner company in Bangladesh last year, Telenor has taken steps to strengthen the awareness of health, safety, security and environmental concerns at all of Telenor's affiliates, vendors and contractors, such as conducting awareness training programmes and health checkup programmes for their staff, carrying out risk assessments, and conducting surprise inspections. In spite of these measures, unauthorised violations of applicable laws, which are beyond Telenor's control, by Telenor's affiliates, vendors, contractors and other parties providing services to or on behalf of Telenor, may have an adverse effect on Telenor's reputation, business and prospects.

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

As at the date of this Base Prospectus, the Kingdom of Norway holds 53.97 per cent. of Telenor ASA's outstanding shares. Accordingly, the Kingdom of Norway has the power to determine certain matters submitted to a shareholders' vote, including electing two-thirds of the corporate assembly which, in turn, has the power to elect the board of directors, as well as the power to approve the declarations of dividends, subject to the maximum limit proposed by the board of directors. The interests of the Kingdom of Norway as a shareholder in Telenor ASA and the factors it considers in exercising its shareholder rights could be different from the interests of Telenor ASA's other shareholders.

## ***Financial Risks***

### **Liquidity risk**

Telenor emphasises financial flexibility. An important part of this emphasis is to minimise liquidity risk through ensuring access to diversified funding sources. Telenor ASA issues debt in the domestic and international capital markets mainly in the form of commercial paper and bonds. Telenor issues debt internationally in the form of euro commercial paper, U.S. commercial paper, euro medium term notes and through the Norwegian domestic capital market to secure satisfactory financial flexibility. Telenor ASA has established committed syndicated revolving credit facilities of EUR 1.5 billion, maturing in 2012 and EUR 1.0 billion, maturing in 2013. In addition, DTAC (as defined under "*Telenor ASA – Telenor's Operations*") has also established revolving credit facilities of THB 6.0 billion maturing in 2011. In January 2009, Telenor ASA established a committed syndicated credit facility of NOK 8 billion maturing in January 2012.



## **Interest rate risk**

Telenor is exposed to interest rate risk through funding and cash management activities. Changes in interest rates affect the fair value of assets and liabilities. Interest income and interest expense in Telenor's income statement are influenced by changes in interest rates in the market.

Telenor aims to manage its interest rate risk by reducing financial risk and minimising interest cost over time. Telenor applies interest rate derivatives to manage the interest rate risk of its debt portfolio. This typically involves interest rate swaps, while forward rate agreements and interest rate options are used to a lesser extent.

## **Exchange rate risk**

Telenor is exposed to changes in the value of NOK relative to other currencies. The carrying amount of Telenor ASA's net investments in foreign entities varies with changes in the value of NOK compared to other currencies. The net income of the Telenor Group is also affected by changes in exchange rates, as profits and losses from foreign operations are translated into NOK using the average exchange rate for the period. If these companies pay dividends, they will typically be paid in currencies other than NOK. Exchange rate risk related to some net investments in foreign operations is partly hedged by issuing financial instruments in the currencies involved, when this is considered appropriate. Combinations of money market instruments (commercial paper and bonds) and derivatives (foreign currency forward contracts and cross currency swaps) are typically used for this purpose.

Exchange rate risk also arises when subsidiaries enter into transactions denominated in currencies other than their own functional currency, including agreements made to acquire or dispose of assets in foreign currency. In accordance with Group Treasury Policy committed cash flows in foreign currency equivalent to NOK 50 million or above, are hedged economically by using forward contracts. Where possible, cash flow hedge accounting is applied for these transactions.

Exchange rate risk related to debt instruments in non-functional currencies in foreign operations is also a part of the financial risk exposure of the Telenor Group. Cross currency swaps are occasionally applied to eliminate such exchange rate risk. Fair value hedge accounting is applied for these transactions when possible.

## **Credit risk**

Credit risk is the loss that Telenor would suffer if a counterparty fails to perform its financial obligations. Concentrations of credit risk with respect to trade receivables are limited due to Telenor's broad and mainly unrelated customer base. As a result, Telenor believes no further credit risk provision is required in excess of the normal provision for bad and doubtful receivables.

Telenor invests surplus liquidity in current interest-bearing assets. Credit risk is inherent in such instruments. Financial derivatives with positive replacement value for Telenor, after netting, also represents a credit risk.

Credit risk arising from financial transactions is reduced through diversification, through accepting counterparties with high credit ratings only and through defining limits on aggregated credit exposure towards each counterparty. Telenor ASA benefits from netting provisions in the ISDA agreements it enters into with its bank counterparties in derivative transactions. As at 31 December 2008, Telenor ASA had collateral agreements with four banks in derivative transactions. Both ISDA agreements and collateral agreements are a means to reduce overall credit risk. Counterparty risk in subsidiaries in emerging markets is higher due to lack of counterparties with high credit rating. This counterparty risk is monitored on a regular basis. Some associated companies also hold significant deposits in banks. Such deposits are distributed over several banks to reduce credit risk. Credit risk exposure for Telenor ASA is monitored on a daily basis.



Telenor has entered into Cross Border QTE Leases for telephony switches, GSM Mobile networks and fixed-line networks. Telenor has defeased all amounts due under these agreements in financial institutions and US Government related securities. The leasing obligations and the defeased amounts are presented net in the balance sheet, see notes 20, 26 and 31. The defeased amounts were NOK 5.0 billion as of 31 December 2008 (NOK 4.0 billion as of 31 December 2007). Adjusted for agreements terminated in January 2009, the defeased amounts as of 31 December 2008 were NOK 4.2 billion. The amounts placed with financial institutions match exactly the loans provided to the lessor by affiliates of the same financial institutions. Telenor is obliged to continue lease payment should the defeasance parties fail. Telenor has a right to replace the affiliated defeasance and loan parties at par. This counterparty risk is monitored on a regular basis, and the risk of bankruptcy is considered remote.

Telenor's cash and cash equivalents also represent a credit risk. Telenor typically has cash deposits in countries where it has major operations. The credit risk on such deposits varies according to the creditworthiness of the individual banks and countries in which the banks are localised. Some associated companies also hold significant deposits in banks. Such deposits are distributed in several banks to reduce the credit risk. Credit risk exposure for Telenor ASA is monitored on a daily basis.

### **Insurable risk**

Operating telecommunications assets involves many risks and hazards including breakdown, failure or substandard performance of network and other equipment, improper installation or operation of network equipment, labour disturbances, environmental hazards, industrial accidents and terrorist activities. Telenor believes that it maintains the types and amounts of insurance customary in the industry and countries in which it operates. However Telenor's insurance may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage. As a result, Telenor may have to bear the full amount of all losses, damages and liabilities because of insufficient or deficient insurance coverage, which may in turn materially and adversely affect Telenor's business, financial condition and results of operations.

### ***Regulatory Risk***

#### **The regulatory environment could adversely affect Telenor's telecommunications licences and business operations.**

Telenor's operations are subject to extensive regulatory requirements in every country in which it operates. Telenor is required to comply with sector specific regulation governing the licensing, construction and operation of Telenor's telecommunications, cable television, broadcasting and satellite networks and services, as well as competition and consumer protection laws (which include access and price regulation) applicable to the telecommunications industry in each of the markets in which Telenor operates. In certain of these markets, regulators view Telenor as having significant market power and have therefore subjected Telenor to additional regulatory obligations and constraints that apply only to Telenor. The regulatory framework applicable to Telenor as a domestic operator in Norway or as a foreign operator in the other markets in which it operates may be restrictive and could impair Telenor's ability to compete effectively in its existing or new markets, and may adversely affect its ability to operate its business, including its level of flexibility in setting tariff structures for interconnection and roaming services.

Changes in legislation, regulations, government policy or enforcement may adversely impact Telenor's business and results. Regulatory changes that significantly affect the communications industry, including the re-allocation of frequency spectrum, the grant of new licences to existing or new operators, 3G licensing, broadband wireless access licensing, wireless local loop licensing, tariff reductions, number portability, sharing sites and towers and environmental compliance, may

be enacted in any of the markets in which Telenor operates. It is also possible that new regulations could bar existing operators from acquiring these licences.

**Telenor's operations in EU countries are regulated according to the EU regulatory framework. New or changed EU regulation may impact Telenor's business.**

EU legislation is applicable in all EU Member States and applies to Telenor's subsidiaries in Denmark, Sweden and Hungary. In addition, the legislation applies to Norway under the European Economic Area (EEA) Agreement.

Telenor is viewed by regulators in Norway, Sweden, Denmark and Hungary as having significant market power to set mobile termination rates for connecting calls to its mobile network. As a result, Telenor is subject to certain price regulations, anti-discrimination rules and other controls in these markets. Changes in the regulation of the mobile termination market could adversely impact Telenor's business. In all of these countries, regulators have issued decisions regarding maximum prices for mobile termination, but such decisions are typically appealed. Accordingly, the final outcome of the process is uncertain until final decisions are reached. This could occur several years after an initial decision is made by a regulator.

New EU regulations pertaining to international roaming have recently been evaluated. On 24 March 2009 the European Parliament and the Council reached political agreement on the Roaming II Regulation. The Council is expected to adopt the proposal on 12 June 2009. It will have immediate effect in all EU Member States from July 2009. In Norway the implementation is expected to take place three to six months later. The aim of this legislation is to extend the regulation of voice telephony roaming prices beyond the expiry of the current regulation at the end of June 2010, and to regulate SMS and data roaming prices starting from July 2009. All companies operating within EU/EEA countries will be affected and will be required to further reduce prices and change existing price plans. Additional consumer protection and transparency measures must also be implemented. The Roaming II Regulation will expire by July 2012. In 2006, the EU started a review of the regulatory framework of the electronic e-communications sector, although the implementation of the revised directives is not expected to occur before 2010. As it develops, EU legislation will continue to have a significant effect on Telenor's markets and business. If regulations are expanded or new restrictions are introduced in respect of Telenor's business operations, communications services and markets, especially if these regulations or restrictions were to discriminate against Telenor as a foreign operator, Telenor's business operations and competitiveness could be adversely affected.

**Telenor is subject to extensive regulatory requirements in Norway.**

The regulatory framework in Norway, which is based on the EU regulatory framework, may impair Telenor's ability to compete effectively in existing or new markets. In particular, Telenor is required to comply with sector-specific regulation governing the licensing, construction and operation of telecommunications, cable TV, broadcasting and satellite networks and services, as well as competition and consumer protection laws applicable to the telecommunications industry.

Telenor is viewed by the Norwegian Post and Telecommunications Authority (NPT) as having significant market power in fixed and mobile markets defined under the EU regulatory framework. As a result, Telenor is subject to additional regulatory obligations and constraints that apply only to Telenor, including requirements related to, among other things, pricing, cost accounting, reporting and anti-discrimination rules for wholesale products.

These and other new requirements may impair Telenor's flexibility in setting tariff structures or may require Telenor to reduce further rates, which may adversely affect revenues and net income. In addition, if Telenor is required to reduce interconnection prices or change the terms on which Telenor provides certain wholesale services, its competitors may benefit or, in certain circumstances, gain significant competitive advantage.

The aforementioned regulatory changes also constitute the basis for several legal proceedings brought against Telenor by its competitors, alleging losses caused by Telenor's purported failure or delay in providing access to its network on the terms required by law.

**Increased and unpredictable regulation of Telenor's international operations and investments and the lack of institutional continuity, lack of timely involvement of regulators and safeguards in certain of the emerging market countries in which Telenor operates, could adversely affect Telenor's competitive position, increase Telenor's cost of regulatory compliance and adversely affect Telenor's results and business prospects.**

Telenor derives an increasingly higher portion of its revenues and profits (or losses) from its international mobile operations and investments. This expansion into global markets has been accompanied by increased regulation in the majority of the markets in which Telenor operates. As a result, regulatory uncertainty or unfavourable regulatory developments in certain countries could adversely affect Telenor's results and business prospects.

Some of the emerging markets in which Telenor operates are in the process of transition to market economies, with more stable political institutions and more comprehensive regulatory systems. Such countries typically lack the institutional continuity and strong procedural and regulatory safeguards typical of the more established countries in which Telenor operates, such as Norway, Denmark, Sweden and Hungary.

Various examples of the challenges Telenor faces in emerging market countries include the following:

- In certain countries, legal restrictions on foreign ownership and foreign direct investment have led to ownership and management issues that Telenor has limited ability to resolve. Among others, Thailand and Malaysia have enacted regulations limiting foreign ownership of certain domestic companies. Any future change to foreign ownership limits and Telenor's resulting ability to control operations in such countries could adversely affect the value of and return on Telenor's investments and business prospects in affected markets.
- In countries with large and complicated governmental and administration structures, such as Russia, national, regional, local and other governmental bodies may issue inconsistent decisions relating to the same matter. As a result, in these emerging markets Telenor is exposed to regulatory and legal uncertainty, which is likely to increase uncertainty with regard to Telenor's business prospects as well as its regulatory compliance costs. Telenor is also granted less comprehensive protection for certain of its legal rights in such jurisdictions.

**Telenor's material licences may not be renewed, or may be suspended or revoked, or it may be fined or penalised for alleged violations of applicable law or regulations.**

Telenor's business depends on the issuance, validity and renewal of its telecommunications, broadcasting and business licences. The terms of Telenor's licences require it to meet certain conditions established by the legislation regulating the communications industry, as well as to maintain minimum quality, service and coverage standards. If Telenor fails to comply with these or other conditions of its licences or with the requirements regulating the communication industry generally, or if it does not obtain permits for the operation of equipment, use of frequencies or additional licences for broadcasting directly or through agreements with broadcasting companies, Telenor anticipates that it would have an opportunity to cure any non-compliance. However, Telenor may not receive an anticipated grace period, and any grace afforded to it may not be sufficient to allow Telenor to cure its non-compliance. In the event that Telenor does not cure its non-compliance, any such non-compliant licence may be revoked or suspended or Telenor may be subject to fines or other administrative actions. Telenor's ability to comply with these conditions is subject in certain respects to factors beyond Telenor's control.

Telenor's ability to renew its telecommunications and broadcasting licences is subject to a number of factors beyond Telenor's control, such as the prevailing regulatory, competitive and political

environment at the time of renewal. In some cases, as a condition for a licence renewal, Telenor may be required to accept new and stricter terms and service requirements. The occurrence of any of these events could materially adversely affect Telenor's business, financial condition and results of operations.

**Telenor may fail to acquire licences in new markets, and Telenor's right to utilise spectrum and numbering resources may be limited.**

Telenor depends on licences and access to spectrum and numbering resources in order to provide communications services in new markets and to satisfy future subscriber growth in its existing markets. Further, Telenor's ability to offer 3G mobile services in its markets depends upon it obtaining 3G licences or entering into agreements with operators that have been awarded such licences. Failure to establish Telenor among the providers of third generation mobile services may limit Telenor's ability to achieve further revenue growth in mobile communications and to benefit from the lower incremental costs of increases in 3G network capacity compared to increases in GSM network capacity. In some situations, new spectrum licences may have a significant impact on the competitive environment. 3G licences or other spectrum licences are expected to be issued in the coming years in Pakistan, Bangladesh, Thailand and Ukraine.

If Telenor is not successful in acquiring spectrum licences or is required to pay at higher rates than expected, this could impact Telenor's business strategy and/or Telenor could incur additional capital expenditure to maximise the utilisation of existing spectrum. In addition, if a competitor, but not Telenor, obtains one of these new licences or access to additional spectrum, particularly in densely populated areas, the competitive environment in which Telenor operates will shift and Telenor's business and competitive position in that market could be adversely affected.

**Introduction of or increase in sector specific taxes, fees and levies may adversely impact Telenor's business.**

In several of the countries where Telenor operates, the government has imposed sector specific taxes and levies. The introduction of or increase in sector specific taxes and levies may adversely impact Telenor's business. In Serbia the Government recently announced the introduction of a temporary tax of 10% on mobile phone usage, expected to apply from 1 June 2009. The tax will be imposed as one element to reduce the budget deficit in Serbia which is a prerequisite set by IMF before providing new loans to the Serbian Government.

**Regulatory intervention may reduce Telenor's flexibility to manage its business.**

In most of the countries where Telenor operates, the flexibility to manage Telenor's business is limited by regulations to which Telenor is subject. For example, Telenor is obliged to provide access in most markets for other operators to terminate calls in Telenor's mobile network at regulated prices, and in Norway Telenor is obliged to grant access to its network to Mobile Virtual Network Operators (MVNOs) and for national roaming at terms which may differ from the terms on which Telenor would otherwise have provided those services. Changes in the regulation of the condition for access and termination could adversely impact Telenor's business.

From time to time new entrants may request access to network resources such as national roaming from Telenor and interconnection to Telenor's network. The regulator may intervene in negotiations regarding access and interconnection, imposing terms which may differ from the terms on which Telenor would otherwise have provided those services.

***Industry Risks***

**The mobile telecommunications industry is subject to intense competition.**

Competition in the mobile telecommunications industry is based mainly on price, network coverage, quality and customer service. In all markets in which Telenor operates, Telenor faces substantial competition from an increasing number of direct competitors. In addition, Telenor

indirectly competes against several other operators that provide fixed-line and other types of telecommunications services. Such competition may arise as a result of technological developments, the convergence of various telecommunications services or the issuance of new licences or allocations of spectrum.

Increased competition results in more aggressive pricing, which may result in slower growth in Telenor's subscriber base, a higher rate of subscriber churn, increased subscriber acquisition costs, slower revenue growth or a decline in revenue due to competitive pricing policies.

**Telenor depends on the networks and associated infrastructure of other telecommunications operators and roaming arrangements with international mobile operators.**

Telenor's ability to provide commercially viable and uninterrupted international, mobile and data communication services depends, in part, upon its arrangements with third parties, including other telecommunications operators. Telenor relies on network interconnection and other arrangements with other telecommunications operators to allow its subscribers to communicate with subscribers of other mobile and fixed-line telecommunications service providers. Any failure of these third parties to perform within the agreed service requirements could materially affect Telenor's business, reputation and results of operation. Further, Telenor may not be able to maintain its existing arrangements with these parties on terms that are commercially acceptable, and any material increase in costs in connection with such arrangements could have a material adverse effect on Telenor's business, reputation and results of operations. In addition, any interruption of service may impact Telenor's quality of technological service and increase its churn rate.

**Continuing rapid technological changes could increase competition or require Telenor to make substantial additional capital expenditures.**

The global telecommunications industry is characterized by rapid increases in the diversity and sophistication of the technologies and services offered. As a result, Telenor may face increasing competition from the application of technologies which are currently being developed, or which may be developed in the future, by Telenor's existing competitors, new market entrants or telecommunications equipment firms. Future development or application of new or alternative technologies, services or standards could require significant changes to Telenor's business model, the development of new products, the provision of additional services or substantial new investment.

The development and application of new technologies involve time, substantial cost and risks. Telenor's competitors may be more effective in developing or marketing new technologies, products and services. Similarly, the technologies Telenor employs may become obsolete or subject to intense competition from new technologies. If Telenor fails to develop, or obtain timely access to, new technologies or equipment, or if Telenor fails to obtain the necessary licences to provide services using these new technologies, Telenor may lose subscribers and market share and become less profitable, which could have a material adverse effect on Telenor's business, financial condition and results of operations.

**Actual or perceived health risks or other problems relating to mobile handsets or base stations could lead to decreased mobile communications usage.**

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



## ***Political Risks***

**Political, social, and governmental instability and weak legal systems in some of the countries in which Telenor operates could adversely affect Telenor's business, financial condition and operating results.**

Telenor's business is subject to political, economic, regulatory and social factors affecting the emerging markets in which it operates, including Bangladesh, Malaysia, Thailand, Pakistan, Russia, Ukraine and India. The governments in these countries exercise substantial influence over many aspects of the private sector. Changes in government, lack of political stability or consensus between various branches of the government and powerful economic groups could disrupt or reverse economic and regulatory reforms that have been undertaken. Any disruption or reversal of reform or liberalisation policies could lead to political, social, economic or governmental instability or the occurrence of conflicts among powerful economic groups, which could have a material adverse effect on Telenor's operations, financial condition and results of operations. Political, social and other conflicts, as well as corruption, security or terrorism concerns can create an uncertain operating environment that hinders Telenor's long-term planning ability as well as its operations, financial condition and results of operations.

Moreover, regulatory authorities in many emerging markets have a high degree of discretion. Arbitrary governmental actions have included denial or withdrawal of licences, sudden and unexpected tax audits, criminal prosecutions and civil actions. In this environment, Telenor's competitors may receive preferential treatment and competitive advantage from the governmental authorities. Unlawful, selective or arbitrary government action, if directed at Telenor's operations, could have a material adverse effect on its business, results of operations and prospects.

**Weak legal systems in emerging market countries create an uncertain environment for investment and business activity.**

Many aspects of the legal systems in emerging market countries create uncertainties with respect to the legal and business decisions that Telenor makes. These uncertainties include limited judicial and administrative guidance on interpreting legislation, substantial gaps in the regulatory structure due to delay or absence of implementing regulations, the relative inexperience of judges and courts in interpreting new principles of legislation and complex commercial arrangements, a lack of judicial independence from political, social and commercial forces, a high degree of discretion on the part of governmental authorities, bankruptcy procedures that are not well developed and are subject to abuse, and difficulty in enforcing courts judgments.

All of these weaknesses could affect Telenor's ability to enforce its rights under its licences and contracts, or to defend itself against unfounded or predatory claims made by third parties.

The independence of the judicial system and the prosecutor general's office and their immunity from economic, political and nationalistic influences in many emerging markets in which Telenor operates are not well-established. These factors make judicial decisions in the emerging markets in which Telenor operates difficult to predict and effective redress uncertain.

These uncertainties also extend to property rights. Expropriation or nationalisation of any of Telenor's investments in emerging markets countries, such as Russia and Ukraine, potentially without adequate compensation, could have a materially adverse effect on Telenor's business and prospects.

**The tax systems in many of the emerging markets in which Telenor operates are uncertain and various tax laws are subject to different interpretations.**

Differing opinions regarding the legal interpretation of tax laws often exist both among and within governmental ministries and organisations, including the tax administration, creating uncertainties and areas of conflict for taxpayers and investors. While Telenor believes that it is currently in compliance with the tax laws affecting its operations, it is possible that relevant authorities may take



differing positions with regard to tax law interpretation, which may result in a material adverse effect on Telenor's results of operations and financial condition.

### ***Risks Related to the Unitech Wireless Transaction***

The main risks related to the Transaction are:

#### **Lack of regulatory approval**

Telenor has acquired 33.5 per cent. of the 8 Unitech Wireless companies ("**Unitech Wireless**"), and is committed to further investments, resulting in Telenor acquiring a total stake of 67.25 per cent. (subject to regulatory approval) of the shareholding in Unitech Wireless. Due to certain foreign ownership restrictions applicable to Indian telecommunications companies, Telenor's acquisition of more than 49 per cent. of the shares of Unitech Wireless will require the approval of the Foreign Investment Promotion Board ("FIPB"). An application to increase foreign direct ownership in Unitech Wireless up to 74 per cent. was submitted to the FIPB on 2 April 2009. The approval process is expected to take approximately two to three months from submission. However, there can be no assurance that such approval will be granted or that the process of obtaining approval will not take more time.

If FIPB's approval is not obtained, Telenor will retain control of a majority of the voting shares of Unitech Wireless and will retain its existing right to appoint the majority of Unitech Wireless's Board of Directors and to nominate candidates for the Managing Director, the CEO, the CFO and the CMO (each of whom shall be appointed by Unitech Wireless's Board of Directors from among such nominees). In such an event, Unitech Wireless will place a portion of its shares in escrow and the escrow agent will be instructed not to be present or vote such shares at Unitech Wireless shareholder meetings. As a result of the foregoing arrangement, Telenor will hold a majority of the shares eligible to vote at Unitech Wireless shareholder meetings. Telenor will own 49 per cent. of Unitech Wireless, and will be obliged to invest further in Unitech Wireless on a pro rata basis with Unitech Ltd.

#### **Non-receipt of spectrum in all 22 circles**

Unitech Wireless holds a pan-Indian Unified Access Services (UAS) licence which includes all of the 22 telecom circles in India. At the date of this Prospectus, Unitech Wireless has obtained spectrum in 21 of these 22 circles. As spectrum capacity is in short supply in India, there is a risk that Unitech Wireless will not obtain spectrum in the last circle (Delhi). However, spectrum for the Delhi circle is expected by the end of 2009.

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the consolidated published annual report of the Issuer for the year ended 31 December 2007, containing the consolidated income statement on page 8, the consolidated balance sheet on page 9, the consolidated cash flow statement on page 10, the accounting principles on pages 12 to 20, the notes to the consolidated financial statements on pages 21 to 81 and the auditor's report on page 95;
- (b) the consolidated published annual report of the Issuer for the year ended 31 December 2008, containing the consolidated income statement on page 12, the consolidated balance sheet on page 13, the consolidated cash flow statement on page 14, the notes to the consolidated financial statements on pages 16 to 87 and the auditor's report on page 103;
- (c) the consolidated published unaudited quarterly financial statements of the Issuer for the three months ended 31 March 2009, containing the income statement on page 10, the balance sheet on page 11, the cash flow statement on page 12 and the notes to the interim statements on pages 14-17;
- (d) the certificate of registration and articles of association of the Issuer (for information purposes only),

save that any statement contained herein or in a document which is incorporated by reference herein shall 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*).

Any documents themselves incorporated by reference in any document incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

## 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.*

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|-----------------------------------|--|
| <b>Issuer</b>                     | Telenor ASA (with organisational registration no. 982 463 718 in the Norwegian Register of Companies)  |
| <b>Description</b>                | Debt Issuance Programme. Up to €7,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.  |
| <b>Arranger</b>                   | Deutsche Bank AG, London Branch  |
| <b>Dealers</b>                    | Citigroup Global Markets Limited<br>Commerzbank Aktiengesellschaft<br>Deutsche Bank AG, London Branch<br>Goldman Sachs International<br>ING Bank N.V.<br>J.P. Morgan Securities Ltd.<br>Nordea Bank Danmark A/S<br><br>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 <b>Permanent Dealers</b> 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 references to <b>Dealers</b> are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches. |
| <b>Trustee</b>                    | Citicorp Trustee Company Limited   |
| <b>Issuing and Paying Agent</b>   | Citibank, N.A., London branch  |
| <b>Registrar</b>                  | Citibank, N.A., London branch  |
| <b>VPS Account Manager:</b>       | DnB Nor ASA  |
| <b>Transfer and Paying Agents</b> | Citibank, N.A., London branch and Dexia Banque Internationale à Luxembourg.  |
| <b>Currencies</b>                 | 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 specified 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 specified 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 “Overview 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.

|                                     |  |
|-------------------------------------|--|
| <b>Issue Price</b>                  | 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.   |
| <b>Method of Issue</b>              | The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a <b>Series</b> ), 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 <b>Tranche</b> ), 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.   |
| <b>Clearing Systems</b>             | 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, <i>Verdipapirsentralen</i> , Norway.  |
| <b>Initial Delivery of Notes</b>    | 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. |
| <b>Fixed Rate Notes</b>             | Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.  |
| <b>Floating Rate Notes</b>          | 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.  |
| <b>Zero Coupon Notes</b>            | Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.   |
| <b>Variable Coupon Amount Notes</b> | 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.  |

|  |   |
|--|---|
| <b>Interest Periods and Interest Rates</b> | 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.   |
| <b>Variable Redemption Amount Notes</b>    | 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.  |
| <b>Other Notes</b>                         | 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.  |
| <b>Optional Redemption</b>                 | 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.   |
| <b>Early Redemption</b>                    | 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”.   |
| <b>Redemption by Instalments</b>           | 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.  |
| <b>Withholding Tax</b>                     | 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”.  |
| <b>Status of Notes</b>                     | The Notes will constitute unsubordinated and unsecured obligations of the Issuer, as described in “Terms and Conditions of the Notes – Status”.   |
| <b>Negative Pledge</b>                     | The Notes will contain a Negative Pledge as described in Condition 4.   |
| <b>Cross Default</b>                       | The Notes will contain a Cross Default as described in Condition 10.  |
| <b>Ratings</b>                             | <p>The Programme has been rated A3 by Moody’s Investors Services, Inc. and BBB+ by Standard &amp; 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 and Admission  
to Trading**

Other than VPS Notes, the Luxembourg Stock Exchange or as otherwise specified in the relevant Final Terms. Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes (other than VPS Notes) issued under the Programme 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. 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**

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by and shall be construed in accordance with English law.

VPS Notes must comply with the Norwegian Securities Register Act of 5 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.

**Selling Restrictions**

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".

The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.

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.

## 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 with a denomination of at least €50,000 (or its equivalent in another currency).*

[Date]

### TELENOR ASA

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €7,500,000,000  
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 19 May 2009 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 during normal business hours at Telenor ASA, Snarøyveien 30, 1331 Fornebu, Norway, [www.telenor.com](http://www.telenor.com) and the Luxembourg Stock Exchange's website ([www.bourse.lu](http://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 19 May 2009 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 19 May 2009 and [original date]. Copies of such Base Prospectuses are available for viewing during normal business hours at Telenor ASA, Snarøyveien 30, 1331 Fornebu, Norway and [www.telenor.com](http://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. (a) Specified Denominations: [ ]  
[ ]
- (Note – where multiple denominations above €50,000 or equivalent are being used the following sample wording should be followed:*
- “€50,000 and integral multiples of €1,000 in excess thereof up to and including €99,000. No Notes in definitive form will be issued with a denomination above €99,000.”)*
- (N.B. If an issue of Notes is (i) NOT admitted to trading on a 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.)*
- (b) Calculation Amount [ ]  
*(Applicable to Notes in definitive form.)*  
*(If only one Specified Denomination, insert the Specified Denomination.*
- If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (a) Issue Date: [ ]
- (b) Interest Commencement Date: [specify/Issue Date/Not Applicable]  
*(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
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*]
- (*N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.*)
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/other (*specify*)] 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 Calculation Amount  
 (*Applicable to Notes in definitive form*)
- (d) Broken Amount(s): [[ ] [per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]]

- (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 TARGET2 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 Reuters EURIBOR01 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/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
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)  
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)



- (a) Index/Formula: [give or annex details]
- (b) Calculation Agent: [give name (and if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
- (c) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): [ ]
- (d) 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]
- (e) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (f) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/specify other]
- (g) Additional Business Centre(s): [ ]
- (h) Minimum Rate of Interest: [ ] per cent. per annum
- (i) Maximum Rate of Interest: [ ] per cent. per annum
- (j) Day Count Fraction: [ ]
19. Dual Currency Interest Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (a) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
- (b) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): [ ]
- (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 and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/see Appendix]
- (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)*
- (e) Option Period: [ ]
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 and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/see Appendix]
- (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 well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or Trustee)*
- (d) Option Period: [ ]
22. Final Redemption Amount: [[ ] per Calculation Amount /specify other/see Appendix]  
*(N.B. If the Final Redemption Amount is linked to an underlying reference or security or is other*

*than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*

23. (a) Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same: [[ ] per Calculation Amount /specify other/see Appendix]
- (b) Unmatured coupons to become void upon early redemption (Bearer Notes only) [Yes/No/Not Applicable]

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

24. Form of Notes:

(a) Form:

Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes only upon an Exchange Event]

*(N.B. An issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes is not permitted to have a Specified Denomination of: "[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000].")*

Registered Notes:

[Global Certificate]

[Permanent Global Certificate]

VPS Notes:

[VPS Notes issued in uncertificated book entry form]

(b) New Global Note:

[Yes][No]

25. Additional Financial Centre(s) or other special provisions relating to Payment Days:

[Not Applicable/give details]

*(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 16(c) and 18(g) relate)*

26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
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*]
- (If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)*
- (b) Date of [Subscription] Agreement: [       ]
- (The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*
- (c) Stabilising Manager(s) (if any): [Not Applicable/*give name*]

- 32. If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- 33. U.S. Selling Restrictions: [Reg. S Compliance Category 2: TEFRA D/TEFRA C/TEFRA not applicable]
- 34. Additional selling restrictions: [Not Applicable/*give details*]

**PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for Issue and admission to trading on the [*specify relevant regulated market and, if relevant listing on an official list*] of the Notes described herein pursuant to the €7,500,000,000 Debt Issuance Programme of Telenor ASA.

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [*Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components*] has been extracted from [*specify source*]. 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 [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Telenor ASA:

By: .....

*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market and, if relevant, listing on an official list] with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market and, if relevant, listing on an official list] with effect from [ ].] [Not Applicable]
- (ii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

Ratings: The Notes to be issued have been rated:

[S & P: [ ]]

[Moody's: [ ]]

[Fitch: [ ]]

[[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]

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

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

[(i) Reasons for the offer: [ ]]

[(ii)] Estimated net proceeds: [ ]]

[(iii)] Estimated total expenses: [ ]]

*(Delete unless the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, in which case, (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and*



*total expenses at (ii) and (iii) above are also required.])*

**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 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.]*

*[Include any other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

*(N.B. This paragraph 6 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

**7. PERFORMANCE OF RATE[S] OF EXCHANGE** (*Dual Currency Notes only*)

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

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

*(N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

## 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]

## 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 27 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 10 April 2002 Telenor ASA (the **Issuer**) was substituted with effect on and from 15 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 17 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 17 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 Fifteenth Supplemental Trust Deed dated 19 May 2009. An Agency Agreement (as amended and/or supplemented and/or restated as at the Issue Date, the **Agency Agreement**) dated 19 May 2009 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 19 May 2009 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.

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 unmatured 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 (a) are secured equally and rateably therewith, or (b) 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 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 in each year up to (and including) the Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to the Calculation Amount and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

### (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 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 2006 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 in respect of Floating Rate Notes or Index Linked Interest Notes*

The Issuing and Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Issuing and Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Issuing and Paying Agent will calculate the Interest Amount payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to the Calculation Amount and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

(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 TARGET2 system is operating (a **TARGET2 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/Actual (ISDA)” or “Actual/Actual” 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, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;



“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (v) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (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; and

- (vii) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

**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.

**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

TARGET2 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 2006 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.

**Target2 System** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) 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 not less than 15 nor more than 30 days' 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, upon the holder of any Note giving to the Issuer not less than 15 nor more than 30 days' notice, redeem such Note on the date or dates so provided at its Redemption Amount together with interest accrued to the date fixed for redemption. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

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, unexpired 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 unexpired 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 unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons and any unexpired Talon relating to it, and where any Bearer Note is presented for redemption without any unexpired 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 TARGET2 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 and is continuing, 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 is not paid when due (after the expiry of any applicable grace period); or
- (ii) any Financial Indebtedness 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:

**Financial Indebtedness** means (without double counting) any indebtedness of the Issuer (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 of the Issuer 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 the Issuer 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 Issuer has or have no recourse whatsoever to any member of the Group for the repayment thereof other than:

- (i) recourse to the Issuer 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 Issuer 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 Issuer over such asset or the income or cash flow deriving therefrom (**Relevant Property**) (or given by a shareholder or the like in the Issuer over its shares or the like in the capital of the Issuer (**Related Property**)) to secure such indebtedness. Provided that (A) the extent of such recourse to the Issuer 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 the Issuer or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of the Issuer or any of its assets (save for the assets the subject of such security interest); and/or
- (iii) recourse to the Issuer 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**

The Trustee may at any time, 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 and/or prefunded 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 *Luxemburger Wort* or the *Tageblatt*) and on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://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 *Luxemburger Wort* or the *Tageblatt*) and on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://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 and any non-contractual obligations arising out of or in connection with 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 the Trust Deed any Notes, Receipts, Coupons or Talons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, any

Notes, Receipts, Coupons or Talons) and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, any Notes, Receipts, Coupons or Talons (**Proceedings**), including any proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed, any Notes, Receipts, Coupons or Talons, 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.



## OVERVIEW 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 in 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 “Overview 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 €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 *Luxemburger 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. Interest*

So long as any Fixed Rate Notes are represented by a Global Note, interest shall be calculated in respect of any period by applying the Rate of Interest to the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up) and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

So long as any Floating Rate Notes or Index Linked Interest Notes are represented by a Global Note, the Issuing and Paying Agent will calculate the Interest Amount payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up) and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.



## OVERVIEW 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

Telenor ASA (**Telenor**) was incorporated on 21 July 2000 under the laws of the Kingdom of Norway pursuant to the Norwegian Public Limited Companies Act (*lov av 13. Juni 1997 nr. 45 om Allmennaksjeselskaper*). Telenor AS, the predecessor of Telenor, was renamed Telenor Communication AS. On 3 October 2000, Telenor became the ultimate holding company of Telenor and its subsidiaries (the **Telenor Group**). Telenor 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 is +47 67 89 00 00 and its registered office address is Snarøyveien 30, N-1331 Fornebu, Norway.

Predecessors of companies which now form part of the Telenor Group have been responsible for telecommunications in Norway since 1855. Telenor Communication AS was established on 24 June 1994 as a limited liability company, wholly-owned by the Kingdom of Norway. On 1 January 1998, the Norwegian telecommunications market was opened to full competition by the Norwegian government, a process which began in 1988. In December 2000, Telenor made an initial public offering of 372,151,899 of its ordinary shares representing 21 per cent. of its outstanding share capital, in the form of ordinary shares and American Depositary Shares. The American Depositary Shares were subsequently delisted with effect from September 2007 as a result of Telenor's assessment that the benefits of maintaining a U.S. listing were outweighed by the costs of continued compliance with U.S. reporting requirements. As a result of the initial public offering, Telenor and the Telenor Group ceased to be wholly-owned by the Kingdom of Norway.

The Kingdom of Norway is the largest stakeholder in Telenor and as at 1 April 2009, holds 54 per cent. of the issued share capital through the Norwegian Ministry of Trade and Industry. The Kingdom of Norway is not to reduce its stake further unless specific circumstances exist that would allow for a reduction of ownership interest to 34 per cent.. As at 30 April 2009, Telenor had share capital of NOK 9,947,333,076 divided into 1,657,888,846 ordinary shares (**shares**) with a nominal value of NOK 6 each. All shares have equal voting rights and the right to receive dividends. As at 30 April 2009, Telenor had 2,150,000 treasury shares. On 15 May 2009 Telenor reduced its holding of treasury shares by 3,333 shares due to employees' exercise of stock options. Following the exercise of these options Telenor holds 2,146,667 own shares.

At Telenor's Annual General Meeting on 11 May 2009, an authorisation was given to the Board of Directors to acquire up to 4,000,000 own shares with a nominal value of a total of NOK 24,000,000 corresponding to approximately 0.24 per cent. of the company's share capital. Up to 2,000,000 own shares, with a nominal value of NOK 12,000,000, may be used in connection with fulfilment of the company's obligations pursuant to Telenor's option program for 2006. In addition, up to 2,000,000 own shares, with a nominal value of NOK 12,000,000, may be used in connection with Telenor's general share program for employees. The amount paid per share shall be a minimum of NOK 6 and a maximum of NOK 200. This authorisation is valid until Telenor's AGM in 2010 and replaces the authorisation given by the AGM on 8 May 2008.

Telenor's shares are listed on the Oslo Stock Exchange.

### TELENOR'S OPERATIONS

Telenor is the leading provider of mobile telecommunications and fixed line communications services in Norway and the leading provider of television and broadcasting services to consumers and enterprises in the Nordic region. Telenor is also a significant provider of mobile telecommunications services internationally. As at 31 March 2009, Telenor had a total of 166 million mobile subscriptions, ranking Telenor among the world's largest mobile operators.

Telenor has mobile and fixed operations in Norway, Sweden, Denmark and Russia, and mobile operations in Ukraine, Hungary, Serbia, Montenegro, Thailand, Malaysia, Bangladesh and

Pakistan. Telenor's mobile business includes voice, data, internet, content services, customer equipment and electronic commerce. Telenor delivers fixed line services including analogue telephony (**PSTN**), digital telephony (**ISDN**), broadband telephony (also known as Voice over Internet Protocol (**VoIP**)), digital subscriber lines (**DSL**) and leased lines, as well as communication solutions for business customers.

As at 31 March 2009, Telenor's shareholdings in mobile and fixed businesses were:

- 100 per cent. ownership interest in Telenor in Norway, with 2.9 million mobile subscriptions;
- 100 per cent. indirect ownership interest in Telenor in Denmark, an indirect subsidiary of Telenor, held by Telenor through Telenor Mobile Holding AS, with 1.8 million mobile subscriptions;
- 100 per cent. indirect ownership interest in Telenor in Sweden, an indirect subsidiary of Telenor, held by Telenor through Telenor Mobile Holding AS and Telenor Networks Holding AS, with 1.9 million mobile subscriptions;
- 56.5 per cent. indirect ownership interest in Kyivstar GSM JSC (**Kyivstar**) in Ukraine, an indirect subsidiary of Telenor, held by Telenor through Telenor Mobile Holding AS, with 23.1 million mobile subscriptions;
- 100 per cent. indirect ownership interest in Pannon GSM Telecommunications Ltd (**Pannon**) in Hungary, an indirect subsidiary of Telenor, held by Telenor through Telenor Mobile Holding AS, with 3.6 million mobile subscriptions;
- 100 per cent. indirect ownership interest in Telenor d.o.o (**Telenor Serbia**) in Serbia, an indirect subsidiary of Telenor, held by Telenor through Telenor Mobile Holding AS, with 2.9 million mobile subscriptions;
- 100 per cent. indirect ownership interest in Promonte GSM d.o.o (**Promonte**) in Montenegro, an indirect subsidiary of Telenor, held by Telenor through Telenor Mobile Holding AS, with 413,000 mobile subscriptions;
- Through Telenor Mobile Holding AS, Telenor has a 65.5 per cent. indirect economic stake in Total Access Communication PCL (**DTAC**) in Thailand, the country's second largest mobile operator, with 18.9 million mobile subscriptions;
- 49 per cent. indirect ownership interest in DiGi.Com Berhad (**DiGi**) in Malaysia, an indirect subsidiary of Telenor, held by Telenor through Telenor Mobile Holding AS, with 7.2 million mobile subscriptions;
- 62 per cent. indirect ownership interest in Grameenphone Ltd (**Grameenphone**) in Bangladesh, an indirect subsidiary of Telenor, held by Telenor through Telenor Mobile Holding AS, with 21.1 million mobile subscriptions;
- 100 per cent. ownership interest in Telenor Pakistan, an indirect subsidiary of Telenor, held through Telenor Mobile Holding AS, with 20.0 million mobile subscriptions; and
- 33.6 per cent. indirect ownership interest in Vimpel-Communications OJSC (**VimpelCom**) (33.6 per cent. owned by Telenor East Invest AS (29.9 per cent. voting interest), an indirect subsidiary of Telenor, held by Telenor through Telenor Mobile Holding AS) in Russia, with 62.7 million mobile subscriptions.

Telenor Broadcast Holding (**Telenor Broadcast**) comprises Telenor's TV-based activities within the Nordic region. This includes satellite dish, cable TV-networks and satellite master antenna TV networks systems. Telenor Broadcast operates the national terrestrial broadcast network in Norway and provides satellite broadcasting services in the Nordic region, utilising three geo-stationary satellites.

Other units of the Telenor Group consist of the activities of several companies that separately are not significant enough to be reported as individual segments and includes activities that support the core business as well as some financial investments. As at 31 March 2009 the main companies are EDB Business Partner ASA (51.3 per cent. owned by Telenor Business Partner Invest ASA (a 100 per cent. owned subsidiary of Telenor)) and New Business, comprising Telenor Cinclus AS, AeroMobile Ltd and Maritime Communication Partner AS. EDB Business Partner ASA is an Oslo Stock Exchange listed IT group, which delivers solutions and operating services to Telenor Group companies and other companies.

Telenor's current operations fall within three geographic clusters: **Nordic** (Norway, Sweden and Denmark), **Central Eastern Europe** (Russia, Ukraine, Hungary, Serbia and Montenegro) and **Asia** (Pakistan, Bangladesh, Thailand, Malaysia and India). As at 31 March 2009, Telenor had a total of 39,250 employees in its fully consolidated operations, of which 28,850 employees resided outside Norway.

### **Acquisition of Unitech Wireless**

On 28 October 2008, Telenor executed an agreement to acquire a controlling interest in Unitech Wireless, through subscription for new shares. Telenor and its Indian partner, Unitech Ltd, agreed to proceed with the transaction subject to certain adjustments to the initial agreement. While Telenor's initial investment under the agreement will continue to be the previously agreed INR 61.2 billion (approx. US\$1.2 billion), it has been agreed that Telenor, following this investment, will hold 67.25 per cent. of Unitech Wireless (subject to regulatory approval). The subscription for new shares in Unitech Wireless will be completed in four phases. On 20 March 2009, Telenor made the first capital injection of INR 12.5 billion (approx. US\$250 million), thereby completing the transaction. Following this investment, Telenor's ownership share in Unitech Wireless was 33.5 per cent.. Telenor's remaining investment of INR 48.7 billion (approx. US\$970 million) will be completed in three tranches during 2009. Upon closing of the transaction Telenor had management and board control in Unitech Wireless and is consequently consolidating Unitech Wireless from 20 March 2009. See ASIAN OPERATIONS – Unitech Wireless.

## **NORDIC OPERATIONS**

### **Telenor Norway**

Telenor is the incumbent telecom operator in Norway, with a history of more than 150 years. Telenor's service portfolio includes fixed and mobile telephony, broadband and datacom services for residential and business customers, as well as a broad range of wholesale services. Telenor Norway's main legal entities are Telenor Mobil AS (mobile operations) and Telenor Telecom Solutions (fixed line operations).

The electronic communications sector in Norway is regulated through both sector-specific and general laws and regulations. Although not an EU member, Norway is required, as a member of the European Economic Area (the **EEA**), to adhere to the European Union's (the **EU**) regulatory framework to the extent that EU directives are adopted by the EEA pursuant to the Agreement on the European Economic Area. The Electronic Communication Act (the **ECA**) and regulations adopted pursuant to the ECA implement the EU regulatory framework for the electronic communications sector in Norway. The competent regulatory authority in Norway is the Norwegian Post and Telecommunications Authority (the **NPT**).

### **Mobile operation**

Telenor Mobil AS was established in 1993 and is the leading provider of mobile communications in Norway. As at 31 March 2009 Telenor had 2.9 million mobile subscriptions in Norway, of which around 73 per cent. were contract subscriptions. In Telenor's financial reporting, Telenor Mobil AS is referred to as Mobile Norway. As at 31 March 2009 the mobile penetration and number of inhabitants in Norway were 113 per cent. and 4.8 million, respectively.

### *Network and licences*

Telenor currently holds three licences for the provision of GSM-based services in Norway, two GSM 900 MHz licences and one GSM 1800 MHz licence. The GSM 900 MHz licences expire in 2013 and 2017, respectively, while the GSM 1800 MHz licence expires in 2010. Telenor's GSM network currently covers 99.9 per cent. of Norway's population and 87.3 per cent. of the geographical area. An upgrade to EDGE technology started in June 2004, and Telenor now deploys EDGE technology on all GSM 900 MHz sites in Norway. On 1 December 2004, Telenor became the first Norwegian mobile operator to offer Universal Mobile Telecommunications System (**UMTS**) based services. As at 31 March 2009, Telenor's UMTS coverage was approximately 87 per cent. of the population.

The UMTS licence expires in 2012. In November 2007, Telenor Mobil acquired a 4G licence (2.6 MHz) for NOK 93 million, valid for 15 years.

### *Competition*

Telenor and NetCom, a wholly-owned subsidiary of TeliaSonera, are the largest mobile operators in Norway, each holding both GSM and UMTS licences. As at 31 March 2009 Telenor's estimated mobile subscription market share was 53.6 per cent., including the subsidiary Talkmore, while NetCom's mobile subscription market share was estimated at 28.2 per cent., including the service provider Chess. The service provider Chess was acquired by TeliaSonera in 2005 and operates on NetCom's network, while the service provider Talkmore was acquired by Telenor in 2007 and operates on Telenor's network.

In 2006, Network Norway purchased a GSM licence, issued in 2001, from Harald A. Møller. Network Norway started to build its own mobile network during 2007. During late 2007 and early 2008 Network Norway acquired several mobile services providers, including among others Lebara, OneCall and Ipea. In addition, Bredbåndssalliansen, one of the main shareholders in Network Norway, acquired Ventelo in January 2008. With the addition of Ventelo, Network Norway now has approximately 450,000 mobile subscriptions (approximately 8 per cent. of the total mobile market).

Tele2, which currently operates as a mobile virtual network operator (**MVNO**) in NetCom's network, has a subscription market share of around 8 per cent.. Tele2 has gained access to both GSM and UMTS licences in Norway, by establishing an infrastructure company (Mobile Norway) together with Network Norway.

In addition to the above mentioned operators there are currently around 20 smaller service providers in the Norwegian mobile market. Nordisk Mobiltelefon Norway AS, operating under the brand ICE, deployed an NMT 450 licence to offer mobile broadband services based on CDMA technology until late February 2009. ICE was then purchased by the American company Access Industries. Hi3G holds a UMTS licence in Norway but has not announced any plans to launch UMTS based services in Norway. The company sent a request to the regulatory authorities for the postponement of roll-out and coverage obligations late in 2008. Telenor launched mobile broadband services in November 2007. As at 31 March 2009, Telenor's estimated mobile broadband subscription market share was 58 per cent.. Telenor's competitors in the mobile broadband segment are NetCom and ICE with estimated market shares of 30 per cent. and 12 per cent., respectively.

### *Regulatory matters*

Telenor as well as all other operators providing mobile termination services in Norway are designated as operators having significant market power (**SMP**) in the market for mobile termination. The remedies imposed on the two largest operators, Telenor and NetCom, differ from the remedies imposed on the other operators. The price of mobile termination for Telenor and NetCom is regulated according to a price cap that required that from 1 July 2008 Telenor and NetCom reduce their termination rates to an identical level of NOK 0.6 per minute. Thereafter, Telenor's and Netcom's termination rates will follow a glide path with yearly reductions until an



efficient rate of NOK 0.50 is reached in 2010. On 17 November 2008, the NPT determined that Tele2, Network Norway, Barablu, TDC and Ventelo should decrease their termination rates to NOK 1.0 per minute from 1 February 2009, NOK 0.9 per minute from 1 July 2009 and NOK 0.75 per minute from 1 July 2010. The NPT's decision has been appealed by all operators, including Telenor and NetCom. A final decision is expected in May 2009.

Telenor is designated as an SMP operator in the market for wholesale access to mobile networks. Telenor is obliged to provide general access for MVNOs on non-discriminating terms and national roaming is to be offered on the basis of retail price minus avoided cost. Furthermore, Telenor is subject to an accounting separation obligation between Telenor's internal MVNO business and Telenor's retail business.

### ***Fixed operation***

Telenor Telecom Solutions AS provides fixed line telecommunication solutions to residential and business customers. The service portfolio includes analogue (**PSTN**) and digital (**ISDN**) fixed line telephony services, broadband telephony (**VoIP**), Internet access via PSTN/ISDN, digital subscriber lines (**DSL**) and fibre to the home (**FTTH**). In addition, Telenor provides integrated voice and data telecommunications and access and network services to the business market. As at 31 March 2009 Telenor had 1.3 million fixed telephony subscriptions (including VoIP) and 642,000 DSL subscriptions. In Telenor's financial reporting, Telenor Telecom Solutions AS, including its subsidiaries, is referred to as Fixed Norway.

In addition to its retail offerings, Telenor provides a wide range of interconnection and capacity services, including leased lines, in the Norwegian wholesale market. The interconnection and capacity services enable other network operators, Internet service providers and other service providers to connect to Telenor's network or use Telenor's infrastructure in order to facilitate their own service offerings. Telenor also provides international operators with transit and capacity services for international voice and data traffic into or through Norway. Telenor provides wholesale line rental (PSTN and ISDN) and DSL wholesale ("bit stream") to other operators and service providers. Furthermore, Telenor provides local loop unbundling and shared access to the local copper loop, which enables other operators to provide end users with broadband.

### ***Competition***

As at 31 March 2009, Telenor estimated its market share of fixed telephony subscriptions (including VoIP) to be 68 per cent.. Telenor's main competitors within fixed telephony are Tele2 and Ventelo. Telenor's total broadband market share in Norway, including broadband subscriptions offered by Telenor's cable operator Canal Digital, was estimated by Telenor to be 50 per cent. as at 31 March 2009. The largest competitors in terms of subscriptions are the DSL provider NextGenTel and the cable operator Get, with estimated broadband market shares of 10 per cent. and 8 per cent. respectively. Telenor estimates the DSL providers Tele2 and Ventelo to each have market shares in the range of 5 to 6 per cent.. In addition, several local providers are competing in the broadband market. In particular, local power utilities have built substantial FTTH infrastructure over the last three years, offering triple play services packages (fixed telephony, Internet and TV) and capturing a significant share of the market growth. Lyse, together with its partners, was estimated by Telenor to have 8 per cent. of the broadband subscriptions market as at 31 March 2009.

### ***Regulatory matters***

Telenor is designated as an SMP operator in all six relevant markets for fixed telephony. No direct retail price regulation is imposed, but restrictions on price discrimination between customer groups and on bundling of communications services apply to Telenor. Telenor is also subject to general wholesale access obligations for wholesale line rental for PSTN/ISDN products, including the remedies of transparency, non-discrimination, price regulation and cost accounting obligations. Telenor is also designated as an operator with SMP in the wholesale markets for call origination,



call termination and transit services in the fixed network. The special remedies imposed on Telenor in these three markets include price regulation, cost accounting, non-discrimination, reference offers and transparency. Telenor is designated as an SMP operator in the retail leased lines market (lines with capacity up to and including 2 Mbps). Telenor is also designated as an SMP operator in the wholesale markets for access capacity (all wholesale leased lines with capacity of up to and including 8 Mbps irrespective of length) and transport capacity (all wholesale leased lines with capacity above 8 Mbps irrespective of length including dark fibre). The prices for retail leased lines and access capacity must be cost-oriented and therefore must be referable to the cost of the provision of these services. While there is no explicit price regulation of transport capacity, Telenor is obliged to meet all reasonable requests for access to wholesale transport products and to provide such products on non-discriminatory terms. The non-discrimination obligation is enforced by an imposition of accounting separation obligations between Telenor's internal wholesale and retail business areas. Telenor is designated as an SMP operator in the markets for local loop unbundling and wholesale broadband access. The prices of full and shared access are regulated according to a price cap. While there is no explicit price regulation of wholesale broadband access, Telenor is obliged to provide non-discriminatory access to copper-based wholesale broadband products. The non-discrimination obligation is enforced by an imposition of accounting separation obligations between Telenor's internal wholesale and retail business areas. On 3 April 2009 NPT published new decisions related to the markets for local loop unbundling and wholesale broadband access. The price cap for full and shared access is reduced to 95 NOK and 54 NOK per month respectively, which correspond to the current price level. The NPT's decision has been appealed by TDC, Tele2 and Ventelo. In addition to specific regulatory provisions imposed on SMP operators, the Norwegian government also provides for universal service obligations (**USOs**) and special service obligations (**SSOs**) by entering into agreements with Telenor. Telenor is designated as a USO provider and has entered into an agreement with the Norwegian government defining the scope and terms of its USOs (the **USO Agreement**). The USO Agreement entered into force on 1 September 2004. The regulatory framework for USOs in Norway primarily covers the fixed public telephony service, leased lines and certain data services. Pursuant to the USO Agreement, Telenor is obliged to provide fixed public telephony services at an affordable price to all households and enterprises, while leased lines and data services must continue to be accessible for all enterprises. The USO Agreement also provides that Telenor is to satisfy its USOs without economic compensation. Telenor has also entered into agreements with the Ministry of Transport and Communications, pursuant to the ECA, under which Telenor is required to provide certain SSOs, including special defence related services, coastal radio services and services for the arctic islands of Svalbard. The Norwegian government compensates Telenor for the incremental cost of these services on a case by case basis.

## **Telenor Denmark**

Telenor entered the Danish market with the acquisition of a 53.5 per cent. stake in the mobile operator Sonofon in 2000. In December 2003, Telenor purchased the remaining 46.5 per cent. of the shares in Sonofon. Other acquisitions in Denmark include CBB mobil which was acquired in 2004, Cybercity which was acquired in 2005 and Tele2 Denmark which was acquired in 2007. Telenor Denmark Holding is the owner and parent company of three subsidiaries in Denmark (Sonofon, Sonofon Partner and CBB mobil). Telenor Denmark Holding was established in November 2005 when Sonofon Holding A/S changed its name to Telenor Denmark Holding. In September 2008, Sonofon, Cybercity and Tele2 were merged into one company named Sonofon.

Sonofon provides GSM and 3G mobile solutions for residential and business customers in Denmark and is the second largest mobile operator in Denmark. Sonofon's network covers the whole country with more than 2,500 sites and transmission stations including both 2G and 3G technologies. Sonofon Partner has more than 90 shops all over Denmark selling both Sonofon and Cybercity products. In spring 2007, Sonofon reached an agreement with the commodity chain Føtex on concessions within stores resulting in the opening of 70 new telecom shops.

Cybercity provides broadband solutions and network-based products such as security and VPN products for residential and business customers. Cybercity serves small, medium and large business customers as well as the consumer market. Cybercity covers 70 per cent. of Denmark by population with its own DSL infrastructure and focuses on the high-end consumer, home office and the small and medium enterprise segments of the market. Cybercity also operates a successful VoIP product over its DSL access lines.

As at 31 March 2009, Telenor Denmark had 1.8 million mobile subscriptions, 268,000 broadband subscriptions and 309,000 fixed telephony subscriptions (including VoIP). As at 31 March 2009, the mobile penetration and number of inhabitants in Denmark were 126 per cent. and 5.5 million, respectively.

#### *Network and licences*

Sonofon currently holds four licences: a GSM 900 MHz licence, two GSM 1800 MHz licences and a UMTS licence. The GSM 900 MHz licence expires in 2012, while the two GSM 1800 MHz licences expire in 2011 and 2017, respectively. The UMTS licence was acquired in December 2005 and expires in 2021. The roll-out of the 3G network started immediately after the UMTS licence was acquired. On 27 September 2006, the 3G network was launched in the four largest cities in Denmark. The roll-out of the 3G network across Denmark will continue, as Sonofon is obliged to establish 30 per cent. coverage for the 3G network by 2009 and 80 per cent. coverage by 2013 (based on population). In addition to the rollout of the 3G network, Sonofon continues to invest in the GSM network to secure and improve quality and capacity in this network. The wholly-owned subsidiary CBB mobil operates as a service provider in Sonofon's network.

#### *Competition*

In addition to Sonofon, there are two other GSM network operators in Denmark: TDC and TeliaSonera. UMTS licences are currently held by Sonofon, TDC, TeliaSonera and Hi3G. Telenor is the second largest of the four mobile operators in Denmark with an estimated market share of 26 per cent. at the end of March 2009. TDC's estimated market share is 39 per cent., while TeliaSonera's and Hi3G's market shares are 21 per cent. and 6 per cent., respectively. A consolidation of independent service providers took place during 2007, with Sonofon (Telenor) acquiring Tele2 Denmark and TeliaSonera acquiring Debitel.

After the acquisition of Tele2 Denmark in July 2007, Cybercity is the second largest fixed broadband operator in Denmark with an estimated market share of 21 per cent. as at 31 March 2009. TDC is the largest broadband operator with an estimated market share of 67 per cent. as at 31 March 2009, while the broadband operator Telia Stofa (TeliaSonera's Danish cable operator) and Fullrate have a combined estimated market share of around 12 per cent. as at 31 March 2009. In addition, several power utilities have entered the Danish broadband market and are building fibre infrastructure.

#### *Regulatory matters*

In Denmark the competent regulatory authority is the National IT and Telecom Agency (**NITA**).

Sonofon has been designated as having SMP in the Danish mobile communications markets for mobile and fixed termination, and as a consequence is subject to a number of obligations with regard to mobile termination, including the obligation to meet all reasonable requests for interconnection agreements on transparent, objective and non-discriminatory terms. Furthermore, Sonofon is subject to a cost obligation and interconnection agreements have to be made publicly available. Currently, the cost obligation is based on Long Run Incremental Cost (**LRIC**) modelling. Accordingly, Sonofon can charge a maximum interconnect charge including set-up charges of DKK 0.62 per minute valid from 1 May 2008 until 1 May 2009. From 1 May 2009 the maximum charge was reduced to DKK 0.54 per minute for all operators, except '3'.

## Telenor Sweden

Telenor Sweden is a full-scaled convergent telecom provider in the Swedish business and consumer markets. After several acquisitions during 2005 to 2007, Telenor Sweden now operates under three brands (Telenor, Bredbandsbolaget and Glocalnet) and has two main business units (Business and Consumer). Telenor Sweden's main legal entities are Telenor Sverige AB, B2 Bredband AB (**Bredbandsbolaget**) and Glocalnet Scandinavia AB (**Glocalnet**).

Telenor Sweden is a full-scaled convergent telecom operator in both the business and consumer markets. Mobile telephony and mobile broadband is offered on a retail basis to both the business and consumer markets through the Telenor brand. In the consumer market, Bredbandsbolaget provides high-speed broadband for Internet access, telephony, digital-TV and add-on broadband services, and Glocalnet provides fixed and mobile telephony in addition to fixed and mobile broadband. In the business market, Telenor Sweden offers data communication, telephony, DSL and IP-based communication services.

As at 31 March 2009, Telenor Sweden had 1.9 million mobile subscriptions, 610,000 broadband subscriptions, and 438,000 fixed telephony subscriptions (including VoIP). As at 31 March 2009, the mobile penetration and number of inhabitants in Sweden were 118 per cent. and 9.3 million, respectively.

### *Network and licences*

Telenor Sweden holds a GSM 900 MHz, a GSM 1800 MHz and a UMTS licence. The GSM licences expire in 2010. The Swedish national regulatory authority (the **NRA**) decided on 13 March 2009 to prolong the licences in the 900 band until 2025. The decision includes a re-farming measure that awards the 3G-only operator Hi3G a licence and clears spectrum for reallocation for UMTS or Long Term Evolution (**LTE**) deployment in the 900-band. The UMTS licence expires in 2015. The terms of the UMTS licence required Telenor Sweden to provide network coverage for 8.86 million inhabitants as of 2003 (99.8 per cent. of the population). Telenor Sweden fulfilled this licence requirement by 1 June 2007. On 8 May 2008, Telenor, TeliaSonera, Tele2, Hi3G and Intel secured spectrum in the 2.6 GHz frequency band for a total of SEK 2.1 billion in aggregate. The licences were awarded by the NRA. Telenor purchased 2x20 MHz FDD (Frequency Division Duplexing) for a full LTE carrier for the amount of SEK 534 million. On 14 April 2009, Telenor and Tele2 announced an agreement to build a joint 4G network in Sweden. The agreement includes the formation of a joint venture for network construction and spectrum sharing in the 900 MHz and 2600 MHz frequency bands. The roll-out of what will be Sweden's most extensive 4G network will start this year with the intention of launching high-speed mobile broadband services based on LTE technology in 2010, while at the same time improving voice coverage for all customers.

### *Competition*

Telenor Sweden is one of six mobile network operators in the Swedish market. TeliaSonera and Tele2 both hold a GSM licence and a joint UMTS licence, and Hi3G Access holds a UMTS licence, operating under the brand "3". SweFour holds a GSM 900 MHz licence which is used by Spring Mobil. Nordisk Mobiltelefon (Ice.net) held a 450 MHz licence for CDMA 2000 until March 2009, when Access Industries took over the licence and the Ice.net brand. Telenor Sweden is the third largest mobile operator in Sweden, with an estimated market share of 17 per cent. of subscriptions as at 31 March 2009. As at 31 March 2009, TeliaSonera had an estimated market share of 42 per cent., Tele2 had an estimated market share of 32 per cent. and "3" had an estimated market share of 8 per cent.. As at 31 March 2009, Spring Mobil and Ice.net were both estimated to hold market shares well below 0.5 per cent. each.

Telenor Sweden is the second largest provider of broadband services to the consumer market in Sweden with an estimated 23 per cent. market share as at 31 March 2008. As at 31 March 2009, TeliaSonera had an estimated market share of 39 per cent., and ComHem and Tele2 had estimated market shares of 20 per cent. and 7 per cent., respectively.

As at 31 March 2009, Telenor Sweden had an estimated market share in fixed telephony in the consumer market of 11 per cent. (including VoIP), TeliaSonera had an estimated market share of 58 per cent., Tele2 had an estimated market share of 16 per cent. and ComHem had an estimated market share of 8 per cent.

#### *Regulatory matters*

Telenor Sweden has been identified by the NRA as having SMP in the market for mobile call termination. Remedies imposed by the NRA include interconnection obligations, price regulation in accordance with the LRIC model, non-discrimination, accounting separation and transparency obligations. The price regulation imposed by the NRA in 2004 required SMP operators to gradually implement cost-oriented termination charges for mobile voice termination from SEK 0.80 per minute in July 2004 to SEK 0.55 per minute in July 2007. The termination rate was further reduced to SEK 0.43 per minute from 1 July 2008. As of July 2008 all mobile operators apply symmetrical termination rates at SEK 0.43 per minute. The termination rates for Hi3G are not yet finally settled. Due to increased use of mobile data (HSDPA) (as defined below), the cost results in the LRIC model indicate a radical decrease in regulated mobile termination rates for 2009, with a potential reduction to SEK 0.275 as of 1 July 2009.

Telenor Sweden has also been identified by the NRA as having SMP in the market for fixed call termination. Remedies imposed by the NRA include interconnection obligations, price regulation, accounting separation and non-discrimination. For voice termination Telenor is to apply a fair and reasonable price that does not exceed the cost oriented price of TeliaSonera. In April 2008, the NRA made a decision on LRIC rates for TeliaSonera for the period 2008–2014, resulting in a reduction in price of around 80 per cent. under a six year glide path.

## **CENTRAL EASTERN EUROPEAN OPERATIONS**

### **Pannon**

Pannon was established in 1993 in Hungary and is wholly owned by Telenor. Pannon offers voice and non-voice services to subscribers on both a prepaid and contract basis. Voice services include closed user group offers for both residential and business customers. Non-voice services include Short Messaging Services (**SMS**), Multimedia Messaging Services (**MMS**), mobile content services and Internet service provider services via Internet Protocol (**IP**) and Wireless Application Protocol (**WAP**). EDGE-based broadband services were launched in February 2005, reaching full coverage by the end of 2006. UMTS-based broadband services were launched in October 2005 reaching 53.5 per cent. population coverage by 31 December 2008. As a next evolutionary step Pannon launched High-Speed Downlink Packet Access (**HSDPA**) in April 2007 and High Speed Uplink Packet Access (**HSUPA**) during 2008. As at 31 March 2009, Pannon had 3.6 million mobile subscriptions. As at 31 March 2009 the mobile penetration and number of inhabitants in Hungary were 107 per cent. and 10 million, respectively.

#### *Network and licences*

Pannon currently holds a licence for GSM 900 MHz band, which was renewed in 2008. Pannon's 900 MHz GSM licence is valid until May 2016, and its 1800 MHz GSM licence is valid until October 2014. The UMTS licence was awarded in December 2004, and is valid until 2019. For licences in both the 1800 MHz band and the UMTS band Pannon has an extension option for an additional 7.5 years. Although the GSM 900 MHz licence has already been extended, the Minister for National Development and Economy is entitled to harmonise the expiry date of this licence with the expiry date of the 1800 MHz band licence. The same will also apply if the 1800 MHz band licence is extended by a further 7.5 years in 2014.

### *Competition*

In addition to Pannon, there are two other mobile operators in Hungary: T-Mobile (formerly Westel) and Vodafone. Both T-Mobile and Vodafone hold GSM and UMTS licences. According to National Communications Authority of Hungary (**NCAH**) data, as at 31 March 2009 Pannon had a market share of 33.4 per cent., the market leader, T-Mobile, had a market share of 44.7 per cent. and Vodafone had a market share of 21.9 per cent. There are no service providers or MVNOs operating in the Hungarian market for mobile telecommunication services.

### *Regulatory matters*

In November 2003, the NCAH identified Pannon as an operator having SMP in the wholesale market for call termination on mobile networks. In January 2005, the NCAH determined that all operators (Pannon, T-Mobile and Vodafone) were required to reduce their interconnection charges (mobile termination rate). In October 2006, the Hungarian regulatory authority determined a cost-based interconnection charge of HUF 16.84 for all three mobile operators, based on the NCAH's own cost model. The final stage of a three step glide path leading to this interconnection charge was implemented on 1 January 2009. In December 2008, NCAH made a new resolution requiring a further reduction in the interconnection charges for the three operators. The reductions are set at 16.1 per cent. for January 2010 and December 2010 for all three operators. In October 2008 the NCAH announced a tender for a fourth mobile licence including GSM/DCS/UMTS frequency bands in one package, as well as a 450 MHz licence and a number of 26 GHz packages, with bids to be submitted by the end of November 2008. In March 2009 the tender for the fourth mobile licence was declared unsuccessful. In May 2009 the 450 MHz licence was also declared unsuccessful, and only two of the 26 GHz licences were granted.

### **Telenor Serbia**

Telenor Serbia became a wholly-owned subsidiary of Telenor on 31 August 2006 through the acquisition of Mobi 63 d.o.o. Telenor Serbia offers advanced voice and non-voice services to subscribers on both a prepaid and contract basis. Non-voice services include SMS, MMS, mobile content services and Internet service. As at 31 March 2009 Telenor Serbia had a total of 2.9 million mobile subscriptions. As at 31 December 2008 the mobile penetration and number of inhabitants in Serbia were 110 per cent. and 7.5 million, respectively.

### *Network and licences*

Telenor Serbia currently holds 10 year licences for GSM 900 MHz/1800 MHz and 3G which commenced on 31 August 2006, and are renewable for a successive 10 year period on application.

### *Competition*

In addition to Telenor Serbia, there are two other mobile operators in Serbia: Mobile Telephony of Serbia (**MTS**), which is wholly-owned by the incumbent telecom operator Telekom Serbia, and VIP mobile, which is a wholly-owned subsidiary of Mobilkom Austria. Both MTS and VIP mobile hold GSM and UMTS licences. Telenor Serbia estimates that it had a market share of approximately 35 per cent. as at 31 March 2009. As at 31 March 2009, the market leader, MTS, had an estimated market share of 53 per cent. and VIP mobile had a market share of 12 per cent. There are currently no service providers or MVNOs operating in the Serbian market for mobile telecommunication services.

### *Regulatory matters*

Telenor Serbia signed an interconnect agreement with Telekom Serbia with direct connection with the fixed network and direct connection with the mobile network of Telekom Serbia (MTS). The fixed to mobile termination rate for Telenor Serbia is higher than the mobile to fixed termination rate of Telekom Serbia, which is in line with the EU average, while the mobile termination rates with



MTS are symmetrical. Telenor Serbia also signed an interconnect agreement with the third mobile operator, VIP mobile, with the same level of symmetrical Mobile Termination Rates (**MTRs**) as with MTS.

The Republic Agency for Telecommunication (**RATEL**) was established pursuant to the Telecommunication Law as an autonomous and independent public organisation exercising its authority in accordance with the Telecommunication Law. Full liberalisation of telecommunication services except local loop unbundling is prescribed by the Telecommunication Law. Several areas of the telecommunications industry are not regulated in detail by secondary legislation. In January 2009, the Government of the Republic of Serbia adopted a new action plan for realisation of the strategy for telecommunications development in the period from 2006-2010, which will be accomplished by the Ministry of Telecommunications and RATEL. The action plan comprises of goals to improve the regulatory framework, liberalisation of the telecommunications market, realisation of universal service provisioning, development of telecommunication infrastructure and its efficient use, creation of conditions for rapid broadband access development, improvement of tariff policy, efficient and rational management of frequency spectrum, transition to digital radio and TV broadcasting, strengthening of security aspects of data communications, and development and regulation of new services such as VoIP, 3Play, IPTV and DTV.

### **Promonte**

Promonte was established in 1996 as Montenegro's first mobile operator. Telenor became a shareholder of Promonte in 1996. Since August 2004, Promonte has been wholly-owned by Telenor. Promonte primarily offers mobile voice, roaming, value-added services and mobile data services, including HSPA, to its subscribers on both a prepaid and contract basis. The Promonte subscriber base decreases significantly after the summer months. This is primarily due to seasonal effects and tourists using prepaid subscriptions. During 2008 however, the percentage of contract subscriptions increased from 18 per cent. to 25 per cent.. As at 31 March 2009, Promonte had 413,000 mobile subscriptions. As at 31 March 2009, the mobile penetration and number of inhabitants in Montenegro were 192 per cent. and 0.6 million, respectively.

#### *Network and licences*

Promonte holds a GSM 900 MHz and a GSM 1800 MHz licence. Both licences are scheduled to expire in January 2017. In April 2007 Promonte was awarded a UMTS licence for a period of 15 years. As at 31 December 2008, Promonte's GSM network had geographical coverage of approximately 78.1 per cent. and population coverage of 98.9 per cent.. The 3G network was launched in June 2007 and, as at 31 December 2008, covered 70 per cent. of the population. Promonte also provides full EDGE coverage in its GSM network.

#### *Competition*

Promonte is Montenegro's largest provider of mobile communication services, with an estimated subscription market share of 39 per cent. as at 31 March 2009. In addition to Promonte, there are two other mobile operators in Montenegro: T-Mobile and M:Tel. Both T-Mobile and M:Tel hold GSM and UMTS licences. The estimated market share of T-Mobile and M:Tel as at 31 March 2009 was 35 per cent. and 26 per cent., respectively. T-Mobile is majority owned by the T-Group through Magyar Telecom in Hungary. M:Tel is owned by a consortium of Telekom Serbia and Ogalar. During 2007 the entry of M:Tel as the third mobile operator had a significant impact on the competitive environment in Montenegro, with SIM card penetration reaching well above 200 per cent. during the tourist season in 2008. All three companies are operated and majority owned by companies with international/regional ambitions and competition is becoming more focused on regional strengths and activities.



### *Regulatory matters*

In August 2008, a new Law on Electronic Communications replaced the old Law on Telecommunications. Based on market analysis, the Agency for Telecommunication and Postal Services of Montenegro will identify operators with SMP within one year. Until then, all operators of telephone networks have SMP in the market for call termination in their networks. A number of other obligations will be introduced in the next couple of years, including Universal Service Obligation, number portability and regulation of data retention. All existing bylaws are valid until the new bylaws are passed by the Agency or Ministry within the next 12 months.

## **ASIAN OPERATIONS**

### **DTAC**

Total Access Communication PCL (**DTAC**) in Thailand was established in 1989 and Telenor became a shareholder of DTAC in 2001. DTAC offers mobile voice, roaming and value-added services to its customers through contract and prepaid tariff plans. DTAC was listed on the Stock Exchange of Thailand (the **SET**) on 22 June 2007 and became the only Thai company listed on both the Singapore Stock Exchange and the SET. As at 31 March 2009, Telenor had an economic interest in DTAC of approximately 65.5 per cent.. As at 31 March 2009, DTAC was the second largest mobile communications provider in Thailand, with an estimated subscription market share of 30 per cent. or 18.9 million mobile subscriptions. Of these subscriptions, 88 per cent. were on prepaid tariff plans. As at 31 March 2009, the mobile penetration and number of inhabitants in Thailand were 96 per cent. and 65 million, respectively.

### *Network and licences*

Currently DTAC operates on GSM 1800 MHz and AMPS 800 MHz concessions from CAT Telecom Public Company Limited (**CAT**) (formerly the Communication Authority of Thailand). The concessions expire in 2018. In addition, DTAC was awarded an international gateway type three licence in February 2007.

### *Competition*

In early 2007, the implementation of interconnection charges reshaped the Thai telecom industry. The operators, after entering into an interconnection agreement, adjusted to the new environment by offering differentiated off- and on-net tariffs. Following implementation of the interconnection agreement, prices have remained fairly stable. As at 31 March 2009, the market leading mobile operator in Thailand was Advanced Info Service plc (**AIS**). AIS owns 98.6 per cent. of the fifth largest operator in Thailand, Digital Phone Company (**DPC**). As at 31 March 2009, the estimated combined market share of AIS and DPC was 44 per cent. The other mobile operators in Thailand are True Move, with a market share of approximately 24 per cent., and Hutchinson-CAT Wireless Multimedia and Thai Mobile with a combined market share of 2 per cent.

### *Regulatory matters*

DTAC has a service concession arrangement whereby CAT has granted DTAC the right to build, transfer and operate a mobile network in Thailand. In return for the right to provide mobile services for a fixed period, mobile operators must develop their infrastructure, and then transfer ownership of the infrastructure to the government and pay a concession fee, or revenue share, to CAT. The revenue share payable to CAT was increased from 20 per cent. to 25 per cent. in September 2006, and will be further increased to 30 per cent. in September 2011.

A new interconnection framework for Thailand became effective on 18 May 2006 for all licensed operators and those operating under concessions in Thailand. Due to this change in Thai law as well as its effect on prior agreements, DTAC, as well as all other licensed operators in Thailand, made submissions to the National Telecommunication Commission's (**NTC**) Reference

Interconnection Offer (**RIO**), which provides for bilateral negotiations on interconnection prices among fixed and mobile operators in Thailand. On 17 November 2006, DTAC served notice on TOT Plc (**TOT**) (formerly the Telephone Organisation of Thailand, the state-owned fixed line operator) and CAT stating that the prior access charge agreements had been amended to reflect the new NTC-approved RIO rates and that DTAC was no longer required to pay the rates agreed to under the Access Charge Agreement. Following the submission of the notice to TOT and CAT, the rate to be paid under the Access Charge Agreements was to be agreed by the parties in accordance with the RIO or the interim rate to be announced by the NTC. On 19 June 2007 the NTC ordered TOT to conclude an interconnection agreement within 30 days with DTAC. On 9 August 2007, TOT filed a lawsuit against the NTC and the Secretary General of the NTC with the Central Administrative Court in Bangkok to seek a revocation by the Court of the orders of the NTC requiring TOT to negotiate an interconnection agreement with DTAC. On 5 September 2007, the Secretary General of the NTC issued an order requiring TOT to comply with the order of the NTC. Subsequently, the Secretary General of the NTC issued an order imposing a fine on TOT of THB 60,000 per day commencing from 1 February 2008 for its non-compliance with the NTC's order. TOT filed a petition to the Central Administrative Court requesting the Central Administrative Court to suspend the fine. On 7 May 2008 DTAC received the Central Administrative Court's order rejecting TOT's petition. The Court ruled that TOT and DTAC already interconnected their telecommunications networks under the existing Access Charge Agreement, between TOT, CAT and DTAC. As such, the Central Administrative Court said that TOT and DTAC should negotiate an agreement with binding effect in relation to technical interconnection and the expenses to be paid to each other for such interconnection. Furthermore, the Central Administrative Court concluded that the NTC's order also conformed with the order of the Supreme Administrative Court requiring TOT to allow DTAC's subscribers, using numbers allocated by the NTC, to be connected to TOT's subscribers. The Central Administrative Court was therefore of the view that the injunction sought by TOT could not be granted as it would impair state administration and public service. The Central Administrative Court dismissed TOT's petition. Such an order of the Central Administrative Court cannot be appealed.

Separately, on 16 November 2007, TOT filed a lawsuit with the Civil Court against CAT, as the first defendant and DTAC as the second defendant. TOT demanded payment by CAT and DTAC of the overdue access charges, including default interest and Value Added Tax for the total amount of THB 11,705,066,637. TOT also requested the Civil Court to issue an order requiring both CAT and DTAC to continue paying the access charges to TOT under the Access Charge Agreements. DTAC has submitted its statement of defence and filed a petition to the Civil Court for its opinion on the jurisdiction of the Civil Court over this case. The Civil Court's view was that this case fell under the jurisdiction of the "Administrative Court". On 3 December 2008, the Administrative Court ruled that it had jurisdiction over this case. The Civil Court then dismissed the case and asked TOT to re-file it at the Administrative Court if TOT still wished to pursue the claim relating to the access charge.

Any uncertainties under the Act on Organisations Allocating Frequency Waves and Supervising Radio/Television Broadcasting and Telecommunications Business B.E. 2543 and the Telecommunications Business Operation Act B.E. 2544 as well as lack of legal precedent under the newly enacted interconnection framework may result in TOT legally challenging DTAC's unilateral amendment of access charges. However, DTAC maintains its assertions will be upheld in administrative or other legal proceedings and is of the opinion that any necessary provisions have been made. An adverse decision in this dispute could however have a material adverse effect on DTAC's financial condition and operational results.

## **DiGi**

DiGi.Com Berhad (**DiGi**) commenced operations in May 1995 when it launched its fully digital GSM 1800 MHz services, the first digital mobile communications service in Malaysia. DiGi offers mobile voice, roaming and value-added services on both prepaid and contract bases. DiGi is currently one of the leading operators in the prepaid segment, which is the largest consumer segment in the Malaysian mobile market. On 7 May 2008, DiGi obtained a 3G spectrum licence with all of its rights

and benefits via a transfer from TIME dotCom (**TdC**) for a consideration of 27.5 million new shares. In March 2009 DiGi launched 3G broadband services for PCs, while 3G voice and data services for mobile phones will be introduced during the second half of 2009.

In 2001, when Telenor increased the shareholding in DiGi from 32.9 per cent. to 61.0 per cent. through a voluntary partial take-over offer, the transaction was approved by the Foreign Investment Committee and the Ministry of Energy, Communication and Multimedia on the following conditions: (i) Telenor's equity interest in DiGi must be reduced to 49 per cent. within five years, and (ii) DiGi must have at least 30 per cent. Bumiputra (indigenous Malays) equity shareholding before 31 December 2006. The deadline to comply was later extended to 30 June 2008. As a result of the 3G spectrum transfer in May 2008 and an earlier placement exercise, TdC's shareholding in DiGi has increased to 10 per cent.. At the same time, Telenor's ownership interest in DiGi has been reduced to 49 per cent.. As a result, DiGi is now in compliance with the 49 per cent. foreign equity condition and has been exempted from the need to comply with the 30 per cent. Bumiputra equity condition imposed by the Malaysian Foreign Investment Committee.

As at 31 March 2009 DiGi had 7.2 million mobile subscriptions and the mobile penetration and number of inhabitants in Malaysia were 98 per cent. and 28 million, respectively.

#### *Network and licences*

DiGi currently holds a 2G licence for the operation of a GSM 1800 MHz network, including limited spectrum in the GSM 900 MHz band, expiring January 2015. DiGi also has a 3G licence in the 2100 MHz spectrum band, expiring April 2018. There is no precedent for licence renewals in Malaysia. A licensee may apply for the renewal of its individual licence prior to expiry. The Malaysian Minister of Information, Communications and Culture, on recommendation by the Malaysian Communications and Multimedia Commission (**SKMM**), has the power to approve the renewal of individual licences.

#### *Competition*

There are two other GSM network operators in Malaysia. These are Celcom (formerly Telekom Malaysia's mobile unit which is now part of TM International Bhd, the regional mobile unit of Telekom Malaysia), and Maxis. Both Celcom and Maxis have licences to operate GSM 900 MHz and GSM 1800 MHz networks. In addition to DiGi, the other 3G network providers are Telekom Malaysia, UMTS Malaysia (a subsidiary of Maxis) and UMobile (MiTV), in which NTT DoCoMo and Korea Telecom Freetel have a combined shareholding of 33 per cent.. Under the terms of the spectrum assignments, 3G licence holders are required to offer access to their 3G networks to MVNOs. At present, only Celcom is providing 3G/2G access to UMobile through a roaming agreement. Both Maxis and Telekom Malaysia launched their 3G services in the first half of 2005. UMobile launched its 3G service in the second half of 2008. As at 31 March 2009, DiGi was the third largest mobile operator in Malaysia, with an estimated subscriber market share of 26 per cent.. Maxis had an estimated market share of 40 per cent., Celcom had an estimated market share of 33 per cent., while UMobile's estimated market share was 3 per cent. In addition there are a number of MVNOs and WiMAX operators who are expected in the medium to long term to capture some portion of the total market share.

#### *Regulatory matters*

The Ministry of Energy, Water and Communication has announced the decision to increase broadband penetration in Malaysia which will contribute to the development of the Malaysian social-economic objective of achieving a 50 per cent. broadband penetration rate by 2010. The High Speed Broadband (**HSBB**) network which has capacity up to 1 Gbps will be implemented by Telekom Malaysia in high impact or major economic areas such as Kuala Lumpur, Johor Bahru and north east of Penang. The SKMM will be reviewing the access pricing framework for the period 2009 to 2011.

DiGi currently contributes 6 per cent. of “weighted net revenue” to the Universal Service Provision (the **USP Fund**). For the period up to and including the second quarter of 2008, DiGi had secured MYR 6.68 million in return from the USP Fund as contribution to network development in rural areas of Malaysia. As of 1 August 2008, the USP regulation has been amended to enable offering of mobile and broadband services.

Mobile number portability (MNP) was implemented in Malaysia in October 2008.

## **Grameenphone**

Grameenphone in Bangladesh was established in 1997 and is now the leading provider of mobile communications services in Bangladesh. As at 31 March 2009, Telenor holds 62 per cent. of the shares in Grameenphone, while the remaining 38 per cent. of the shares are held by Grameen Telecom. In addition to core voice services, Grameenphone offers a number of value-added services, in each case on both a contract and prepaid basis. Value-added services include voice messaging services, SMS, MMS, ring-back tones and data services through EDGE/GPRS. Grameenphone’s services have some of the most advanced and up-to-date features in the Bangladeshi market. For example, Grameenphone was the first Bangladeshi mobile operator to launch WAP in 2001 and EDGE service in 2005. In 2006, Grameenphone introduced HealthLine, a 24 hour medical call centre manned by licensed physicians, and BillPay, which allows utility bill payments to be made by mobile phone. Grameenphone has also introduced CellBazaar, a service that allows people to buy or sell items over mobile phone. Grameenphone has established more than 550 Community Information Centres which aim to bring affordable Internet access and other information-based services to people in rural areas of Bangladesh. In early 2009 Grameenphone introduced branded plug and play USB Internet access modems. Grameenphone won the GSMA Global Mobile Award for “Best use of Mobile for Social and Economic Development” for its HealthLine and CellBazaar services.

As at 31 March 2009, Grameenphone had 21.1 million subscriptions. As at 31 March 2009 the mobile penetration and number of inhabitants in Bangladesh were 30 per cent. and 150 million, respectively.

On 11 December 2008, Grameenphone filed its application for an initial public offering of USD 65 million with the securities and Exchange Commission (SEC) in Bangladesh.

### *Network and licences*

Grameenphone holds both GSM 900 MHz and GSM 1800 MHz spectrum, which are scheduled for renewal in 2011. Meanwhile, the Bangladesh Telecommunication Regulatory Commission (the **BTRC**) is actively working to issue 3G licences in Bangladesh during 2009. Grameenphone has the largest network with the widest coverage in Bangladesh and the entire network is EDGE/GPRS enabled. The Grameenphone network currently covers almost the entire population of the country.

### *Competition*

As at 31 March 2009, Grameenphone had a SIM card market share of 46 per cent.. In addition to Grameenphone, there are five other mobile operators in Bangladesh. These operators and their market share according to the BTRC data as at 31 March 2009 are: Banglalink (with a market share of 24 per cent.), Aktel (with a market share of 19 per cent.), Warid (with a market share of 5 per cent.), Citycell (with a market share of 4 per cent.) and Teletalk (with a market share of 2 per cent.). The intense competition between these operators led to a significant price decline during 2007.

### *Regulatory matters*

The BTRC was established under the Bangladesh Telecommunication Act as an independent regulator. In Bangladesh, subscribers have to pay duty and Value Added Tax on SIM cards and



mobile handsets. Currently, the SIM card tax, which applies to the sale of SIM cards, is BDT 800 per SIM card. The import duty for mobile handsets is BDT 300. All mobile operators in the country must pay an annual licence of BDT 50 million, quarterly network spectrum charges as fixed by the BTRC and a revenue share of 5.5 per cent. on collected line rental, call charges, value added services and other relevant items.

Effective 1 October 2007, the BTRC introduced an amended interconnection regime of a flat rate of BDT 0.40/min reducing from BDT 0.66/min for all mobile and PSTN operators (except the Bangladeshi government owned PSTN operator, BTTB). Under the supervision of the BTRC, the domestic interconnection calls will be operated through Interconnection Exchange companies (**ICX**). The state-owned fixed line operator, the Bangladesh Telephone Company Limited, also received an ICX licence. The ICXs receive 10 per cent. of the interconnection charges. In addition, on 26 July 2007, BTRC circulated an interim directive on tariff and marketing promotion for all mobile operators. This directive imposes restrictions on tariff structures by defining a “tariff circuit” and sets a standard duration for promotional offers. The order also instructed mobile operators to maintain a uniform tariff in a package disregarding geographic location. BTRC has recently enforced a 50 per cent. reduction in interconnection access charges without any prior consultation with the industry. Under the new directive, for each out going call, operators will have to pay BDT 0.22 per minute, (of which BDT 0.18 is payable to other operators and BDT 0.04 to ICXs) and will receive BDT 0.18 per minute for each incoming call, irrespective of peak and off-peak hour. The new interconnection charge was in effect from 26 March 2009.

On 8 September 2008, the BTRC issued guidelines regarding infrastructure sharing. According to the guidelines operators shall enter into agreements to share infrastructure and shall provide access to their own infrastructure to other operators on a non-discriminatory “first come, first served” basis. Tariffs and charges for infrastructure sharing shall be mutually agreed based on directives issued or to be issued by the BTRC. In the event of any dispute regarding the infrastructure sharing tariffs and charges, the decision of the BTRC shall be final and binding upon the parties. The guidelines also regulate the right of operators to build optical/wired backbone transmission networks.

## **Telenor Pakistan**

Telenor Pakistan is a wholly-owned subsidiary of Telenor. On 14 April 2004, Telenor was awarded a GSM licence to build and operate a mobile network in Pakistan. On 15 March 2005, a full multimedia platform for commercial mobile services was launched under the name of Telenor Pakistan. As at 31 March 2009, Telenor Pakistan had 20.0 million mobile subscriptions. As at 31 March 2009 the mobile penetration and number of inhabitants in Pakistan were 56 per cent. and 162 million, respectively.

### *Network and licences*

Telenor Pakistan currently holds a nationwide GSM 900 MHz/1800 MHz licence (excluding Azad Jammu and Kashmir (**AJK**) and the Northern Areas). This licence was awarded in April 2004 for US\$291 million. In June 2006, Telenor Pakistan was awarded a GSM 900 MHz /1800 MHz licence to build and operate a mobile network in AJK and the Northern Areas for US\$10 million. Both licences are valid for a 15 year period. Telenor Pakistan met its rollout obligations under both licences during January 2007 and March 2007, respectively. In addition to the two GSM licences, Telenor Pakistan holds a Long Distance and International licence through which it is providing nationwide and international call services. The licence expires in 2024. Since its inception, Telenor Pakistan has rolled out its GSM network at a steady pace and has become one of the fastest growing mobile networks in Pakistan based on its coverage and capacity. The network currently being rolled out is GPRS and EDGE enabled. As at 31 December 2008, Telenor Pakistan’s EDGE coverage is the most extensive in Pakistan.

The Pakistan Telecommunication Authority (the **PTA**) recently issued M-Banking regulations which envisage a bank-led model for mobile banking in Pakistan. In response, Telenor Pakistan worked

to acquire a bank and was successful in acquiring a 51 per cent. share in Tameer Bank. While Telenor Pakistan has started working on the provision of mobile financial services via a bank-led model, it has also stressed the need for transition towards implementing a telecom-led model in the coming years.

### *Competition*

As at 31 March 2009, Telenor Pakistan had a market share of approximately 22 per cent. In addition to Telenor Pakistan, there are five other mobile operators in Pakistan: Mobilink, Ufone, Warid, Zong (formerly Paktel) and Instaphone. According to data provided by the PTA, as at 31 March 2009 Mobilink was the largest mobile operator in Pakistan with a market share of approximately 31 per cent., Ufone had a market share of approximately 21 per cent., Warid had a market share of approximately 19 per cent., Zong had a market share of approximately 7 per cent., and Instaphone had a market share of approximately 0.3 per cent.

### *Regulatory matters*

The PTA has broad regulatory power including power to grant licences, regulate market conditions, including the price of interconnection, and monitor and enforce the licence conditions pursuant to the Federal Government's telecommunication policy. The Frequency Allocation Board, a separate entity under the administrative control of the PTA, manages radio frequencies.

Certain regulatory issues are stated below:

### **3G spectrum**

The Government of Pakistan has communicated its intentions to issue 3G licences through an open auction in 2009. In this regard, the Ministry of IT solicited industry opinion as to how the framework for 3G spectrum licensing should be designed. The recommendations were discussed in a meeting held on 2 February 2009.

### **Activation tax**

An activation tax of PKR 500 per new SIM card sold to customers is charged.

### **Revision of interconnection charges**

The PTA announced revised MTRs in April 2008. The MTR which was previously PKR 1.25 per minute has been revised downwards by the PTA after conducting a cost based study. The rate was reduced to PKR 1.1 per minute from 1 June 2008 to 31 December 2008, PKR 1.0 per minute from 1 January 2009 to 31 December 2009 and will be PKR 0.9 per minute from 1 January 2010.

### **New SIM activation regime**

In accordance with a PTA directive, the sale of pre-activated SIM cards has ceased as of 1 February 2009. The new post SIM activation regime is in line with the PTA's efforts to deal with illegal/unnamed cellular connections.

### **Unitech Wireless**

Unitech Wireless in India currently comprises eight licensee companies, all incorporated by Unitech Ltd. and its affiliates in 2007, as vehicles for Unitech's telecom venture, Unitech Wireless. Following Telenor's first capital injection into Unitech Wireless on 20 March 2009, Telenor's ownership in each of the eight licensee companies is 33.5 per cent.. Telenor and Unitech Ltd. have agreed that requisite steps and actions shall be undertaken so as to facilitate a merger process with an objective of merging all the licensee companies into one, with the target for completion of such mergers being 30 September 2009. The activities of Unitech Wireless have been confined to



the wireless business in accordance with the Unified Access Services (**UAS**) licences and are targeted at launching during the fourth quarter of 2009. Telenor's objective with its investment in Unitech Wireless is to establish a leading position in the mobile telecom market segment in India. As at 31 December 2008 the mobile penetration and number of inhabitants in India were 31 per cent. and 1,150 million, respectively.

#### *Network and licences*

The 22 telecommunications networks in India are classified as Metros (Mumbai, Delhi, Kolkata and Chennai), A, B and C circles. The Metros and the A circles have the highest economic development. The UAS licence authorises a licensee to provide wireline and/or wireless services, including full mobility, limited mobility and fixed wireless access within the circle for which the licence has been granted, subject to allocation of spectrum. The UAS licence is valid for 20 years and can be extended for another 10 years by the licensor. The upfront cost for a UAS licence covering all circles is approximately Indian Rupees 16,586 million. The annual licence fee, for the term of the licence, (including 5 per cent. USO) is 10 per cent. for Metros and A circles, 8 per cent. for B circles, and 6 per cent. for C circles of the adjusted gross revenue.

In its roll-out, Unitech Wireless will make use of the availability of infrastructure sharing. This will not only help to roll out services faster, but will also help to reduce network roll-out costs and capital expenditure per subscriber. On 10 February 2009, Unitech Wireless entered into a tower sharing agreement with Wireless-TT Info Service Limited (Tata Teleservices' tower company) (**Tata**) and Quippo Telecom Infrastructure Limited (**Quippo**). The tower sharing agreement allows Unitech Wireless to mount its mobile network antennas onto existing as well as new towers to be built by Tata and Quippo. These two tower companies are currently in the process of merging their businesses to become one of India's largest tower companies with the scale benefits that this offers. The tower-sharing agreement covers approximately 40,000 sites, of which approximately 22,000 sites were in place by April 2009. The remaining towers will be built in 2009 and 2010 in accordance with Unitech Wireless' needs. Unitech Wireless also entered into a transmission agreement with Tata Teleservices. The tower sharing and transmission agreements each have 20-year terms with options to extend the contracts for a subsequent 5-year period. Unitech Wireless however, is tied into the agreement for a significantly shorter period than the vendors and may enter into additional tower rental agreements. Furthermore, the parties may enter into an intra circle roaming agreement, which will enable Unitech Wireless to offer services earlier and in a larger service area than it would be able to if only using its own network.

Unitech Wireless received UAS licences which were executed on 28 and 29 February 2008 and were effective as of 25 January 2008. The UAS licence agreements require that various obligations are fulfilled by the licensees. These include maintaining quality of service, payment of licence fees, security conditions etc. In addition, the licensees are required to fulfil certain rollout obligations (being the date of allocation of spectrum in the relevant circles).

The present value of total minimum contractual obligation from the tower and transmission agreements with Wireless-TT Info Services Limited (Tata Teleservices' tower company) and Quippo Telecom Infrastructure Limited is around NOK 3 billion.

Pursuant to the terms of the UAS licences, the licensee must ensure that:

- At least 10 per cent. of the towns designated as district headquarters in each administrative district are covered in the first year and 50 per cent. of the towns designated as district headquarters in each administrative district are covered within three years from the date of the GSM spectrum allocation.
- For metro service area licences: 90 per cent. of the service area is covered within one year of the GSM spectrum allocation.

## *Competition*

Currently, there are 12 wireless operators in India. However, five of the operators are operating in less than four circles. The leading seven players have a 97 per cent. market share. Bharti is the largest wireless operator in India with a market share of 24.6 per cent.. Bharti has a pan-Indian GSM-network as well as a presence in National Long Distance (**NLD**), International Long Distance (**ILD**) and broadband provision. The largest shareholders are the Mittal family (30 per cent.) and Singapore Telecommunications (31 per cent.). Reliance Communications (**Reliance**) has a market share of 17.7 per cent.. Reliance has a pan-Indian CDMA-network, but is also rolling out a GSM-network in all circles. The company also has a presence in NLD and ILD. The controlling shareholder in Reliance is Anil Ambani (65 per cent.). Vodafone Essar has a market share of 17.4 per cent.. Vodafone has operations in 16 circles (GSM-network), but is rolling out network coverage in the remaining circles. The largest shareholders are Vodafone (67 per cent.) and Essar (33 per cent.). BSNL has a market share of 13.7 per cent.. BSNL is wholly owned by the government. BSNL provides GSM and CDMA services in all circles except Delhi and Mumbai and 3G services in selected areas. MTNL, which is owned 56 per cent. by the Indian government, provides GSM and 3G services in Delhi and Mumbai. Idea has a market share of 9.7 per cent. and provides GSM services in 12 circles. Idea is in the process of merging with Spice, one of the smaller wireless operators in India. After the merger, Birla and Telekom Malaysia International will be the largest shareholders. Tata Teleservices has a market share of 9.3 per cent. and is the second largest CDMA operator. The largest shareholder is Tata Group (81 per cent.). On 26 March 2009, the Japanese mobile operator NTT DoCoMo announced that it had completed its acquisition of a 26 per cent. stake in Tata Teleservices Limited and that it also planned to acquire approximately 12 per cent. of the shares in Tata Teleservices (Maharashtra) Limited. In addition to the existing operators, UAS licences have been granted to four new operators, including Unitech Wireless.

## *Regulatory matters*

The Department of Telecommunication (**DOT**) has been constituted under the Ministry of Communications and Information Technology to develop policies and to administer relevant laws. DOT is also responsible for granting licences for various telecom services and frequency management. The Telecom Regulatory Authority of India is responsible for, among other matters, ensuring competition in the sector, regulating prices and making recommendations to the DOT on all matters relating to telecommunication.

## *Spectrum*

In addition to a UAS licence, licensees will need to be allocated spectrum in order to offer mobile telecom services. The new licensees will, subject to availability, initially be allocated 4.4 MHz of GSM 1800 spectrum. Additional spectrum will, if available, only be allocated when certain subscriber thresholds have been reached. To obtain 6.2 MHz, the requirement is 500,000 customers in a Metro, 800,000 customers in A and B circles, and 600,000 customers in C circles. The Indian government is currently in the process of vacating frequencies in the 1800 MHz frequency band, but it may take time before all the frequencies have been vacated. As at the date of this Base Prospectus, Unitech Wireless has been granted spectrum in 21 of the 22 telecom circles in India. It has not been granted spectrum in Delhi nor in some districts of Assam, Rajasthan, Jammu & Kashmir and North East. As Unitech Wireless currently has not been granted spectrum in all 22 circles or in all districts in the circles where spectrum is granted, and as spectrum is a scarcity in India, there is a risk that Unitech Wireless will not obtain spectrum in all circles and districts of India. It should be noted, however, that with the spectrum currently allocated to Unitech Wireless, it would be able to cover approximately 76 per cent. of India's population, and that if Unitech Wireless is not successful in obtaining spectrum in all circles, the value of Telenor's investment will be subject to a relative adjustment. The operators must pay a spectrum fee based on how much spectrum they have been allocated. The fee is currently being revised and as at the date of this Base Prospectus had not been confirmed, but the proposal is 3 per cent. of annual gross revenue for 4.4 MHz and 4 per cent. for 6.2 MHz.

### ***National roaming and intra circle roaming***

Since few of the operators have been able to offer pan-Indian coverage until quite recently, national (inter circle) roaming is permitted. Recently, the regulator has also allowed intra circle roaming, based on mutual agreements between the operators. Consequently, if a new operator is able to enter into an intra circle roaming agreement with an existing operator, it will be able to offer early coverage even without having rolled out its own network. Although a new operator can offer early coverage, without having to roll out its own network, such early coverage would not be counted towards the satisfaction of the roll out obligations of the new operator.

### ***Infrastructure sharing***

The Indian government has promoted passive infrastructure sharing through regulation and through USO funds. The operators have supported passive infrastructure sharing to reduce capex and operating costs. The major operators have spun off their towers in separate companies. Also, several independent tower companies have acquired or built significant portfolios of towers. The new operators are therefore expected to be able to rent a significant number of towers, and thereby reduce the network roll-out time and investment. Recently, the regulator has also permitted active infrastructure sharing. Active infrastructure sharing is limited to antenna, feeder cable, node B, radio access network and transmission. Potentially, this could reduce the capex and operating costs even further. Sharing of spectrum is currently not permitted.

### **3G**

Guidelines, draft information memoranda and timelines for 3G and Broadband Wireless Access licences have been published by the DOT. According to these documents the 3G licences will be awarded through an auction process for each circle, and the reserve price for 3G licences in all circles will be approximately Indian Rupees 20,200 million. Each 3G licence is for 2x5 MHz. It is still unclear how many licences will be issued in each circle. According to the draft timeline the auctions were scheduled to take place in early 2009. However, the draft timeline has been withdrawn, and a revised timeline has not been published.

### **BROADCAST**

Telenor Broadcast is the leading provider of television and broadcasting services to households and enterprises in the Nordic region, measured by subscribers and revenues.

The Telenor Broadcast business area comprises the following business lines:

**Canal Digital Group** provides TV services to more than 3 million households and businesses in the Nordic region. Canal Digital offers pay-TV services to subscribers with Direct to Home (**DTH**) satellite dishes throughout the Nordic region. In Denmark, Norway, and Sweden, Canal Digital offers pay-TV and Internet services to cable TV subscribers. In Finland, Canal Digital offers premium pay-TV services to subscribers with access to digital terrestrial television (**DTT**). Canal Digital also offers TV-services through privately owned satellite master antenna TV networks (**SMATV**), which serve households in multiple dwellings, such as housing associations and antenna unions.

**Transmission and encryption** provides transmission and encryption services for broadcasters and pay-TV operators through the subsidiaries Telenor Satellite Broadcasting, Norkring and Conax. Telenor Satellite Broadcasting provides extensive television broadcasting services for distribution, contribution and occasional applications to broadcasters throughout Europe, utilising its satellite fleet, terrestrial circuits and earth stations. Norkring owns the terrestrial television and radio transmission network in Norway. Conax is a global provider of security solutions for digital TV. Through its subsidiaries and network of partners, Conax offers security solutions for digital TV to pay-TV operators in more than 70 countries.

**Telenor Media and Content Services** consists of the two consolidated companies Telenor Media & Content Services AS and Danmarks Digital TV AS (Denmark), as well as the associated companies A-Pressen AS (44.52 per cent. ownership interest), RiksTV AS (33.3 per cent. ownership interest), Norges Televisjon AS (33.3 per cent. ownership interest) and TV2 Zebra AS (45 per cent. ownership interest). Telenor Media and Content Services' main purpose is to identify and develop content based business opportunities, support Telenor's operating units to gain access to attractive content rights and manage Telenor's investments in content providers and media companies.

## **OTHER UNITS**

Telenor's other business units include IT consulting, capital investment, property management, maritime communications and aircraft communications.

## **EDB**

As at 31 March 2009, Telenor holds 51.3 per cent. of the shares in EDB Business Partner ASA (**EDB**), which is a leading information technology company providing IT consulting, software solutions, software services and computer operations in the Nordic region. EDB's main customers are large and medium-sized companies and organisations in banking and finance, telecommunications, oil and gas, manufacturing and the public and retail and services sectors. Although its primary market is in Norway, EDB also has significant operations in Sweden and a global delivery model with more than 1,500 employees in India and Ukraine. EDB's shares are listed on the Oslo Stock Exchange. EDB's development over recent years has followed a clear strategic path. Once largely a supplier of IT operating services in Norway, EDB aims to be a complete vendor of business critical IT services, with a leading position in the Nordic countries and a strong international foothold. The acquisition of IS Partner in January 2008 has established EDB as a leading international player in the Nordic region for industrial IT. EDB has the following five business areas (prior to completing the integration of IS Partner): IT Operations, Solutions, Application Services, Global Sourcing and IS Partner. The IT Operations area comprises network services, operation of infrastructure and applications, security services, user support, and electronic business support services such as invoice management, payment services, messaging and printing. The services of IT Operations cover all industries and sectors. The Solutions business area comprises the sale of software and consultancy services to the banking and finance industry and the public sector. EDB offers an extensive range of products and services for Nordic and international banks.

### *Competition*

EDB's main competitors in the Nordic countries are TietoEnator, WMDData (Logica), CSC and Ergo. A survey of the total Nordic IT services market by International Data Corporation (**IDC**) in January 2008 ranks EDB as number one in providing IT services in Norway and number four in providing IT services in the Nordic region. Within IT operations, EDB is the second largest operator in the Nordic region according to the IDC report. The market in which EDB operates is highly competitive and is characterised by the need for a high level of expertise and experience, as well as significant capital investment in new technology and products. It is of critical importance that Telenor's products are secure, reliable and competitive in terms of functionality, performance and interface. Products also need to adapt to changing market requirements in the interaction with industry standard software and hardware.

## **Cinclus**

Telenor Cinclus AS (**Cinclus**) is a supplier of services for Smart Metering. The Cinclus services enables power companies to automatically receive power consumption data from their customers. The meter data can be used to improve customer relations through direct communication (services and information), create new business models and increase the efficiency in existing work

processes. Cinclus utilises GPRS, radio MESH, fixed network, power line and broadband as communication carriers to provide a two-way service platform. This platform enables the provision of both basic grid services as well as new, innovative value added services. Cinclus has been awarded major contracts in the Nordic market for Smart Metering and has in a short time become a major player in the industry. Cinclus's complete solution is marketed under the name Cinclus Technology. Cinclus was established in 2005 and has currently 100 employees. Its headquarters are in Oslo (Norway) and it has offices in Lillehammer (Norway) and Stockholm (Sweden). Oy Telenor Cinclus AB is a fully owned subsidiary located in Vasa in Finland. Telenor ASA has a 66 per cent. ownership interest in Cinclus.

## **MCP**

Maritime Communication Partner AS (**MCP**) is a global maritime cellular operator focused on providing cost effective GSM and CDMA communications solutions designed to fulfil the requirements of the shipping industry. MCP enables mobile phone coverage by installing and operating ship borne radio networks, linking vessels with public networks via satellite. MCP operates its mobile services via roaming agreements with mobile operators throughout the world.

From 2004, MCP has secured contracts with ferry and cruise operators all over the world, and is now operating GSM and CDMA networks on board more than 80 vessels world-wide. MCP was established in November 2002 and is a 100 per cent. owned subsidiary of Telenor. MCP has a US subsidiary based in Miami, and currently has 43 employees.

## **AeroMobile**

AeroMobile Ltd (**AeroMobile**) is an international operator of GSM services to airlines. AeroMobile's services allow passengers to safely use mobile phones to call, text and email in the air just as they do on the ground. These services are billed directly to the user's mobile account as an international roaming call. Bringing passenger mobile phone services safely and responsibly into the aircraft cabin demands a specific blend of technical and commercial capabilities. AeroMobile's key strengths include expertise in aircraft safety, systems and operations, mobile telecommunications systems/services, cellular roaming/regulatory affairs and globally competitive pricing. AeroMobile is jointly owned by ARINC Inc and Telenor ASA. The company is headquartered in Crawley (United Kingdom), with a Norwegian subsidiary based in Oslo responsible for global GSM network operation. AeroMobile has 61 employees.

## **ASSOCIATED COMPANIES**

The following companies are associated with, or partly owned by, members of the Telenor Group:

### **Kyivstar**

Kyivstar GSM (**Kyivstar**) in Ukraine was established in 1997, and is the largest mobile operator in Ukraine. As at 31 March 2009, Telenor had a 56.5 per cent. ownership interest in Kyivstar. The remaining share capital is owned by Storm LLC (**Storm**). Storm is indirectly owned by Alfa Group. Through its subsidiaries Storm and Alpren, Alfa Group initiated legal proceedings in Ukraine in 2006. As a result of a court injunction, Kyivstar was prevented from submitting financial information to its owners and international auditors, which led to Telenor's Board of Directors deciding to deconsolidate Kyivstar with effect from 29 December 2006. After the last remaining injunction was lifted in November 2007, Kyivstar resumed its financial reporting to Telenor.

To re-establish Kyivstar's full compliance with corporate governance obligations, on 23 January 2008 Telenor filed a contempt motion with the federal court in New York against Storm, its two direct shareholders Alpren Ltd. and Hardlake Ltd., and Altimo Holdings & Investments Ltd (**Altimo**). The court found for Telenor on all counts on 19 November 2008, and ordered Storm to take all steps necessary to restore corporate governance in Kyivstar, with a threat of heavy fines for non-



compliance.

On 16 December 2008 the shareholders met at two Extraordinary General Meetings of Shareholders (**EGMS**) to bring Kyivstar's charter into line with Ukrainian law. Furthermore, the EGMSs elected a new company board, appointed an audit commission and declared dividends for the years 2004 and 2005. The company board met and elected Ernst & Young as the company's external auditor. There is a possibility that when external auditors have completed the audit of Kyivstar's financial statements, discrepancies may emerge between the unaudited financial information for 2006, 2007 and 2008 that has been provided by Kyivstar and the final audited financial statements.

### *Services*

In addition to voice telephony, Kyivstar provides a full range of value added services, including messaging: SMS, MMS and voicemail, mobile Internet based on its own nationwide EDGE network, 3G national roaming provided through a national roaming agreement with Ukrtelecom, (the only company in the country currently possessing a 3G licence), mobile e-mail and other Internet services, money transfer, LBS, WPBX (Mobile Manager), a wide range of mobile multimedia services, and international roaming in 365 networks in 194 countries. As at 31 March 2009, Kyivstar had 23.1 million mobile subscriptions. As at 31 March 2009, the mobile penetration and number of inhabitants in Ukraine were 120 per cent. and 46.1 million, respectively.

### *Network and licences*

Kyivstar owns several telecommunications licences, including a GSM 900 MHz and GSM 1800 MHz licence. Kyivstar's GSM network had approximately 97 per cent. population coverage as of 31 December 2008. Kyivstar's network is fully EDGE upgraded and the company has its own fibre backbone all over Ukraine.

### *Competition*

Kyivstar is Ukraine's largest mobile operator, with a market share at 31 March 2009 of 41.6 per cent. The second largest mobile operator is Ukrainian Mobile Telecommunication JSC, which is fully owned by the Russian group Mobile TeleSystems OJSC (**MTS Russia**) and is operating under the MTS brand. As at 31 March 2009, Ukrainian Mobile Telecommunication JSC had a market share of approximately 32.4 per cent. Astelit (a company owned and controlled by System Capital Management Holdings and Türkcell, and operating under the brand Life) had a market share of 20.7 per cent. at the end of December 2008. Astelit holds GSM 900 MHz /1800 MHz licences and launched services in January 2005. Beeline, a brand operated by Ukrainian Radio Systems (**URS**) is 100 per cent. owned by the Russian company VimpelCom. URS had a market share of 3.4 per cent. at the end of March 2009. Telenor's indirect subsidiary (held through Telenor Mobile Holding AS), Telenor East Invest AS. holds a 29.9 per cent. voting and a 33.6 per cent. economic ownership share in VimpelCom. URS holds a GSM 900 MHz licence for the whole territory of Ukraine and a GSM 1800 MHz licence for 23 out of 27 administrative regions. There are several smaller mobile operators in Ukraine, which together had a market share of 1.9 per cent. as at the end of December 2008. As at the date of this Prospectus the Ukrainian national telecom regulator, the National Commission for Communications Regulation has not granted 3G licences to Ukrainian mobile operators, except for Ukrtelecom.

### *Regulatory matters*

Under the Law on Telecommunication from September 2003, a National Commission for Communications Regulation (the **NCCR**) was established from 1 January 2005. In September 2008, NCCR activities were renewed after a series of appointments and dismissals of Commissioners. The Ukrainian president cancelled his previous decree that suspended Government Resolution on NCCR members' appointment by decree number 814 as of 8



September 2008. The NCCR is currently headed by Mr. Kolobov. Due to the prevailing political conflict in the Ukrainian parliament, the legal status of the NCCR remains unclear. The Antimonopoly Committee of Ukraine has announced that it intends to recognise all mobile operators as monopolists (dominant operators) for terminating calls on their own networks and to initiate regulation for this interconnection service, however the details of future regulation are not currently clear.

In December 2005, Ukrtelecom (the incumbent fixed-line operator) received a 3G (UMTS) licence and the necessary spectrum without any auction or tender procedure. All the existing GSM operators have also applied for 3G licences and spectrum, but have been rejected due to the delayed conversion of the required spectrum from military to civil use and the previous allocation of all currently available 3G radio frequencies to Ukrtelecom. The Ukrainian cabinet of ministers decided over a year ago that 70 per cent. of relevant spectrums should be transferred from military use to civil use. The Ukrainian military argues that there are insufficient funds to comply with this requirement. The Ukrainian military announced that approximately Ukrainian Hryvnia 1 billion is necessary for proper spectrum conversion. In late 2007 Kyivstar launched a lawsuit against the NCCR, claiming that the NCCR is obliged to issue 3G licences (a licence for rendering 3G services and a licence for 3G radiofrequencies) to Kyivstar. In the initial court hearing, the NCCR was ordered to issue a 3G licence to Kyivstar. The NCCR appealed the decision. At present, Kyiv Appeal Administrative Court has delivered a court decision and cancelled the decision of Kyiv Administrative Court (first instance court). Kyivstar has appealed against the decision of Kyiv Appeal Administrative Court to the High Administrative Court of Ukraine. The next hearing has not been set yet.

The Ukrainian parliament has received a bill from the NCCR that would impose, if approved by the Parliament, a 3 per cent. tax on mobile telecommunication operators. The proceeds would go to a universal telecommunication services fund which would ensure the extension of telephone service to the most remote settlements of Ukraine.

## **VimpelCom**

Vimpel-Communications OJSC (**VimpelCom**) in Russia was established in 1992. Telenor's indirect subsidiary (held through Telenor Mobile Holdings AS), Telenor East Invest AS, became a shareholder in VimpelCom in 1998 and had, as at 31 March 2009, a 29.9 per cent. voting and 33.6 per cent. economic ownership share. The other main shareholder in VimpelCom is the Russian Alfa Group through its subsidiary Eco Telecom Limited (**Eco Telecom**), which has a voting ownership share of 44 per cent. and an economic share of 37 per cent.. VimpelCom's American Depositary Receipts are listed on the New York Stock Exchange and registered with the Securities and Exchange Commission. In addition to its subsidiaries in Russia, VimpelCom has subsidiaries in Kazakhstan, Ukraine, Uzbekistan, Tajikistan, Georgia and Armenia. VimpelCom also has investments in companies in Vietnam and Cambodia, however the operations had not started as at 31 March 2009. VimpelCom's mobile operations operate under the Beeline brand. VimpelCom is the second largest mobile communications provider in Russia in terms of subscriptions, with 49.3 million mobile subscriptions in Russia and an overall subscription market share of 26 per cent. as at 31 March 2009. As at 31 March 2009 the mobile penetration and number of inhabitants in Russia were 131 per cent. and 145 million, respectively. As at 31 March 2009, VimpelCom had a total of 62.7 million mobile subscriptions and 850,000 fixed internet broadband subscriptions in all its markets.

VimpelCom offers voice, data and value-added services on its UMTS, GSM and D-AMPS mobile networks on both a prepaid and contract basis. Approximately 99 per cent. of its Russian subscribers use the GSM network. VimpelCom also provides interconnections with other fixed and mobile networks and access to roaming. Value-added services on the 3G and GSM network include messaging services (SMS, MMS), mobile Internet services (data and fax transmission, WAP browsing and Internet access based on UMTS, GPRS or EDGE technology), a wide range of information and entertainment services (news and entertainment channels, real tones, ring

tones, logotypes, java-games, chats, forums and quizzes), corporate services (including mobile email and corporate GPRS access) and traditional services (including voice mail, caller ID and call capability).

On 29 February 2008, VimpelCom completed a merger with Golden Telecom Inc (**Golden Telecom**), a leading facilities-based provider of integrated telecommunications and Internet services in Russia and the Commonwealth of Independent States (the **CIS**). The transaction transformed VimpelCom into an integrated telecom operator in Russia and the CIS with established positions in rapidly growing broadband, Internet, data and mobile markets. Following the acquisition of Golden Telecom, VimpelCom offers fixed line voice, data and Internet services to corporations, operators and consumers, including dedicated access to the Internet through access and backbone networks. VimpelCom also offers traditional and high-speed data communications services to business customers who require wide area networks.

#### *Network and licences*

VimpelCom's GSM and 3G licence portfolio covers a territory with a population of about 240 million. Geographically it covers 78 regions of Russia with about 140 million people, representing 97 per cent. of Russia's population as well as the entire territories of Kazakhstan, Ukraine, Uzbekistan, Tajikistan, Georgia and Armenia. In April 2007, VimpelCom, together with its main competitors MTS Russia and MegaFon, was awarded a 3G licence for the entire territory of the Russian Federation.

#### *Competition*

VimpelCom's principal competitors in Russia are MTS Russia (**MTS**) and MegaFon. As at 31 March 2009, MTS had 65.1 million subscriptions in Russia, representing a market share of 34 per cent.. MTS is the largest GSM mobile operator in Russia in terms of the number of subscriptions and has a greater share of the high value subscriber market and greater frequency allocations than VimpelCom. MTS holds GSM and 3G licences to operate mobile networks in almost all of the regions in Russia.

As at 31 March 2009, MegaFon had approximately 43.5 million subscriptions, representing a market share of approximately 23 per cent. MegaFon holds GSM 900 MHz / 1800 MHz and 3G licences to operate in all regions of Russia. In 2003, Alfa Group acquired CT Mobile, which owns approximately 25 per cent. of MegaFon's common stock. Tele2 has been operating in Russia since 2003 and is now considered to be a significant player in the Russian telecommunications market. As at 31 March 2009, Tele2 had 10.7 million mobile subscriptions, representing a market share of approximately 6 per cent. The company currently provides GSM mobile services in 16 regions. At the end of 2007, Tele2 was awarded 17 new licences and now holds licences to operate in 34 Russian regions populated by approximately 60 million people.

#### *Regulatory matters*

The law "On Communications," or the Communications Law, which came into effect on 1 January 2004, is the principal legal act regulating the Russian telecommunications industry. The Communications Law sets forth general principles for the regulation of the telecommunications industry, including a description of the institutional framework for the Russian federal government's involvement in the regulation, administration and operation of the telecommunications industry. On 4 March 2006, the Russian President approved amendments to the Telecommunications Law that would introduce the Calling Party Pays rules (the **CPP Rules**). Effective 1 July 2006, under the CPP Rules, all incoming calls to Russia on fixed and mobile lines are to be free of charge for the subscribers receiving the calls, and only the fixed-line or mobile operators originating the call may charge the subscriber for the call. The maximum basic tariff for fixed-to-mobile calls was set at 1.5 Roubles per minute, of which mobile operators receive 95 Kopeck per minute.

On 12 May 2008, the Russian President issued the Decree “On the Issues related to System and Structure of the Federal Bodies of Executive Power” (the **Presidential Decree**). According to the Presidential Decree, the Ministry of Information Technologies and Communications of the Russian Federation were reorganised into the Ministry of Communications and Mass Communications of the Russian Federation (the **Ministry**). The Ministry is currently the federal body with executive power to regulate the telecommunications industry. The Ministry has the authority to set policy and adopt regulations in the area of communications and make proposals to the Russian President and the Russian government on issuance of legal acts regarding certain key issues in the area of communications. According to the Presidential Decree, the Ministry controls and coordinates the activities of the Federal Communications Agency, the Federal Agency for Information Technologies, the Federal Agency on Press and Mass Media and the Federal Supervisory Service for Telecommunications and Mass Media.

All telecommunications operators are required to make compulsory payments to a “universal services fund” which was formed in order to compensate operators for losses arising from offering universal services in distant regions of Russia. Operators must make quarterly payments to the universal services fund of 1.2 per cent. of quarterly revenues. This is calculated as the difference between the revenues from telecommunications services provided in the general access network and revenues from interconnection services and routing traffic services in the general access network.

### **Opplysningen**

As at 31 March 2009, Telenor held a 27 per cent. ownership interest in Opplysningen AS (**Opplysningen**). Other major shareholders of Opplysningen are A. Wilhelmsen Capital (33 per cent. ownership interest) and Telecom Holding (31 per cent. ownership interest). Opplysningen is based in Norway. Opplysningen is organised into the following divisions: Opplysningen 1881 AS (voice services), Opplysningen Digitale Medier AS (mobile services and online services) and Carrots Communication AS (corporate customers), with Opplysningen as the holding company. Within the voice directory assistance market in Norway Opplysningen had close to 27 million customer inquiries in 2008 and a market share of 82 per cent.. Within the mobile directory assistance market, Opplysningen was the most used directory search application in Norway. Opplysningen Digitale Medier and the Internet address [www.1881.no](http://www.1881.no) had more than 767,000 unique users. Net profit and number of customers of Opplysningen increased significantly also in 2008.

### **RESEARCH AND INNOVATION**

Telenor Research and Innovation (**R&I**) contributes to the long-term global competitive strength of Telenor’s current and future business by facilitating innovation and providing input to strategic development.

R&I is an innovation hub for Telenor and a competence resource centre for the whole organisation, offering expertise, advice and challenges to management on existing strategies and business mindsets. Joint activities with the business areas support existing business and service development. In addition, R&I cooperates extensively with industry and other research establishments in Norway and abroad, providing access to technological developments and knowledge. R&I participates in a number of international projects, mainly under the direction of the EU and EURESCOM (the European Institute for Research and Strategic Studies in Telecommunications), in addition to making contributions to various standardisation bodies.

The organisation consists of five units. These are: Business Models, Products and Markets, Service Platforms, Network Technologies and New Business.

The principal objective of the New Business unit is to strengthen Telenor’s ability to profitably commercialise new ideas and research results in the marketplace. Such initiatives can either be

realised within the existing Telenor organisation, or they are established as new business in independent companies, often in cooperation with third parties.

R&I work is carried out through interdisciplinary projects. The main body of the initiatives and projects are related to Telenor's current and future global mobile operations in both technical developments and marketing. The five main projects are: Wireless Broadband, Connected Objects, Content and Services, Future SIM and Growth Markets. In addition to the R&I centres in Norway (Fornebu, Tromsø and Trondheim), a new centre was established in Malaysia in 2006. This Asian centre (**TRICAP**) focuses on social media and growth market opportunities mainly in Asian markets. At the end of 2008 Telenor had 213 R&I employees in Norway and 21 in Malaysia.

## LEGAL PROCEEDINGS

Telenor is involved in a number of legal proceedings within various fora. Some of these proceedings involve administrative agencies, arbitrations, court cases and matters before governmental bodies which include minor and material issues that arise out of activities related to Telenor's business.

While acknowledging the uncertainties of litigation, Telenor 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's financial position. Provision has been made to cover unfavourable rulings, judgments, decisions or foreseeable deviations in tax assessments, pending the outcome of appeals by Telenor 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.

### **Kyivstar**

There is ongoing litigation in New York between Telenor and four affiliates of the Alfa Group consortium. This litigation relates to the Kyivstar shareholders' agreement dated January 2004 (the **Kyivstar shareholders' agreement**) and related corporate governance matters. Since 2005, Storm (the Alfa Group affiliate that is a 43.5 per cent. shareholder in Kyivstar) has in a number of instances failed to have at least one representative attend Kyivstar's shareholder and board meetings and it is only since December 2008 that such attendance has taken place. For a valid quorum to be present at Kyivstar's shareholders' 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 (the **Charter**) and the Kyivstar shareholders' agreement require the attendance of at least one director from Storm. In February 2006, in accordance with the disputes resolution provision in the Kyivstar shareholders' agreement, Telenor commenced an arbitration proceeding in New York against Storm for violating the Kyivstar shareholders' agreement.

The arbitration tribunal in New York released its award on 1 August 2007, in favour of Telenor. The award stated that the Kyivstar shareholders' agreement is valid and binding between the parties and Kyivstar, and ordered Storm to participate in all future shareholder meetings of Kyivstar. In particular, the award requires Storm to vote in a way that secures necessary amendments to the Charter to make it conform with both Ukrainian law and the Kyivstar shareholders' agreement and to cause a board of directors of Kyivstar to be constituted in accordance with the Charter and the Kyivstar shareholders' agreement. If the Charter and the Kyivstar shareholders' agreement were amended in accordance with the award, Telenor would be entitled to a majority of the votes at a meeting of Kyivstar shareholders. Furthermore, Storm and its affiliates were ordered to stop and withdraw any pending court proceedings in Ukraine and were enjoined from commencing any future court proceedings in Ukraine relating to matters governed by the Kyivstar shareholders' agreement. Storm and its affiliates are also enjoined from taking any action that would hinder or preclude Telenor's ability to exercise its rights and obligations under the Kyivstar shareholders' agreement. Storm was also found to be in breach of the non-competition clause of the Kyivstar



shareholders' agreement, and was ordered to sell its Kyivstar shares to an unaffiliated third party unless Storm and its affiliates divested their stakes in the competing companies.

The arbitration award was confirmed in full by the United States District Court for the Southern District of New York (**SDNY**) on 2 November 2007 upon Telenor's petition.

It is Telenor's position that neither Storm nor any of its affiliates have complied with any aspect of the arbitration tribunal's award or the SDNY order confirming the award, and that they consequently are in violation of the SDNY order. On 23 January 2008, Telenor filed a motion against Storm and its affiliates with the SDNY, seeking to hold Storm and those affiliates in contempt of the SDNY order as at 2 November 2007, and asking for coercive fines to be imposed. The hearing of this case before the SDNY took place on 11 March 2008.

On 19 November 2008 the SDNY issued an opinion and order (the **Contempt Order**) in which it held Storm and the affiliates in contempt of the corporate governance provisions of the SDNY's Confirmation Order (the **Corporate Governance Provisions**) and imposed escalating fines on Storm and the affiliates in order to coerce compliance with the Corporate Governance Provisions and ordered them to comply with the divestiture provision of the SDNY's order of 2 November 2007 by 19 February 2009.

On 17 December 2008 Storm and the affiliates moved by order to show cause to vacate the SDNY's contempt findings, to direct remittance of the accrued contempt fines and to stay further contempt sanctions. On 18 December 2008 the judge remitted the contempt fines that had already accrued, because Storm had finally attended two Kyivstar shareholder meetings, voted to amend the charter as directed in the final award, and elected new members of the Kyivstar Board.

On 23 December 2008 Storm and the affiliates appealed the Contempt Order to the Court of Appeals and sought a temporary stay and a stay pending appeal. On 13 January 2009 the Court of Appeals consolidated Storm and the affiliates' appeals of the Contempt Order and the Confirmation Order, set a briefing schedule and issued a stay until the hearing of those appeals. Such hearings took place on 4 February 2009 and 12 February 2009. On 18 February 2009, the Court of Appeals ordered lifting of the stay, and ordered that Storm deposit its shares in Kyivstar with the SDNY by close of business on 20 February 2009, and that Altimo either sell down below 5 per cent. of its Turkcell stake or divest itself completely of its interests in Kyivstar by close of business 23 March 2009.

As Storm exceeded the time limit set by the SDNY and showed no sign of complying with the court order to deposit the Kyivstar shares with the SDNY, Telenor forwarded a motion to the Court seeking to hold Storm and the affiliates in contempt of the court order. Furthermore, Telenor requested the SDNY to impose escalating fines on Storm and the affiliates in order to coerce compliance with the court order. In a court hearing on 11 March 2009 the SDNY found Storm and the affiliates to be in contempt of the court order and imposed large fines on Storm and the affiliates. The first set of fines commenced on 12 March 2009 and may only be lifted when the Kyivstar shares held by Storm are deposited with the court. The other set of fines commenced on 24 March 2009 and may only be lifted if a specific Ukrainian court process (**the EC Venture Action**) is terminated. On 19 March 2009, the Storm affiliates wrote a letter to the SDNY, in which they claimed to have complied with the divestiture provision as a consequence of a transfer of certain ownership interests in Alfa Telecom Turkey Limited (**ATTL**) and argued that the share deposit provision was no longer applicable. On 20 March 2009 the SDNY requested all parties to appear at a conference on 31 March 2009.

The SDNY held a conference on 31 March 2009, at which the court considered whether Storm and the Altimo Entities were in compliance with the Divestiture Provision and whether the EC Venture Action was still pending. The SDNY concluded that Storm and the Altimo Entities would not be in compliance until the ownership interests in ATTL had been paid for by the purchasers and the EC Venture Action had been withdrawn in full. On 8 April 2009 and 10 April 2009, respectively, Storm and the Altimo Entities filed notices of appeal with the Court of Appeals in respect of the SDNY's

order of 6 March 2009, granting Telenor Mobile's motion for legal fees, and the SDNY's order of 11 March 2009, holding Storm and the Altimo Entities in contempt. Those appeals remain pending. On 17 April 2009, Storm and the Altimo Entities submitted documents to the SDNY to support their claim that they had complied with the Divestiture Provision and withdrawn the EC Venture Action. On 28 April 2009, the SDNY issued an order in which it stated that Storm and the Altimo Entities were in compliance with the Divestiture Provision and agreed that the EC Venture Action had been withdrawn, and, consequently, held that Storm and the Altimo Entities were in compliance with the SDNY's order of 11 March 2009 and remitted all accrued fines for contempt. On 7 May 2009, Telenor Mobile filed a motion with the SDNY for recovery of Telenor Mobile's legal fees and costs in the amount of \$478,986.37, in connection with Telenor Mobile's 27 February 2009 contempt motion. That motion remains pending.

Through its subsidiaries Storm and Alpren, Alfa Group initiated three separate legal proceedings in Ukraine in 2006 aimed at preventing the audit of Kyivstar's financial statements by Ernst & Young, Kyivstar's international auditors. As a result of an interim court order, Kyivstar was prevented from submitting financial information to its owners and international auditors, which led to Telenor's Board of Directors deciding to deconsolidate Kyivstar with effect from 29 December 2006. Since the most recent interim court order was revoked in November 2007, Telenor has regained access to financial information from Kyivstar. For the time being, Telenor's financial reporting refers to Kyivstar as an associated company.

### **VimpelCom**

#### *(1) Eco Telecom – Geneva Arbitration on the Ukrainian Radio Systems acquisition*

On 21 March 2008, Eco Telecom sent a notice of arbitration under the UNCITRAL arbitration rules in Geneva against Telenor East Invest AS (an indirect subsidiary of Telenor which is not a Principal Subsidiary (as defined in the Terms and Conditions of the Notes)) in respect of a claim based on alleged breaches by Telenor East Invest AS of certain of its obligations under the shareholders' agreement dated 30 May 2001, between Telenor East Invest AS and Eco Telecom (the **VimpelCom shareholders' agreement**). The claim alleges that Telenor East Invest AS delayed VimpelCom's entry into the Ukrainian mobile market (through its acquisition of Ukrainian Radio Systems) by approximately one year, thereby causing harm to VimpelCom and Eco Telecom, a VimpelCom shareholder. The claim further alleges that by causing such alleged delay Telenor East Invest AS violated its alleged duty of good faith and fair dealing under the VimpelCom shareholders' agreement and caused its nominees on the VimpelCom board to violate their fiduciary duties to VimpelCom and its shareholders. Eco Telecom is claiming US\$1 billion in damages, plus legal fees and interest.

A preliminary hearing was held on 23 October 2008 in Paris and a procedural schedule was set by the tribunal. Eco Telecom filed its statement of claim on 19 December 2008. Telenor East Invest AS filed its statement of defence and counterclaims on 23 February 2009. On 24 April 2009, Telenor East Invest filed a motion seeking to join Altimo to the arbitration. On 8 May 2009, Eco Telecom and Altimo filed a response to that motion. A hearing of that motion is scheduled to be held in Paris on 19 May 2009. Telenor East Invest AS refutes all claims made by Eco Telecom and moves for dismissal of the claim. Furthermore, Telenor East Invest AS claims in its counterclaim that Eco Telecom and Altimo are in breach of the Shareholders Agreement; that the VimpelCom Directors of the Board nominated by Eco Telecom breached their fiduciary duties by voting in favour of the URS transaction; that Telenor East Invest AS should be compensated for any costs related to the arbitration; and that Telenor Mobile Communications should be awarded appropriate relief with respect to the Farimex litigation in Siberia (see below) and any other relief as deemed appropriate by the arbitration panel.

Telenor's limited and initial assessment of the claim at this stage is that the claim against Telenor East Invest AS is not likely to succeed. This is based on both the legal basis for the claim and the underlying facts.



(2) *Farimex Products, Inc. – Telenor East Invest AS et.al.*

On 14 April 2008, the Moscow office of Telenor Russia AS received notice that a litigation proceeding had been commenced in the Business Court for the Khanty-Mansi Autonomous Okrug (the **Khanty-Mansiysk Court**) in Russia by Farimex Products, Inc., a British Virgin Islands company (**Farimex**) against Telenor East Invest AS, Altimo, Eco Telecom, OAO CT-Mobile, Avenue Limited, Santel Limited and Janow Properties Limited. Farimex is seeking damages in respect of the alleged harm caused to VimpelCom as a result of the defendants allegedly having delayed the approval of VimpelCom's acquisition of 100 per cent. of the shares of Ukrainian Radio Systems. The amount of Farimex's claim is US\$3,797,818,500. Following a number of hearings, on 16 August 2008, the Khanty-Mansiysk Court issued a decision in which it held Telenor East Invest AS liable for damages in the amount of US\$2.8 billion and 460,000 rubles in costs. The Khanty-Mansiysk Court did not hold any of the other defendants liable. Telenor East Invest AS appealed the decision of the Khanty-Mansiysk Court to the Eighth Arbitrazh Court of Appeals in Omsk (the **Omsk Court**). Following a number of hearings, on 29 December 2008, the Omsk Court vacated the decision of the Khanty-Mansiysk Court and scheduled a rehearing of the case from the beginning again on 19 February 2009 in the Omsk Court. The Omsk Court issued a written decision on 11 January 2009, in which it set out the rationale for setting aside the decision of the Khanty-Mansiysk Court. On 20 February 2009, the Omsk Court issued a ruling, holding Telenor East Invest AS liable for damages in favour of VimpelCom in the amount of US\$1.7 billion and ruled that both VimpelCom and Farimex were entitled to enforce the claim against Telenor East Invest AS. On 3 March 2009, Telenor East Invest AS filed an appeal of the Omsk Court's decision. On 12 March 2009 Telenor East Invest AS obtained confirmation that 15,337,854 of its shares in VimpelCom had been frozen by enforcement officers. On 17 March 2009 the Federal Business Court for the West Siberian District located in Tyumen issued an order accepting Telenor East Invest AS's appeal and scheduled a hearing for 26 May 2009. On 20 March 2009, Telenor East Invest AS filed a motion to suspend enforcement proceedings with the Tyumen Court. On 23 March 2009, the Tyumen Court denied that motion. On 31 March 2009, the Tyumen Court accepted Telenor East Invest AS' appeal of the order of the Tyumen Court denying a stay of enforcement proceedings, and scheduled a hearing for 28 April 2009. On 6 April 2009, Telenor East Invest AS filed a motion with the Moscow Arbitrazh Court seeking suspension of enforcement proceedings. That motion was scheduled to be heard on 14 April 2009; however, due to the fact that VimpelCom did not appear at the hearing, the Moscow Arbitrazh Court rescheduled the hearing for 30 April 2009. On 28 April 2009, the Tyumen Court heard Telenor East Invest AS' appeal of the order of the Tyumen Court denying a stay of enforcement proceedings, and upheld its decision of 23 March 2009. On 30 April 2009, because the judge had not yet had an opportunity to review the Tyumen Court's decision of 28 April 2009, the Moscow Arbitrazh Court rescheduled the hearing of Telenor East Invest's motion seeking suspension of enforcement proceedings until 6 May 2009. On 6 May 2009, the judge said he was still studying that decision, and rescheduled the hearing for 8 May 2009. On 8 May 2009, the judge said that VimpelCom had not been properly notified of the hearing, and rescheduled the hearing for 3 June 2009. As at the date of this Prospectus, further steps to enforce the claim have not been taken and cannot – according to Russian law – be instigated before Telenor East Invest AS has been served a specific and legally valid demand for payment by Russian enforcement authorities.

Based on the advice of our Russian lawyers, we believe Farimex's claims lack merit and that Telenor East Invest AS has strong legal defences to such claims. We are therefore of the opinion that this case is unlikely to have a material adverse effect on the financial position of the Telenor Group, and accordingly no provision has been made for any liability or loss of shares in these financial statements.

## **DTAC**

### *(1) Access charge dispute between CAT and DTAC*

TOT, CAT and DTAC concluded a post-paid access charge agreement on 22 February 1994 and a pre-paid access charge agreement on 2 April 2001. Under these agreements (the **Access Charge Agreements**), TOT would make interconnection with DTAC.

On 17 May 2006, the NTC issued the Notification on Use and Interconnection of Telecommunications Network of 2006 (**Notification**) applicable to telecommunication licensees who have their own telecommunication network. The Notification requires licensees in Thailand to interconnect with each other on request. The interconnection provider is entitled to apply an interconnection charge that reflects its costs.

On 17 November 2006, DTAC issued a written notification informing TOT and CAT that: (i) the access charge rates under the Access Charge Agreements entered into with TOT are contrary to the law in a number of respects, and (ii) DTAC and TOT shall enter into a new interconnection agreement. DTAC also informed TOT and CAT that, pending the negotiation of the new interconnection agreement, it would pay the interconnection charge to TOT at the rate as to be agreed by the parties or at the provisional rate as announced by the NTC. DTAC also subsequently offered to TOT a payment of access charge at the rate as specified in TOT and CAT's reference interconnection offer.

On 8 November 2007, DTAC sent TOT a notice informing TOT that since it had not accepted the offered payment and had subsequently refused to enter into the interconnection agreement with DTAC, DTAC would therefore cancel the payment offers and terminate the Access Charge Agreements. Therefore, DTAC accrued the access charge (with interconnection charge rate) for the period 18 November 2006 to 7 November 2007, amounting to THB 1,973 million in its accounts, however from 8 November 2007 DTAC did not accrue the access charge in its accounts because of the termination of the Access Charge Agreements.

On 16 November 2007, TOT lodged a claim with the Civil Court, calling for DTAC and CAT jointly to pay access charges and penalties totalling NOK 2.4 billion for the period between 17 November 2006 to 31 October 2007, including default interest and Value Added Tax, and to pay access charges from 1 November 2007 until the agreements among TOT, CAT and DTAC expired, together with default interest at the rate of 1.25 per cent. per annum from the default of each instalment until full payment is made to TOT.

DTAC and CAT submitted their pleas disputing the claims on 3 June 2008 and 20 June 2008 respectively and pleaded that the Civil Court does not have jurisdiction in the case. The Civil Court accepted the claims from DTAC and CAT and rejected the matter on the basis that the case should be handled by the Administrative Court. DTAC has not yet received any notice from the Administrative Court regarding TOT's claim for access charges payment. However, if TOT's claim is lodged with the Administrative Court, the legal process may take several years. Based on the legal opinions received from its external legal counsels, DTAC's management believes that the matter would not have a material adverse effect on the financial position of DTAC.

### *(2) Dispute between DTAC and CAT regarding revenue sharing payment under concessionary agreement in respect of Excise Tax.*

In 2003, the Emergency Decree for the Amendment to the Excise Tax Act imposed an excise tax on telecommunication service businesses at the rate of 10 per cent. for wireless operators and 2 per cent. for fixed line operators. The excise tax payment (excluding interest, penalty or any surcharge) could be made by offsetting amounts due with the revenue sharing payment that the telecommunication service providers are required to make to their respective state agency party under the resolutions of the Thai Cabinet on 28 January 2003 and 11 February 2003.

On 23 January 2007, the Thai Cabinet passed a resolution cancelling the Thai Cabinet's resolutions dated 28 January 2003 and 11 February 2003 in respect of the right of telecommunications service providers to offset the excise tax from the total annual revenue sharing payment payable to CAT or TOT under the relevant agreements and instructed the Ministry of Finance to prescribe a new excise tax rate of 0 per cent.

On 28 September 2007, CAT forwarded a claim to DTAC stating that DTAC had paid an incorrect amount of revenue sharing for the twelfth to the fifteenth concession years (16 September 2002 to 15 September 2006). On 11 January 2008, CAT submitted the dispute to the Thai Arbitration Institute requesting DTAC to make additional concession payments for the twelfth to the sixteenth concession years (amounting to NOK 3.4 billion and including penalties totalling NOK 4.7 billion).

Arbitration of the dispute continues as DTAC did not accept CAT's proposal for the chairman of the tribunal in August 2008 and the process of resolving these matters could take several years. DTAC's management believes, based on advice from legal counsel, that the arbitral award would not have any material adverse effect on the financial position of DTAC.

## MANAGEMENT

The Annual General Meeting of shareholders of the Telenor Group is held at least once every year.

The Annual General Meeting approves the financial statements, annual report, the distribution of any dividends and any other business which under Norwegian law, the Articles of Association or according to proposals from shareholders and/or the Board, falls under the ambit of the Annual General Meeting.

The Corporate Assembly has 15 members, elected for two-year periods, and meets three to four times a year. The Annual General Meeting elects two thirds of the Corporate Assembly's members and the other one-third is elected by and from employees of the Telenor Group. The Corporate Assembly's principal function is the election of the Board of Directors.

The Board of Directors approves the Telenor Group's strategy and financial ambitions. The Board of Directors also appoints the President and CEO of Telenor ASA. The Board of Directors aims to meet at least 8 times a year and has eleven members of whom eight, including the Chairman and Deputy Chairman, are elected by the Corporate Assembly for a two -year period and three are elected by and from the employees of the Telenor Group in accordance with the Norwegian Public Joint Stock Companies Act. The Board of Directors had 20 meetings in 2008. The Group Executive Management meets weekly and decides on corporate issues, including the preparation of items for the Board, the Corporate Assembly and the Annual General Meeting.

### Telenor's Board of Directors

| <u>Name</u>                          | <u>Positions</u> | <u>Expiration of current term</u> |
|--------------------------------------|------------------|-----------------------------------|
| Harald Norvik                        | Chairman         | Spring 2011                       |
| Bruckhard Bergmann                   | Director         | Spring 2011                       |
| John Giverholt                       | Director         | Spring 2011                       |
| Liselott Kilaas                      | Director         | Spring 2011                       |
| Sanjiv Ahuja                         | Director         | Spring 2011                       |
| Barbara Milan Thoralfsson            | Director         | Spring 2011                       |
| Kjersti Kleven                       | Director         | Spring 2011                       |
| Olav Volldal                         | Director         | Spring 2011                       |
| Harald Stavn <sup>(*)</sup>          | Director         |                                   |
| Bjørn Andre Anderssen <sup>(*)</sup> | Director         |                                   |
| May Krosby <sup>(*)</sup>            | Director         |                                   |

(\*) Elected by the employees.

*Harald Norvik* was elected to the board on 31 May 2007 and was elected chairman from the same date. Mr. Norvik is a strategic advisor of ECON. He is chairman of the Board of Aschehoug,

member of the Board of Directors of ConocoPhillips and PGS. From 1988 to 1999 he was president and CEO of Statoil. He was also Director of Finance and member of the executive board of the Aker Group from 1976. From 1976 to 1979 he served as personal secretary to the Prime Minister and from 1979 to 1981 he was Deputy Minister in the Ministry of Petroleum and Energy. Mr. Norvik has a Master of Science degree from The Norwegian School of Economics and Business Administration.

*Burckhard Bergmann* was elected to the board on 29 May 2008. Dr. Bergmann joined Ruhrgas AG (known as E.ON Ruhrgas AG since 1 July 2004) in 1972 and has held several executive positions. From 1980 to February 2008 he was a member of the Group Executive Management and chairman of the Group Executive Management since 2001. He currently holds board positions in several major international companies. Dr. Bergmann was awarded the title of Dr. Ing. from the University of Aachen, Germany.

*John Giverholt* was elected to the board on 8 May 2003. He is presently chief financial officer of Ferd AS and has previously held leading positions in Arthur Andersen, Actinor, Norsk Hydro, DnB and Orkla. He has a B.Sc. from the University of Manchester, England and is a state authorised public accountant in Norway.

*Sanjiv Ahuja* was elected to the board on 11 May 2009. He is chairman of Augere. Former chairman and CEO of Orange SA. Sanjiv's previous industry experience includes the role of President of Telcordia Technologies (formerly Bellcore) and fifteen years at IBM in various executive roles. He has a degree in electronic engineering from Delhi University, India, and a Master's degree in computer science from Columbia University in New York.

*Barbara Milan Thoralfsson* was elected to the board 11 May 2009. She is a Director at Fleming Invest AS, and is a member of the Boards of Electrolux AB, SCA AB, Storebrand ASA, Fleming Invest, Stokke AS and Norfolier AS. She started her professional career at Kraft General Foods in 1981 and has been Managing Director of Middelfart and President of TeliaSonera Norway (NetCom AS). Thoralfsson has an MBA from Columbia University.

*Liselott Kilaas* was elected to the board on 8 May 2003. She is presently managing director of Aleris Norway AS. She has previously held leading positions in Zenitel ASA, the oil industry, PA Consulting Group and Stento AS and is currently board member of Norges Bank. She has an M.Sc. from the University of Oslo and an MBA from the International Institute for Management Development in Lausanne.

*Kjersti Kleven* was elected to the board on 31 May 2007. She is an active co-owner of John Kleven AS. She was previously project manager of Nordvest Forum AS for 5 years and personnel manager of Rolls-Royce Marine AS. For a period she also worked as a scientist at Fafo (Institute for Labour and Social Research). She holds several directorships in the Kleven Group of companies. She has a degree in political science from the University of Oslo and a bachelor degree from the Norwegian School of Management.

*Olav Volldal* was elected to the board on 31 May 2007. Mr. Volldal is Group CEO of Kongsberg Automotive Holding ASA and has been working with Kongsberg Våpenfabrikk since 1975. He is currently member of the Board of Elopak AS, Ulefos NV AS, Cappelen Holding and NCE Kongsberg. He is a graduate engineer from NTH (now NTNU, the Norwegian University of Science and Technology).

*Harald Stavn* was elected to the board on 20 June 2000 as an employee representative. Mr. Stavn joined Telenor in 1974 and has held various engineering positions. He is a board member of Telenor Pensjonskasse (Telenor's Pension Fund), and employee representative from the Norwegian Society of Engineers and Technologists (NITO) in Telenor. Mr. Stavn has a technical education from the Technical College of Norwegian Telecom and was also educated as a business economist at Handelshøyskolen BI (the Norwegian School of Management) in Oslo.

*May Krosby* was elected to the board on 23 August 2007. Ms. Krosby joined Televerket in 1966 and has served as an employee representative since 1989. She has been a member of the board of Telenor Central Units since the late 1990s.

*Bjørn Andre Anderssen* was elected to the board on 23 August 2007. Mr. Anderssen joined Telenor in 1999. He is a member of the Negotia Board at Telenor and a member of the Negotia Executive Committee. He has graduated from Upper Secondary School.

### **Group Executive Management**

The Group Executive Management consists of heads of key business areas and functions at Telenor. The Chief Executive Officer is in charge of the day-to-day management of the operations at Telenor ASA and in the Telenor Group.

|                       |  |
|-----------------------|--|
| Jon Fredrik Baksaas   | President and Chief Executive Officer since June 2002  |
| Trond Ø. Westlie      | Executive Vice President and Chief Financial Officer since September 2005 and previously held the position as Director of Finance of Telenor ASA<br>Sigve Brekke<br>Executive Vice President since September 2008 and Head of the Telenor Asia operations      |
| Morten Karlsen Sørby  | Executive Vice President since January 2003 and Head of Group Business Development & Research  |
| Jan Edvard Thygesen   | Executive Vice President since 1999 and Head of Telenor Central and Eastern Europe   |
| Bjørn Magnus Kopperud | Executive Vice President since January 2006 and Head of Group Human Resources  |
| Ragnar H. Korsæth     | Executive Vice President since January 2006 and for the time being having the responsibility for following up Telenor's operations in Sweden and Denmark. The head of Telenor's Norwegian operations is for the time being reporting directly to the Group CEO |
| Hilde M. Tonne        | Executive Vice President since September 2007 and Head of Group Communications   |

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

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

### **Employees**

As at 31 March 2009, the Telenor Group had a total of 39,250 employees (37,950 man-years) in its fully consolidated operations, of which 28,850 employees resided outside Norway.

### **Auditors**

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

## **Recent developments**

Telenor's share of profits from VimpelCom is estimated based on the latest available financial statements and publicly available information. Telenor's unaudited condensed consolidated interim financial statements for the quarter ended 31 March, 2009 were issued before Vimpelcom issued its financial statements for the year ended 31 December, 2008. A negative effect of NOK 762 million due to deviation between estimated and actual share of profits in VimpelCom for the year ended 31 December, 2008 will be recognised in Telenor's unaudited condensed consolidated interim financial statements for the quarter ending 30 June, 2009. VimpelCom has not yet issued financial statements for the quarter ended March 31, 2009, and as a result the estimated result for Q1 included in Telenor's unaudited condensed consolidated interim financial statements for the quarter ended 31 March 2009 may also be adjusted in Q2.



## 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.

Holders of Notes resident in Norway for tax purposes have an obligation to include the Notes in the computation of such Noteholder's taxable net wealth for municipal and state wealth tax purposes. Limited liability companies and similar entities are not subject to net wealth tax. Holders of Notes who have no connection with Norway other than the holding of Notes issued by the Issuer are, under present Norwegian law, not subject to net wealth tax.

Interests and capital gains are taxable as general income for both individual and corporate holders of Notes at a flat rate of 28 per cent.

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 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 adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

## **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 is currently levied at a rate of 20 per cent. and will be levied at a rate of 35 per cent. as of 1 July 2011. 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 20 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 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 19 May 2009 (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.

## Public Offer Selling Restrictions under the Prospectus Directive

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 which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto 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) 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;
- (b) 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 (and, in Norway, which is registered as a “professional investor” with the Oslo Stock Exchange);
- (c) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (a) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 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**

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.

Notes may only be sold in Norway to investors who have sufficient knowledge and experience to understand the risks involved with investing in the Notes.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended; the **FIEA**). 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 offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)) or to others for re-offering or resale, directly or indirectly, 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 FIEA, and any other applicable laws, regulations and ministerial guidelines 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 to professional market parties as defined in the Financial Supervision Act and the decrees issued pursuant thereto.

### **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 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 27 June 2007.
2. There has been no significant change in the financial or trading position of the Issuer or of the Telenor Group since 31 March 2009 and no material adverse change in the financial position or prospects of the Issuer or of the Telenor Group since 31 December 2008.
3. Except as disclosed on pages 102 to 107, 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.
4. Each Bearer Note having a maturity of more than one year, 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".
5. Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (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.
6. 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:
  - 6.1 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;
  - 6.2 the Programme Agreement as amended or supplemented from time to time;
  - 6.3 the Certificate of Registration and Articles of Association of the Issuer;
  - 6.4 the consolidated published annual report of the Issuer for the last two years ended 31 December 2007 and 31 December 2008, the most recently published annual report of the Issuer and the consolidated published quarterly financial statements of the Issuer for the three months ended 31 March 2009;
  - 6.5 each Final Terms for Notes that are listed on the Luxembourg Stock Exchange or any other stock exchange;



- 6.6 a copy of this Base Prospectus together with any further Base Prospectus or Supplement to this Base Prospectus;
- 6.7 a copy of the subscription agreement for Notes issued on a syndicated basis that are listed on the Luxembourg Stock Exchange; and
- 6.8 any reports (other than audit reports), letters, statement and valuations prepared at the Issuer's request and included in this Base Prospectus (if any).

In addition, copies of this Base Prospectus, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu).

7. 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 IFRS for the financial years ended 31 December 2007 and 31 December 2008. Ernst & Young AS are members of the Norwegian Institute of Public Accountants.
8. 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.

#### **9. Post-issuance information**

Save as set out in the Final Terms, 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**  
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London EC2N 2DB  
United Kingdom

## DEALERS

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**ING Bank N.V.**  
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The Netherlands

**J.P. Morgan Securities Ltd.**  
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London EC2Y 5AJ  
United Kingdom

**Nordea Bank Danmark A/S**  
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## LEGAL ADVISERS

### To the Issuer

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*in respect of English law*  
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United Kingdom

### To the Dealers and the Trustee

*in respect of Norwegian law*  
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*in respect of English law*  
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**AUDITORS**

**Ernst & Young AS**

*Statsautoriserte revisorer*

Oslo Atrium  
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N-0051 Oslo  
Norway

**TRUSTEE**

**Citicorp Trustee Company Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

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

**Citibank, N.A., London branch**

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Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**PAYING AGENT AND TRANSFER AGENT**

**Dexia Banque Internationale à Luxembourg**

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Luxembourg, L-2953

**VPS ACCOUNT MANAGER**

**DnB Nor ASA**

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Norway

**LUXEMBOURG LISTING AGENT**

**Dexia Banque Internationale à Luxembourg**

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