



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** or **Telenor**) 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**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area), 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. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005 of Luxembourg.

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's regulated market and have been listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market 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 (P)A3 by Moody's Investors Service España, S.A. and A- by Standard & Poor's Credit Market Services Europe Limited. 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.

Each of Moody's Investors Service España, S.A. and Standard & Poor's Credit Market Services Europe Limited is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, each of Moody's Investors Service España, S.A. and Standard & Poor's Credit Market Services Europe Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. Please also refer to "*Credit ratings may not reflect all risks*" in the "*Risk Factors*" section of this Base Prospectus.

This Base Prospectus does not affect any Notes already in issue.

Arranger
Citigroup

Dealers

Barclays
Goldman Sachs International
ING Commercial Banking
Nordea

Citigroup
HSBC
J.P. Morgan
The Royal Bank of Scotland

8 June 2012

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, the Arranger or any of the Dealers (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 €100,000 (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 “BDT” are to Bangladeshi Taka, to “DKK” are to Danish Kroner, to “HUF” are to Hungarian Forint, to “INR” are to Indian Rupees, to “MYR” are to Malaysian Ringgit, to “Nkr” or “NOK” are to Norwegian Kroner, to “PKR” are to Pakistani Rupees, to “RUB” are to Russian Ruble, to “SEK” are to Swedish Kronor, to “US\$”, “USD” or “US dollars” are to United States dollars and to “THB” are to Thai Baht. In addition, all references to “euro”, “EUR” and “€” refer to the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, 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.

TABLE OF CONTENTS

	<i>Page</i>
Risk Factors	5
Documents Incorporated by Reference	23
Supplement to the Base Prospectus	23
General Description of the Programme	24
Form of Final Terms	30
Terms and Conditions of the Notes	44
Use of Proceeds	73
Overview of Provisions Relating to the Notes while in Global Form	74
Overview of Provisions Relating to VPS Notes.. .. .	80
Telenor ASA	81
Taxation	121
Subscription and Sale.. .. .	124
General Information	127

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) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- (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

Notes in New Global Note form

The New Global Note form has been introduced to allow for the possibility of debt instruments being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the **Eurosystem**) and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However, in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time. Investors should make their own assessment as to whether the Notes meet such Eurosystem eligibility criteria.

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, Luxembourg, Belgium 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). Belgium has announced that, with effect from 1 January 2010, the transitional period no longer applies to it. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, 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: (i) the Investor's Currency-equivalent yield on the Notes; (ii) the Investor's Currency equivalent value of the principal payable on the Notes; and (iii) 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.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the front cover and in the "*General Description of the Programme*" section of this Base Prospectus, and/or will be disclosed in the Final Terms.

Legal investment considerations may restrict certain investments

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

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

Financial risks

Liquidity risk

The Telenor Group (as defined in the section headed "*Telenor ASA*", below) emphasises financial flexibility. An important part of this emphasis is to minimise liquidity risk through ensuring access to a diversified set of funding sources. Telenor issues debt in the domestic and international capital markets mainly in the form of Commercial Paper and bonds. The Telenor Group uses Euro Commercial Paper, U.S. Commercial Paper, Euro Medium Term Notes and the Norwegian domestic capital market to secure satisfactory financial flexibility. As at the date of this Base Prospectus, Telenor has established committed syndicated revolving credit facilities of EUR 1.0 billion, with maturity in 2013, and EUR 2.0 billion, with maturity in 2016.

Interest rate risk

The Telenor Group 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 the income statement are influenced by changes in interest rates in the market.

The main consideration regarding management of interest rate risk is to reduce the financial risk and minimise interest cost over time. A portion of the debt issued by the Telenor Group is fixed rate debt (96% of outstanding debt before swap as at 31 December 2011 and 94% as at 31 December 2010). The Telenor Group utilises 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.

According to Telenor's Group Policy Treasury, the average duration of the debt portfolio should be between 0.0 to 2.5 years. As at 31 December 2011, the average duration was 1.3 years (1.4 years as at 31 December 2010).

Exchange rate risk

The Telenor Group is exposed to changes in the value of NOK relative to other currencies. The carrying amount of Telenor'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 the profit and losses from foreign operations are translated into NOK using the average exchange rate for the period. If these companies pay dividends, it 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 Telenor Group Policy, Treasury has committed to hedge economically cash flows in foreign currency equivalent to NOK 50 million or above, by using forward contracts. When 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.

Short-term foreign currency swaps are frequently used for liquidity management purposes. No hedging relationships are designated in relation to these derivatives.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Telenor Group considers its maximum exposure to credit risk to be the carrying amount of financial assets, except equity instruments.

Concentrations of credit risk with respect to trade receivables are limited due to the Telenor Group's customer base containing a high number of customers that are also considered unrelated. Due to this, there is no further credit risk provision required in excess of the normal provision for bad and doubtful receivables.

The Telenor Group invests surplus liquidity in current interest-bearing assets. Credit risk is inherent in such instruments. Financial derivatives with positive replacement value for the Telenor Group, taking into account legal netting agreements, also represent 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 with each counterparty. Telenor has legal netting agreements (ISDA agreements), which allow gains to be offset against losses in a bankruptcy situation, with 12 banks that are counterparties in respect of derivative transactions. As at 31 December 2011, Telenor had collateral agreements with four banks in derivative transactions. Both the ISDA agreements and the collateral agreements are intended to reduce overall credit risk. The counterparty risk in subsidiaries in emerging markets is higher due to the lack of counterparties with a high credit rating. This counterparty risk is monitored on a regular basis.

The Telenor Group's cash and cash equivalents also represent a credit risk. The Telenor Group normally has deposits in countries with major operations. The credit risk on such deposits varies, depending on the credit worthiness of the individual banks and countries in which the banks are located. Note 24 to the financial statements provides information regarding cash inside and outside the cash pool. Some associated companies also hold significant deposits in banks. Such deposits are distributed in several banks to reduce credit risk. Credit risk exposure for Telenor is monitored on a daily basis.

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 2G and 3G network capacity, 4G/Long Term Evolution (LTE) deployment as well as network infrastructure upgrades, 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 expenditure 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;
- (ix) the ability to generate sufficient cash flows from operations and financings to finance Telenor's capital expenditures, investments and other requirements; and
- (x) direct or indirect consequences of natural disasters (for example, the earthquake in Japan in 2011), affecting Telenor's supply chain.

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.

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, financial condition and value of investments.

Telenor's business, earnings and financial condition have been and will continue to be affected by any 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 and could lead to customers switching to lower-cost alternatives offered by Telenor's competitors. The

following may significantly impact Telenor's earnings and financial position: (i) continued deterioration and volatility in the global economy, the equity and bonds markets, and the telecommunication sector; (ii) a deterioration in business and consumer confidence, employment trends, the liquidity of global financial markets, and the availability and cost of credit; and (iii) continued volatility in inflation and market interest rates. 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 adverse changes in credit markets or Telenor's credit ratings could increase the cost of borrowing and banks may not be willing to renew credit facilities on existing terms. Any of these factors may limit Telenor's ability to access the capital necessary to implement, finance or re-finance its capital and other expenditure. Any refinancing or additional financing may not be available on commercially reasonable terms, or at all.

Critical judgements in applying the Telenor Group's accounting policies

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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, organised crime, 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, local insurance lack of capacity, none or inadequate local insurance-related estimated maximum loss reporting and limits on coverage. As a result, Telenor may have to bear the full or partial amount of 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 risks

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 (which include access and price regulation) applicable to the telecommunications industry in each of the markets in which Telenor operates, as well as competition and consumer protection laws. 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 renewal of licences, the grant of new licences to existing or new operators, 3G and 4G/LTE 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 and could adversely affect Telenor's operations. It is also possible that new regulations could bar existing operators from acquiring these licences. Additionally, other changes in the regulatory environment concerning the use of mobile phones may lead to a reduction in the usage of mobile phones or otherwise adversely affect Telenor.

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.

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 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.

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 as having significant market power in fixed-line 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.

Increased and unpredictable regulation of Telenor's international operations and investments and the lack of institutional continuity, 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 countries, often referred to as emerging markets, 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 and Sweden.

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.

Some of the licences include provisions that might limit the opportunity for Telenor to pursue certain strategic options. Such provisions might for instance include requirements for regulatory approval of transactions, limitations on foreign shareholdings as well as restrictions on cross ownership in the telecommunications sector.

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, including increased licence fees. 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 or existing 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/4G mobile services in its markets depends upon it obtaining licences or entering into agreements with operators that have been awarded such licences. Failure to establish Telenor among the providers of 3G mobile services may limit Telenor's ability to achieve further revenue growth in mobile communications and 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, for example, Pakistan, Bangladesh and Thailand. Similar situations may also be relevant for 4G/LTE licences.

If Telenor is not successful in acquiring spectrum licences or is required to pay higher rates for licences 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 change 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 recent years such sector-specific taxes have been imposed on Telenor in Hungary, Serbia and many of the Asian markets in which Telenor operates, often at short notice and without proper consultation.

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 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.

Operational risks

Telenor may not be able to increase its revenue or maintain profitability, notwithstanding its introduction of new services

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 operator 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, or limitations in existing services affect customer experience, 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. Even if these services are introduced in accordance with expected time schedules, there is no assurance that such services will increase average revenue per user (ARPU) or maintain profit margins.

Telenor may not be able to increase its subscriber base or stabilise its churn rates and 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 ability to simultaneously provide a quality customer experience and develop its business cost effectively is dependent on rolling investment in network assets

Several of Telenor's operations are performing swaps/upgrades of their network infrastructure, where substantial parts of the network are replaced. As of March 2012, such swap projects are still ongoing in Thailand and Malaysia, and will shortly also be initiated in Pakistan. In addition, charging and billing system swaps will be performed in Pakistan, Thailand and Malaysia during 2012/2013. Even if the swap projects are well supervised, there is a risk that (temporary) operational disturbances will occur that may negatively affect Telenor's customers as well as Telenor's revenues.

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. 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.

Telenor's mobile operations include VimpelCom Ltd. (**VimpelCom**), a global telecommunications operator in which, further to the transactions in 2011 and 2012 described in the section headed "*Legal Proceedings – VimpelCom – Arbitration*", below, Telenor (via its subsidiary, Telenor East Holding II AS (**Telenor East**)) owns a 39.51% voting interest. However, the Telenor Group does not control VimpelCom, either on its own or through agreements or arrangements with other shareholders.

On 17 April 2012, the Federal Antimonopoly Service of the Russian Federation (the **FAS**) filed a claim against Telenor East and Weather Investments II S.à.r.l (**Weather II**) in the Moscow Arbitrazh Court, claiming that the Telenor Group's acquisition of VimpelCom preferred shares from Weather II in 2012 violated applicable Russian law because Telenor East, as a company controlled by a foreign state (the Kingdom of Norway), may not exercise control over a Russian entity having strategic importance for national defence and state security (referring to VimpelCom's Russian subsidiary, OJSC "Vimpel-Communications" (**OJSC VimpelCom**)). The FAS is asking the Moscow Arbitrazh Court to, amongst other things, invalidate the share purchase agreement between Telenor East and Weather II and require Telenor East to return to Weather II the VimpelCom preferred shares Telenor East had purchased in 2012. For more information on this claim, see the section headed "*Legal Proceedings – VimpelCom – FAS Claim*", below.

For so long as Telenor is unable to acquire or maintain a controlling position in VimpelCom, its ability to apply its experience and expertise in relation to VimpelCom, and its ability to achieve cost savings to enhance profitability and increase utilisation from VimpelCom's operations may be reduced. Further, Telenor's inability to increase its ownership interest and inability to influence key business or strategic decisions in VimpelCom, particularly in situations in which Telenor disagrees with VimpelCom management or other VimpelCom shareholders, may reduce the effectiveness of Telenor's investment in VimpelCom. In addition, when VimpelCom management or other shareholders in VimpelCom fail to co-operate in adequately supporting VimpelCom, or disagree with Telenor's strategy and business plans, this may affect VimpelCom's ability to compete and operate effectively, thereby impairing the value of Telenor's investment in VimpelCom.

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, including with customers, competitors or regulatory authorities. Details of material legal proceedings are provided at pages 109 to 117 of this Base Prospectus.

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 damages awards and/or other remedies against Telenor that affect Telenor's interests. This may also attract adverse publicity on Telenor. Any litigation or adverse publicity may have a material adverse effect on Telenor's business, reputation, financial condition and/or operating results.

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, civil unrest, 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 times and potential regulatory fines.

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.

Third parties may gain access to Telenor's network and/or confidential data unlawfully and Telenor is exposed to the risks of compliance failures, internal fraud or illegal activities by third parties (for example, hackers)

The scale of Telenor's business and global nature of its operations means Telenor is required to process significant volumes of confidential information, including storage of personal information and transmitting data for its customers, all of which needs to be safeguarded against loss, mismanagement or unauthorised disclosure.

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 develop 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. Telenor may experience problems such as the availability of new mobile handsets, higher than anticipated prices of new handsets, availability of new content services, difficulties with new vendors (notwithstanding thorough evaluation of such new vendors) and difficulties caused by country and political risk in connection with particular markets and vendors. Any failure in relation to the supply chain may have a material adverse effect on Telenor's 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 affiliates, contractors and suppliers

While Telenor believes that it has adequate measures in place to ensure that its affiliates, contractors and suppliers comply with all labour laws and/or other laws and regulations, Telenor's ability to monitor and ensure that its affiliates, contractors and suppliers, or other parties providing services to or on behalf of Telenor, are not in violation of applicable laws is, to an extent, limited.

Telenor has taken steps to strengthen the awareness of health, safety, security and environmental concerns at Telenor's affiliates, contractors and suppliers, such as implementing management systems in affiliates, signing agreements on responsible business conduct with suppliers and other parties providing services to or on behalf of Telenor, and carrying out sustainability monitoring

through, for example, announced or unannounced inspections. In some cases, proactive training or awareness programmes for suppliers are also carried out.

In spite of these measures, unauthorised violations of applicable laws, which are beyond Telenor's control, by Telenor's affiliates, contractors and suppliers 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's other shareholders

As at the date of this Base Prospectus, the Kingdom of Norway holds 53.97% of Telenor'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 and the factors it considers in exercising its shareholder rights could be different from the interests of Telenor's other shareholders.

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 relationship management. 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, the issuance of new licences, allocations of spectrum, 'resource rich' competitors from adjacent markets entering Telenor's markets, increased level of customer churn, reduced levels of market differentiation and decline in market growth rates.

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.

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, make it difficult to find attractive sites for base stations or cause mobile telephone customers to use their mobile phones less.

Country and 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. The governments in many countries exercise substantial influence over several 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. 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, results of operations and value of investments.

Unlawful, selective or arbitrary government action, if directed at Telenor's operations, could have a material adverse effect on Telenor's business, results of operations, prospects and value of investments

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 may be subject to abuse, and difficulty in enforcing court 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.

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

Emerging markets such as Russia, 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, 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 described in more detail in the sections headed “*Legal Proceedings – VimpelCom – FAS Claim*” and “*Legal Proceedings – Uninor*”, below, Telenor is engaged in litigation in Russia and India that has adversely affected and may continue to adversely affect the value of its investments in Russia and India, respectively. See, too, the section headed “*Telenor Pakistan – Regulatory matters*”, below. 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.

The escalation of unrest and violence could have significant political and operational consequences, and severely impact Telenor’s business

Telenor operates in markets and regions that have suffered historically from unrest and violence, including terrorist attacks and war. An escalation in the levels of disturbance, such as actions by groups or communities against governmental authorities, or actions by governmental authorities or their military organs against civilians, or military actions between nation-states, has the potential to materially adversely affect Telenor’s business, prospects and results of operations. Heightened security measures in such markets and regions may also impose extraordinary restrictions on Telenor’s ability to operate in accordance with its service obligations.

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 2010, containing the consolidated income statement on page 16, the consolidated balance sheet on page 18, the consolidated cash flow statement on page 19, the consolidated changes in equity on page 20, the notes to the consolidated financial statements on pages 21 to 89 and the auditor's report on pages 109 to 110;
- (b) the consolidated published annual report of the Issuer for the year ended 31 December 2011, containing the consolidated income statement on page 18, the consolidated balance sheet on page 20, the consolidated cash flow statement on page 21, the consolidated changes in equity on page 22, the notes to the consolidated financial statements on pages 23 to 85 and the auditor's report on pages 106 to 107;
- (c) the condensed consolidated published unaudited quarterly financial statements of the Issuer for the three months ended 31 March 2012, containing the income statement on page 11, the balance sheet on page 12, the cash flow statement on page 13 and the notes to the interim statements on pages 15 to 16;
- (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, in the case of listed Notes only, if appropriate, will be made available, which will describe the effect of the agreement reached in relation to such Notes.

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

Issuer	Telenor ASA (with organisational registration no. 982 463 718 in the Norwegian Register of Companies)
Description	Debt Issuance Programme. Up to €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.
Arranger	Citigroup Global Markets Limited
Dealers	Barclays Bank PLC Citigroup Global Markets Limited Goldman Sachs International HSBC Bank plc ING Bank N.V. J.P. Morgan Securities Ltd. Nordea Bank Danmark A/S The Royal Bank of Scotland plc The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to Permanent Dealers are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to Dealers are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Trustee	Citicorp Trustee Company Limited
Issuing and Paying Agent	Citibank, N.A., London branch
Registrar	Citibank, N.A., London branch
VPS Account Manager	DNB Bank ASA
Transfer and Paying Agents	Citibank, N.A., London branch and Banque Internationale à Luxembourg.
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.

Notes with a maturity of less than one year

Notes having a maturity of less than one year from the date of issue will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent.

Under Part II of the Prospectus Act 2005 of Luxembourg, which implements the Prospectus Directive, prospectuses relating to 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 Part II of such Act.

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 would otherwise require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (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 “*General Description of the Programme – Selling Restrictions*”), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as **Global Certificates**. VPS Notes will not be evidenced by any physical note or document of title. Entitlements to VPS Notes will be evidenced by the crediting of VPS Notes to accounts with the VPS.

Maturities

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

Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly-paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a Series), having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a Tranche), on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the relevant Final Terms to this Base Prospectus.
Clearing Systems	Clearstream, Luxembourg and Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer or, in relation to VPS Notes, the VPS.
Initial Delivery of Notes	On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Certificate representing Registered Notes may (or, in the case of Notes listed on the Luxembourg Stock Exchange, shall) be deposited with a common depositary or, as the case may be, a common safekeeper for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates relating to Notes that are not listed on the Luxembourg Stock Exchange may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
Fixed Rate Notes	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes	Floating Rate Notes will bear interest determined separately for each Series by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms.
Zero Coupon Notes	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Variable Coupon Amount Notes	The Final Terms issued in respect of each issue of variable coupon amount Notes will specify the basis for calculating the amounts of interest payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Final Terms.

Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
Variable Redemption Amount Notes	The Final Terms issued in respect of each issue of variable redemption amount Notes will specify the basis for calculating the redemption amounts payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Final Terms.
Other Notes	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, dual currency Notes, reverse dual currency Notes, optional dual currency Notes, partly-paid Notes and any other type of Note that the Issuer, the Trustee and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.
Optional Redemption	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders (whether upon the occurrence of a Put Event (as described in Condition 6(e)(ii)) and/or otherwise), and if so any particular terms applicable to such redemption.
Early Redemption	Except as provided in “ <i>Optional Redemption</i> ” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See “ <i>Terms and Conditions of the Notes – Redemption, Purchase and Options</i> ”.
Redemption by Instalments	The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Withholding Tax	All payments of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of taxes of the Kingdom of Norway, unless such withholding or deduction is required by law. In that event, the Issuer shall, subject to certain customary exceptions described in “ <i>Terms and Conditions of the Notes – Taxation</i> ”, be required to pay additional amounts to cover the amounts so withheld or deducted.
Status of Notes	The Notes will constitute unsubordinated and unsecured obligations of the Issuer, as described in “ <i>Terms and Conditions of the Notes – Status</i> ”.
Negative Pledge	The Notes will contain a Negative Pledge as described in Condition 4.
Cross Default	The Notes will contain a Cross Default as described in Condition 10.
Ratings	The Programme has been rated (P)A3 by Moody’s Investors Service España, S.A. and A- by Standard & Poor’s Credit Market Services Europe Limited. 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.

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.

Each of Moody's Investors Services España, S.A. and Standard & Poor's Credit Market Services Europe Limited is established in the European Union and is registered under the CRA Regulation. As such, each of Moody's Investors Service España, S.A. and Standard & Poor's Credit Market Services Europe Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. Please also refer to "*Credit ratings may not reflect all risks*" in the "*Risk Factors*" section of this Base Prospectus.

**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 the United Kingdom and the Kingdom of Norway, 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.

[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 8 June 2012 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a relevant Member State). 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 Base Prospectus. The Base Prospectus is available for viewing during normal business hours at Telenor ASA, Snarøyveien 30, 1331 Fornebu, Norway, www.telenor.com and the Luxembourg Stock Exchange's website (www.bourse.lu) and copies may be obtained from 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**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a relevant Member State) and must be read in conjunction with the Base Prospectus dated 8 June 2012 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 8 June 2012 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 and copies may be obtained from 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: []
(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made) []
(Note – where Bearer Notes with multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:

“€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000.”)

(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 €100,000 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]
[Change of Control 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] []]
(Applicable to Notes in definitive form)
- (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. Change of Control Put: [Applicable/Not Applicable]
23. 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.)
24. (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

25. 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: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].")
- Registered Notes:
- [Global Certificate]
- [Permanent Global Certificate]
- VPS Notes:

- [VPS Notes issued in uncertificated book entry form]
- [Notes shall not be physically delivered in Belgium except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgium Law of 14 December 2005.*]*
- (b) New Global Note: [Yes][No]
26. 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)
27. 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]
28. 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]
29. Details relating to Instalment Notes:
- (a) [Instalment Amount(s): [Not Applicable/give details]
- (b) [Instalment Date(s): [Not Applicable/give details]
30. 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)]
31. 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.)]

* Include for Notes that are to be offered in Belgium.

DISTRIBUTION

32. (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]
33. If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
34. U.S. Selling Restrictions: [Reg. S Compliance Category 2: TEFRA D/TEFRA C/TEFRA not applicable]
35. 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]/[are expected to be]] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency*].]
- (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.)*
- [[*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [*insert the legal name of the relevant credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]
- [[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [[*Insert the legal name of the relevant non-EU credit rating agency entity*] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]
- [[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings have been endorsed by [*insert the legal name of the relevant EU-registered credit*

rating agency entity] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under the CRA Regulation. [As such [*insert the legal name of the relevant EU credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico/Brazil (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU CRA entity that applied for registration*] may be used in the EU by the relevant market participants.]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**), but it is certified in accordance with the CRA Regulation[[*EITHER:*] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] [[*OR:*] although notification of the corresponding certification decision has not yet been provided by the European Securities and Markets Authority and [*insert the legal name of the relevant non-EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation]].]

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 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.]

[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.]

[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 Eiendom Holding 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 Seventeenth Supplemental Trust Deed dated 8 June 2012. An Agency Agreement (as amended and/or supplemented and/or restated as at the Issue Date, the **Agency Agreement**) dated 8 June 2012 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 Bank 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 8 June 2012, Canada Square, Canary Wharf, London E14 5LB, United Kingdom) 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.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

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 €100,000 (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, Exercise Notice or Put Option 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, Put Option 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, Put Option 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: (i) are secured equally and rateably therewith; or (ii) 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.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(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:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D₁ will be 30; and

“D₂” 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 D₁ is greater than 29, in which case D₂ 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:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” 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 D₂ 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:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“D₁” 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 D₁ will be 30; and

“D₂” 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 D₂ 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 on the Functioning of the European Union, 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 therein or thereof 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*

(i) Redemption at the option of the Noteholders (other than a Change of Control Put)

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 (an **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.

- (ii) Change of Control Put
- (A) If Change of Control Put is specified in the applicable Final Terms, this Condition 6(e)(ii) shall apply.
- (B) If at any time while any Note remains outstanding:
 - (a) a Change of Control occurs; and
 - (b) within the Change of Control Period: (A) if the Notes are rated with the agreement of the Issuer, a Rating Downgrade in respect of that Change of Control occurs; or (B) if the Notes are not rated, a Negative Rating Event in respect of that Change of Control occurs (in either case, a **Put Event**),

the holder of each Note will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives notice to redeem the Notes under Condition 6(c)) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Optional Redemption Date (Put) (as defined below) at its principal amount together with (or, where purchased, together with an amount equal to) accrued interest (if any) to but excluding the Optional Redemption Date (Put).

- (C) For the purposes of this Condition 6(e):

A **Change of Control** shall be deemed to have occurred if (whether or not approved by the Board of Directors or the Executive Board of the Issuer) any person (a **Relevant Person**) or persons acting in concert or any person or persons acting on behalf of any such person(s), at any time directly or indirectly own(s) or acquire(s) more than 50 per cent. of the issued ordinary share capital of the Issuer, provided, however, that a Change of Control shall not be deemed to have occurred if: (i) such ownership or acquisition is by the Kingdom of Norway and/or by any entity or entities (acting together or individually) controlled by the Kingdom of Norway from time to time, or in respect of which the Kingdom of Norway owns, directly or indirectly, more than 50 per cent. of the issued ordinary share capital of such entity; or (ii) if the shareholders or substantially all of the shareholders of the Relevant Person are also, or immediately prior to the event which would otherwise constitute a Change of Control were, the shareholders of the Issuer.

Change of Control Period means the period commencing on the earlier of: (i) the date of the relevant Change of Control; and (ii) the date of the earliest Relevant Potential Change of Control Announcement (if any) and ending 180 days after the public announcement of the Change of Control having occurred.

Investment Grade Rating means a rating of at least BBB- (or equivalent thereof) in the case of S&P or a rating of at least Baa3 (or equivalent thereof) in the case of Moody's or the equivalent rating in the case of any other Rating Agency.

A **Negative Rating Event** shall be deemed to have occurred if: (i) the Issuer does not within the Change of Control Period seek, and thereafter use all reasonable endeavours to obtain from a Rating Agency, a rating; or (ii) if it does so seek and use such endeavours, it has not at the expiry of the Change of Control Period and as a result of such Change of Control obtained an Investment Grade Rating, provided that the Rating Agency publicly announces or publicly confirms in writing that its declining to assign an Investment Grade Rating was the result of the applicable Change of Control.

Optional Redemption Date (Put) means the date which is the seventh day after the last day of the Put Period.

Rating Agency means Standard and Poor's Credit Market Services Europe Limited (**S&P**), Moody's Investors Service España, S.A. (**Moody's**) or any of their respective successors or any other rating agency of equivalent international standing specified from time to time by the Issuer.

A **Rating Downgrade** shall be deemed to have occurred in respect of a Change of Control if within the Change of Control Period the rating previously assigned to the Notes by any Rating Agency at the invitation of the Issuer is: (i) withdrawn and not subsequently reinstated within the Change of Control Period; or (ii) changed from an Investment Grade Rating to a non Investment Grade Rating (for example, from BBB- to BB+ by S&P, or its equivalents for the time being, or worse) and not subsequently upgraded to an Investment Grade Rating within the Change of Control Period; or (iii) (if the rating assigned to the Notes by any Rating Agency at the invitation of the Issuer shall be below an Investment Grade Rating) lowered one full rating category (for example, from BB+ to BB by S&P or such similar lower or equivalent rating) and not subsequently upgraded within the Change of Control Period, provided that a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency making the change in rating to which this definition would otherwise apply does not publicly announce or publicly confirm that the reduction was the result of the applicable Change of Control.

Relevant Potential Change of Control Announcement means any formal public announcement or statement by or on behalf of the Issuer or any actual or potential bidder or any advisor thereto relating to any potential Change of Control where, within 180 days of the date of such announcement or statement, a Change of Control occurs.

- (D) If a Put Event has occurred, the Issuer shall within 21 days of the end of the Change of Control Period give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 16 specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the option contained in this Condition 6(e)(ii).
- (E) To exercise the option to require redemption or, as the case may be, purchase of a Note under this Condition 6(e)(ii), 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 (a **Put Option Notice**), in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the period (the **Put Period**) of 30 days after a Put Event Notice is given. 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) The Paying Agent, Registrar or Transfer Agent (as applicable) to which (in the case of Bearer Notes) such Note or (in the case of Registered Notes) the Certificate representing such Note(s) and (in each case) Put Option Notice are delivered will issue to the Noteholder concerned a non-transferable receipt (a **Put Option Receipt**) in respect of (in the case of Bearer Notes) the Note or (in the case of Registered Notes) the Certificate so delivered. The Issuer shall redeem or at the option of the Issuer purchase (or procure the purchase of) the Notes in respect of which Put Option Receipts have been issued on the Optional Redemption Date (Put), unless previously redeemed or purchased. Payment in respect of (in the case of Bearer Notes) any Note or (in the case of Registered Notes) any Certificate so delivered will be made, if the Noteholder duly specified a bank account to which payment is to be made in the Put Option Notice, on the Optional Redemption Date (Put) by transfer to that bank account and in every other case on or after the Optional Redemption Date (Put), in each case against presentation and surrender or (as the case may be) endorsement of such Put Option Receipt at the specified office of any Paying Agent, Registrar or Transfer Agent (as applicable) in accordance with the provisions of Condition 7.
- (G) If 95 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 6(e)(iii), the Issuer may, having given not less than 30 days' notice to the Noteholders in accordance with Condition 16, such notice to be given within 30 days after the Optional Redemption Date (Put), redeem or, at the Issuer's option, purchase (or procure the purchase of) all but not some only of the Notes then outstanding at their principal amount together with interest accrued (if any) to but excluding the date of such redemption. The notice referred to in the preceding sentence shall be irrevocable and shall specify the date fixed for redemption (which shall not be more than 60 days after the date of the notice). Upon expiry of such notice, the Issuer will redeem or purchase (or procure the purchase of) the Notes.

(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.
- (ii) 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; and (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 unmatured Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Redemption Amount due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) If the Notes so provide, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

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

(h) *Talons*

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

(i) *Non-Business Days*

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

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a 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 20 per cent. 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 in the Specified Currency 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: (i) 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 (ii) 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). 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). 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 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.

(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 Advokatfirmaet Thommessen AS of 42 New Broad Street, London EC2M 1JD, United Kingdom 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 or, if so specified in the applicable Final Terms, 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 “*General Description 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 Noteholders 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 (now Telenor Eiendom Holding 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 (now Telenor Eiendom Holding 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% 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 the date of this Base Prospectus, held 53.97% of the issued share capital of Telenor through the Norwegian Ministry of Trade and Industry. The Kingdom of Norway is not to reduce its stake in Telenor further, unless specific circumstances exist that would allow for a reduction of ownership interest to 34%. The remaining 46.03% of the issued share capital of Telenor is held by general retail and institutional investors. As at 31 March 2012, Telenor had a share capital of NOK 9,649,161,678 divided into 1,608,193,613 ordinary shares (**shares**) with a nominal value of NOK 6 each. Telenor's Annual General Meeting, which was held on 16 May 2012, approved the proposed reduction of the share capital of Telenor by cancellation of own shares and redemption of shares owned by the Kingdom of Norway through the Ministry of Trade and Industry. This cancellation and redemption is expected to take place during July 2012. Following such cancellation and redemption, Telenor will have a share capital of NOK 9,359,686,836 divided into 1,559,947,806 shares with a nominal value of NOK 6 each. All shares have equal voting rights and the right to receive dividends. At the same time as such cancellation and redemption, Telenor will have 969,808 treasury shares. As at 11 May 2012, Telenor had 23,179,666 treasury shares.

At Telenor's Annual General Meeting on 16 May 2012, an authorisation was given to the Board of Directors to acquire up to 80,000,000 Telenor own shares with a total nominal value of NOK 480,000,000, corresponding to approximately 5% of Telenor's share capital. The amount paid per share shall be a minimum of NOK 6 and a maximum of NOK 200. Own shares should be disposed of by way of cancellation.

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 2012, Telenor had a total of 146 million

consolidated mobile subscriptions. In addition, Telenor had 209 million mobile subscriptions through its minority ownership interest in VimpelCom.

Telenor has mobile and fixed-line operations in Norway, Sweden and Denmark and mobile operations in Hungary, Serbia, Montenegro, Thailand, Malaysia, Bangladesh, Pakistan and India. Telenor's mobile business includes voice, data, Internet, content services, customer equipment and electronic commerce.

As at 31 March 2012, Telenor's shareholdings in mobile and fixed-line businesses were:

- 100% ownership interest in Telenor's business in Norway, with 3.2 million mobile subscriptions (**Telenor Norway**);
- 100% indirect ownership interest in Telenor's business in Sweden, an indirect subsidiary of Telenor, held by Telenor through Telenor Mobile Holding AS and Telenor Networks Holding AS, with 2.2 million mobile subscriptions (**Telenor Sweden**);
- 100% indirect ownership interest in Telenor's business in Denmark, an indirect subsidiary of Telenor, held by Telenor through Telenor Mobile Holding AS, with 2.0 million mobile subscriptions (**Telenor Denmark**);
- 100% indirect ownership interest in Telenor Hungary Ltd (**Telenor Hungary**) in Hungary, an indirect subsidiary of Telenor, held by Telenor through Telenor Mobile Holding AS, with 3.3 million mobile subscriptions;
- 100% 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 3.1 million mobile subscriptions;
- 100% indirect ownership interest in Telenor d.o.o (**Telenor Montenegro**) in Montenegro, an indirect subsidiary of Telenor, held by Telenor through Telenor Mobile Holding AS, with 401,000 mobile subscriptions;
- Through Telenor Mobile Holding AS, Telenor has a 33.5% non-controlling interest (minority) in Total Access Communication PCL (**DTAC**) in Thailand, the country's second largest mobile operator, with 23.4 million mobile subscriptions;
- 49% indirect ownership interest in DiGi.Com Berhad (**DiGi**) in Malaysia, an indirect subsidiary of Telenor, held by Telenor through Telenor Mobile Holding AS, with 9.9 million mobile subscriptions;
- 55.8% indirect ownership interest in Grameenphone Ltd (**Grameenphone**) in Bangladesh, an indirect subsidiary of Telenor, held by Telenor through Telenor Mobile Holding AS, with 37.6 million mobile subscriptions;
- 100% ownership interest in Telenor Pakistan, an indirect subsidiary of Telenor, held through Telenor Mobile Holding AS, with 29.3 million mobile subscriptions;
- 67.3% indirect ownership interest in Unitech Wireless Tamilnadu Private Ltd (**Uninor**), an indirect subsidiary of Telenor, held through Telenor Asia Pte Ltd (**Telenor Asia**) with 31.5 million subscriptions;
- 31.7% indirect ownership interest in VimpelCom (31.7% owned by Telenor East Invest AS (36.4% voting interest), an indirect subsidiary of Telenor, held by Telenor through Telenor Mobile Holding AS), with 209 million mobile subscriptions.

Telenor Broadcast Holding (**Telenor Broadcast**) is the leading provider of direct to home (**DTH**) television in the Nordic region, measured by subscribers and revenues. Telenor Broadcast also provides cable TV in Sweden and Denmark, terrestrial transmission services, satellite services and content security solutions.

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, such as maritime communications and companies exploring machine-to-machine opportunities, and includes activities that support the core business as well as some financial investments.

Telenor's current operations fall within three geographic clusters: **Nordic** (Norway, Sweden and Denmark), **Central Eastern Europe** (Hungary, Serbia and Montenegro) and **Asia** (Pakistan, Bangladesh, Thailand, Malaysia and India). As at 31 March 2012, Telenor had a total of 30,718 employees in its fully consolidated operations, of which 24,328 employees resided outside Norway.

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-line 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 Norge AS, Datamatrix AS and Canal Digital Kabel TV AS. In January 2010, Telenor Mobil AS (mobile operations) and Telenor Telecom Solutions AS (fixed-line operations) were merged into one company named Telenor Norge AS.

The electronic communications sector in Norway is regulated through both sector-specific and general laws and regulations. Although not a European Union (**EU**) member, Norway is required, as a member of the European Economic Area (the **EEA**), to adhere to the EU's 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**).

Telenor is the leading provider of mobile communications in Norway. As at 31 March 2012, Telenor had 3.2 million mobile subscriptions in Norway, of which around 78% were contract subscriptions. As at 31 March 2012, the mobile penetration (SIM cards) and number of inhabitants in Norway were 117% and 5.0 million, respectively. According to the NPT, the unique mobile user penetration is estimated to be 96%. Telenor provides fixed-line telecommunication solutions to residential and business customers. The service portfolio includes Public Switched Telephone Network (**PSTN**) and Integrated Services Digital Network (**ISDN**) fixed-line telephony services, broadband telephony or Voice over Internet Protocol (**VoIP**) services, Internet access via PSTN/ISDN, Digital Subscriber Lines (**DSLs**), fibre to the home (**FTTH**) and through hybrid fibre coax (**HFC**). In addition, Telenor provides leased lines, integrated voice and data telecommunications and access and network services to the business market. As at 31 March 2012, Telenor had 1 million fixed-line telephony subscriptions (including VoIP) and 861,000 broadband subscriptions (including HFC). The fixed broadband household penetration in Norway is estimated to be around 71% as at 31 March 2012.

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 (full and shared access to the local copper loop), which enables other operators to provide end users with broadband. Telenor also provides TV services over fibre and coax networks.

Canal Digital Kabel TV is the leading cable TV distributor in Norway and delivers triple play services (pay-TV, broadband and telephony) to around 500,000 Norwegian households. The company offers

more than 100 different TV-channels in analogue, digital, HD and/or 3D quality, Internet speed up to 100 Mbps and VoIP. Canal Digital uses both HFC and FTTH infrastructure. The customer base is a combination of individual and multiple housing units.

Network and licences

For the provision of mobile communication services in Norway, Telenor holds two 900 MHz licences and one 1800 MHz licence. The 900 MHz licences expire in 2013 and 2017, respectively, while the 1800 MHz licence expired in March 2010. These licences, originally authorised for Global System for Mobile communication (**GSM**)-based services only, were made technology neutral in 2010, thereby enabling the use of Universal Mobile Telecommunications System (**UMTS**) 900. A final discussion on the coexistence between UMTS 900 and GSM-R, however, put severe restrictions on the roll-out of UMTS 900 by the regulatory authorities until the second quarter of 2011. In 2009, Telenor filed its interest for renewal of the 1800 MHz licence. In July 2009, the Ministry of Transport and Communication (the **Ministry**) announced that there were no other applicants for this particular spectrum, and confirmed that a new spectrum licence would be issued to Telenor. Up to summer 2009, more than half of the 1800 MHz band had been vacant, but during fall 2009 and winter 2010 applications had been filed for resources in this vacant part of the band to such an extent that there is now excess demand. The regulatory authorities have announced that there will be an auction of frequencies in this vacant part of the band, and this auction is proposed to be held together with the auction of the spectrum in the 800 MHz-band (the digital dividend). In a letter in March 2010, the Ministry announced that it wanted to coordinate the upcoming auction and the issuance of Telenor's renewed spectrum licence. Therefore, the Ministry decided to postpone the issuance of this renewed spectrum licence until issues regarding the spectral position of the spectrum licences in general were clarified. The existing licence was therefore extended until the auction of 1800 MHz licences has been conducted. Telenor's GSM network currently covers 99.9% of Norway's population and 87.4% of the geographical area.

On 1 December 2004, Telenor became the first Norwegian mobile operator to offer UMTS-based services in the 2.1 GHz band, and the UMTS network has been upgraded to High Speed Packet Access (**HSPA**). As of April 2012, Telenor's UMTS coverage was 87.4% of the population and 22.4% of the geographical area. The UMTS licence in the 2.1 GHz band expires in December 2012, and interest for renewal of this licence has been filed.

In November 2007, Telenor acquired a 4G licence comprising 80 MHz in the 2.6 MHz band, which is valid for 15 years.

The Norwegian authorities have announced that the digital dividend (the 800 MHz band) will be subject to auction on a technology neutral basis in 2012. A public consultation on licence conditions and auction principles was published on 5 April 2011.

In October 2011, Telenor finalised the replacement of its entire set of mobile network equipment in Norway, creating a flexible and cost efficient platform for mobile services. Existing equipment was replaced by new equipment across technology generations and frequency bands, as well as multi-base stations for 2G/GSM, 3G/UMTS and 4G/LTE. The change of equipment vendors also entailed digitisation, with the entire wireless network and core network migrated to an IP-based platform.

Competition

Telenor is the market leader in all segments of the telecom industry in Norway, based on the NPT's report for 2011 on the Norwegian telecommunications market. The competitive arena is different in the various sectors and is thus commented on separately.

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 2012, Telenor's estimated mobile voice subscription market share was 49%. NetCom's mobile voice subscription market share was estimated at 26%, including the wholly owned service provider Chess. Tele2 is the third

largest operator with a subscription market share of around 19%, and has gained access to both GSM and UMTS licences in Norway by establishing an infrastructure company (Mobile Norway) together with Network Norway.

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, and has a national roaming agreement with Telenor. During late 2007 and early 2008, Network Norway acquired several mobile service providers, including among others Lebara, OneCall and Ipea. Network Norway's subscription market share was estimated to be 6% as at 31 March 2012. In August 2011 Tele2 acquired Network Norway.

Ventelo, which is owned by the private equity company EQT, operates as a mobile virtual network operator (**MVNO**) in Telenor's network, and has a subscription market share of around 2%. In addition to the above mentioned operators there are currently around 20 smaller service providers in the Norwegian mobile market.

Telenor launched its mobile broadband services in November 2007. Telenor's mobile broadband services are mainly Internet access either through a PC dongle with a separate SIM card subscription attached, or through the existing voice SIM subscription on a "pay as you go" basis or with a supplementary subscription on the same SIM card. As at 31 March 2012, Telenor's estimated mobile broadband large screen subscription market share was 55%. Telenor's main competitors in the mobile broadband segment are NetCom and ICE, with estimated large screen market shares of 23% and 12%, respectively. Nordisk Mobiltelefon Norway AS, operating under the brand ICE, deploys an NMT (Nordic Mobile Telephony) 450 licence to offer mobile broadband services based on Code Division Multiple Access (**CDMA**) technology. In late February 2009, ICE was purchased by the American company Access Industries.

As at 31 March 2012, Telenor estimated its market share of fixed-line telephony subscriptions (including VoIP) to be 65%. Telenor's main competitors within fixed-line telephony are Ventelo and Tele2, with estimated market shares of 7% and 6%, respectively.

Telenor's fixed-line broadband market share in Norway, including broadband subscriptions offered by Telenor's cable operator Canal Digital, was estimated by Telenor to be 48% as at 31 March 2012. Canal Digital has a market share of Internet access provided through cable TV (coax) of approximately 53%.

Telenor's largest competitor in terms of subscriptions is the DSL provider NextGenTel, which, after the acquisition of Tele2's broadband customers, is estimated to have a market share of around 11%. The cable operator Get and the DSL operator Ventelo have an estimated broadband market share of around 10% and 4%, respectively. NPT statistics show that there are 152 providers competing in the broadband market. In particular, local power utilities have built substantial FTTH infrastructure over recent years, offering triple play services packages (fixed-line telephony, Internet and TV) and capturing a significant share of market growth. Altibox, together with its partners, is estimated to have around 11% of the broadband subscriptions market as at 31 March 2012.

Regulatory matters

Like all other operators providing mobile termination services in Norway, Telenor is designated as having significant market power (**SMP**) in the market for mobile termination. The price regulation imposed on the two largest operators, Telenor and NetCom, has over recent years been different from the price regulation imposed on the other operators. Based on an updated and upgraded Long Run Incremental Cost (**LRIC**) model, the NPT on 27 September 2010 made a decision regarding the regulation of mobile termination rates from 1 January 2011 until 31 December 2013. The NPT's decision was appealed by all operators except Ventelo, and the Ministry made a final decision on 11 May 2011. The final decision from the Ministry provides for symmetric termination rates for all

mobile operators from 1 January 2013, and the following price cap regulation (NOK, per minute) is imposed:

	<u>1 Jan 2011- 30 June 2011</u>	<u>1 July 2011- 31 Dec 2011</u>	<u>1 Jan 2012- 30 June 2012</u>	<u>1 July 2012- 31 Dec 2012</u>	<u>1 Jan 2012- 31 Dec 2013</u>
Telenor	0.30	0.30	0.30	0.20	0.15
NetCom	0.30	0.30	0.30	0.20	0.15
Tele2	0.50	0.50	0.40	0.25	0.15
Network Norway	0.90	0.80	0.70	0.60	0.15
TDC	0.40	0.30	0.30	0.20	0.15
Ventelo	0.40	0.30	0.30	0.20	0.15

Telenor has since 2006 been designated as an SMP operator in the market for mobile access and call origination (Market 15). The European Commission has removed Market 15 from the list of relevant product and service markets, implying that the NPT had to conduct a so-called three-criteria-test for this market in order to justify that ex-ante remedies are still needed. However, on 5 August 2010 the NPT made a decision that extends the regulation. The decision was appealed and confirmed by the Ministry on 6 April 2011. Telenor is designated as an SMP operator and is obliged to provide general access for MVNOs, national roaming, and co-location on non-discriminatory, transparent terms, reporting of accounting separation for both MVNO and national roaming twice a year (separate voice call/Short Messaging Service (**SMS**) and data activity) and cost-oriented prices for co-location.

Telenor is designated as an SMP operator in the relevant markets related to fixed-line telephony, which are still in the EEA list of relevant markets for sector regulation: access to fixed-line telephony services. Telephony traffic is no longer regulated. The obligation to provide carrier selection and carrier preselection remains in place. Telenor is also subject to general wholesale access obligations for wholesale line rental for PSTN/ISDN products, including the remedies of transparency, and non-discrimination obligations, price regulation (“retail minus”) 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-line network. The remedies imposed on Telenor in these three markets include a price cap, cost accounting, non-discrimination, reference offers and transparency. The NPT currently runs a project to identify LRIC cost levels of fixed-line network interconnection.

Telenor is designated as an SMP operator in the retail leased lines market (capacities up to and including 2 Mbps). Telenor is also designated as an SMP operator in the wholesale markets for terminating segments of leased lines (in Norway these are defined as leased lines with capacity of up to and including 8 Mbps irrespective of location and length) and wholesale trunk segments of leased lines (capacities above 8 Mbps irrespective of length and location, including dark fibre). The prices for retail leased lines up to 2 Mbps and wholesale terminating leased lines must be cost-oriented. While there is no explicit price regulation of leased lines above 8 Mbps, Telenor is obliged to meet all reasonable requests for access to these wholesale leased lines and to provide such products on non-discriminatory terms. The non-discrimination obligation is enforced by accounting separation obligations between Telenor’s internal wholesale and retail business areas. Furthermore, 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 accounting separation obligations between Telenor’s internal wholesale and retail business areas.

On 3 April 2009, the NPT published new decisions related to the markets for local loop unbundling and wholesale broadband access. While fibre based local loops are now a part of the same market, there are no access obligations to fibre infrastructure in FTTH deployments. There is, however, an obligation to provide access to ducts and pipes in FTTH projects. The price cap for full and shared

access to copper access lines was reduced to NOK 95 and NOK 54 per month, respectively. NPT currently runs a project to identify LRIC cost levels for unbundled access to the local loop, but formally no decision has been taken as to whether the price regulation should be changed to an LRIC based approach.

In addition to ex-ante 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-line public telephony service, leased lines and certain data services. Pursuant to the USO Agreement, Telenor is obliged to provide fixed-line public telephony services at an affordable price to all households and enterprises, while leased lines and data services must remain accessible for all enterprises. The USO Agreement also provides that Telenor is to fulfil its USOs without economic compensation. Telenor has also entered into agreements with the Ministry, 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 both through an annual compensation and on a case by case basis.

The Norwegian Public Roads Administration has completed a public hearing concerning a regulation on burying cables and pipes in public ground. This regulation will, if implemented, involve many additional technical and administrative requirements resulting in considerably higher costs for the operators. As a response to this, several infrastructure companies from different business sectors (i.e. telecom, electricity, water and gas companies) have proposed an alternative regulation to the Public Roads Administration. This regulation would be much more acceptable to the industry.

Telenor Sweden

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

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 fixed-line broadband for Internet access, telephony, digital-TV and add-on broadband services, as well as mobile broadband. Glocalnet provides fixed-line and mobile telephony in addition to fixed-line and mobile broadband and Canal Digital Kabel-TV provides digital-TV over coax cable and LAN (**IPTV**). In the business market, Telenor Sweden also offers fixed-line network data communication, telephony, DSL and IP-based communication services.

As at 31 March 2012, Telenor Sweden had 2.2 million mobile subscriptions, 505,000 fixed-line broadband subscriptions, 349,000 fixed-line telephony subscriptions (including VoIP) and 262,000 TV subscriptions (including 74,000 IPTV/LAN subscriptions). As at 31 March 2012, the mobile penetration (SIM cards) and number of inhabitants in Sweden were 144% and 9.5 million, respectively.

Network and licences

Telenor Sweden holds several spectrum licences (individually and through the Net4Mobility joint venture) suitable for mobile services: one in the 900 MHz band, one in the 1800 MHz band, one in the 2100 MHz band, one in the 2600 MHz band and one in the 800 MHz-band (held together with Tele2). The Swedish national regulatory authority (the **NRA**) decided on 13 March 2009 to prolong

the licences in the 900 MHz band until 2025. The decision made refarming of the 900 MHz band possible in Sweden. Refarming of the band includes redistribution of available spectrum between operators, making licences technology neutral and introducing one new operator in the 900 MHz band (Hi3G). As a result of delays caused by a legal challenge to the NRA decision in 2009, the NRA decision was first effective from 2 February 2011. The NRA decision is still formally under the scrutiny of the European Commission with regard to State Aid rules.

On 19 February 2010, the NRA decided to prolong part of the current 1800 MHz licences until 31 December 2027 (31 May 2017 for Swefour GSM AB), 2x10 MHz each for Telenor, Tele2 and TeliaSonera and 2x5 MHz for Swefour. The remaining part of the 1800 MHz band was assigned through an auction. On 17 October 2011, Net4Mobility and TeliaSonera secured licences in the remaining part of the 1800 MHz band for a total of SEK 1.4 billion in aggregate. The licences were awarded by the NRA through an auction. Net4Mobility purchased 2x10 MHz Frequency Division Duplexing (**FDD**) licences for the amount of SEK 430 million. Both the prolonged licences and the licences awarded through an auction are valid from 1 January 2013. 2x5 MHz in the 1800 MHz band has been reserved for licence exempt usage.

The 2100 MHz licences have been prolonged and expire in 2025. The original licence conditions such as coverage and sole control of part of the infrastructure were removed and the licences were made technology neutral as of 1 April 2011. Telenor has a network sharing agreement with Hi3G for 3G networks (2100 MHz band only).

On 8 May 2008, Telenor, TeliaSonera, Tele2 and Hi3G secured FDD licences in the 2600 MHz band for a total of SEK 2.1 billion in aggregate. The licences were awarded by the NRA through an auction. Telenor purchased 2x20 MHz FDD for a full LTE carrier for the amount of SEK 534 million.

On 4 March 2011, Telenor and Tele2 jointly acquired 2x10 MHz licences in the 800 MHz auction for the amount of SEK 769 million, to be utilised in the Net4Mobility joint venture for an LTE 800 network. SEK 300 million of the licence amount shall be used for rural mobile broadband coverage. TeliaSonera acquired 2x10 MHz licences for SEK 854 million and Hi3G 2x10 MHz licences for SEK 431 million. The difference in the amounts paid for these licences is related to a difference in licence conditions.

On 7 February 2012, the current licences in the 2600 MHz band and part of the licences in the 900 MHz band held by Telenor and Tele2 were transferred to Net4Mobility. The NRA decision to transfer the licences has been appealed by TeliaSonera and Hi3G.

On 14 April 2009, Telenor and Tele2 announced an agreement to build a joint 2G and 4G network in Sweden. The agreement includes the formation of a joint venture for network construction and spectrum sharing in the 800 MHz, 900 MHz, 1800 MHz and 2600 MHz frequency bands. The roll-out of what will be Sweden's most extensive 4G network started during 2010 and the first 4G services were launched in November 2010. Tele2's and Telenor's current GSM networks will be merged. The roll-out during the next two years will result in improved 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. TeliaSonera holds a 2600 MHz licence and an 800 MHz licence and Tele2 holds a 2600 MHz licence and an 800 MHz licence together with Telenor. Hi3G holds a 2100 MHz (UMTS) licence, a 900 MHz licence, two 2600 MHz licences and an 800 MHz licence, operating under the brand "3". SweFour, which is controlled by Tele2, holds a GSM 900 MHz licence which is partly used by Spring Mobil. Spring Mobil holds an 1800 MHz licence. Nordisk Mobiltelefon (Ice.net) held a 450 MHz licence for CDMA 2000 until March 2009, when Access Industries took over the licence and rebranded Ice.net to Net1.

Telenor Sweden is the third largest mobile operator in Sweden, with an estimated market share of 16% of subscriptions as at 31 March 2012. As at 31 March 2012, TeliaSonera had an estimated market share of 41%, Tele2 (including Spring Mobil) had an estimated market share of 30% and "3" had an estimated market share of 10%. As at 31 March 2012, Net1 was estimated to hold a market share below 1%.

Telenor Sweden is the third largest provider of fixed-line broadband services to the consumer market in Sweden with an estimated 18% market share as at 31 March 2012. As at 31 March 2012, TeliaSonera had an estimated market share of 37%, and ComHem and Tele2 had estimated market shares of 20% and 7%, respectively.

As at 31 March 2012, Telenor Sweden had an estimated market share in fixed-line telephony in the consumer market of 10% (including VoIP), TeliaSonera had an estimated market share of 57%, Tele2 had an estimated market share of 12% and ComHem had an estimated market share of 11%.

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 and transparency obligations. As of July 2008, all mobile operators have applied symmetrical termination rates. Since July 2011, the regulated rate for mobile termination has been SEK 0.21 per minute. The mobile LRIC model was revised in 2011. In the revised model PTS calculated mobile termination rates (**MTRs**) both according to Long Run Average Incremental Cost plus (**LRAIC+**) and according to pure LRIC, i.e. taking into account the European Commission recommendation on termination rates. The price from 1 July 2012 is expected to be SEK 0.14, and from 2013 the price will be based on pure LRIC, which is expected to result in a regulated MTR of SEK 0.09.

Telenor Sweden has also been identified by the NRA as having SMP in the market for fixed-line call termination. Remedies imposed by the NRA include interconnection obligations, price regulation 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. According to the revised fixed LRIC model, rates for fixed-line termination is SEK 0.0233 – 0.0286 per minute from January 2012. The expected future rates are SEK 0.0083 per minute from January 2013 and SEK 0.0018 per minute from January 2014.

Telenor Denmark

Telenor entered the Danish market in 2000 with the acquisition of a 53.5% stake in the mobile operator Sonofon. In December 2003, Telenor purchased the remaining 46.5% of the shares in Sonofon. Other acquisitions in Denmark include CBB mobil in 2004, Cybercity in 2005, Tele2 Denmark in 2007 and BiBoB in May 2009. Telenor Denmark Holding is the owner and parent company of two subsidiaries in Denmark (Telenor A/S 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, and in June 2009 Sonofon and Cybercity were rebranded as Telenor. From January 2010 Telenor Butikken was merged into Telenor A/S and BiBoB was merged into CBB mobil.

Telenor Denmark provides GSM and 3G mobile solutions for residential and business customers in Denmark and is the second largest mobile operator in Denmark. Telenor's network covers the whole country, with more than 2,700 sites and transmission stations, including both 2G and 3G technologies. Ongoing network sharing projects with TeliaSonera will result in the sharing of both 3G and 4G/LTE networks in 2012 and the sharing of 2G network in 2013.

Telenor has more than 72 shops all over Denmark, of which 16 are Telenor franchise shops, selling both fixed-line and mobile products. However, from 1 January 2013 the co-operation with franchise shops will be terminated. In spring 2007, Telenor reached an agreement with the commodity chain Føtex on concessions within stores which now holds 29 telecom shops. In fall 2010, Telenor reached a similar agreement with another commodity chain, Bilka, which has now opened 17 'shop in shop' stores.

Telenor Denmark further provides broadband solutions and network-based products such as security and VPN (Virtual Private Network) products for residential and business customers. Telenor serves small, medium and large business customers as well as the consumer market. Telenor covers 70% 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. Telenor also operates a successful VoIP product over its DSL access lines.

As at 31 March 2012, Telenor Denmark had 1.986 million mobile subscriptions, 204,000 fixed-line broadband subscriptions and 174,000 fixed-line telephony subscriptions (including VoIP). As at 31 March 2012, the mobile penetration (SIM cards) and number of inhabitants in Denmark were 140% and 5.6 million, respectively.

Network and licences

Telenor currently holds five spectrum licences suitable for mobile services: a 900 MHz licence, two 1800 MHz licences, a 2100 MHz licence and a licence in the 2600 MHz band. The 900 MHz licence expires in 2019, while the two 1800 MHz licences expire in 2017. The 2100 MHz licence was acquired in December 2005 and expires in 2021, whereas the 2600 MHz licence was acquired in May 2010 and expires in 2030. 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. Telenor is obliged to establish 80% 3G coverage by 2013 (based on population). This requirement was met as at the end of 2010. In addition to the roll-out of the 3G network, Telenor continues to invest in the GSM network to secure and improve quality and capacity in this network. A final decision was received from the National IT and Telecom Agency (the **NTA**) on 23 December 2009 regarding refarming of the 900 MHz and 1800 MHz bands. As a result, Telenor has, since May 2011, been able to refarm 9 MHz in the 900 MHz band and 19.4 MHz in the 1800 MHz band. An auction of 2x30 MHz in the 800 MHz band has been announced and is expected to take place in June 2012.

Competition

In addition to Telenor, there are three other GSM network operators in Denmark: TDC, TeliaSonera and Hi3G. UMTS licences are currently held by Telenor, TDC, TeliaSonera and Hi3G. Telenor is the second largest of the four mobile operators in Denmark with an estimated market share of 25%, as at 31 March 2012. TDC's estimated market share was 41%, while TeliaSonera's and Hi3G's market shares were 18% and 10%, respectively. A consolidation of independent service providers took place during 2009, with Telenor acquiring BiBoB and TDC acquiring M1 and Unotel/Company Mobile. In May 2011 TDC further acquired Service Provider Onfone.

Telenor is the second largest fixed-line broadband operator in Denmark with an estimated market share of 17% as at 31 March 2012. TDC is the largest fixed-line broadband operator with an estimated market share of 72% after having acquired Fullrate and A+ in addition to the power utility DONG's fibre network. Telia Stofa (TeliaSonera's Danish cable operator) had an estimated market share of around 9% as at 31 March 2012. In addition, several power utilities have entered the Danish fixed-line broadband market and are building fibre infrastructure.

Regulatory matters

In Denmark, the competitive regulatory authority is the Danish Business Authority (**DBA**). Telenor has been designated as having SMP in the Danish mobile communications markets for mobile and fixed-line termination.

With regard to mobile termination, Telenor is obliged to meet all reasonable requests for interconnection agreements on transparent, objective and non-discriminatory terms and at cost-oriented prices. Currently, cost-oriented prices are based on Long Run Average Incremental Cost (**LRAIC**) modelling. From 1 March 2012 the maximum MTR Telenor can charge including set-up charges is regulated at DKK 0.23 per minute. This rate applies to all mobile network operators in Denmark.

SMS interconnection between companies that compete in the Danish mobile market at retail level has also been price regulated since August 2011. From 1 March 2012 the maximum rate for termination of SMS messages is regulated at DKK 0.12 per SMS.

With regards to fixed-line termination, 20 operators – including Telenor – are designated as having SMP and are obliged to meet all reasonable requests for interconnection agreements. Only TDC is currently obliged to offer fixed-line termination at cost-oriented prices. Cost-oriented prices are based on LRAIC modelling and the maximum fixed termination rate for 2012 is set at DKK 0.0148 per minute at peak hours, DKK 0.0078 at off peak hours and DKK 0.0131 in set-up fee.

The DBA published a draft decision in February 2012 suggesting that Telenor, TeliaSonera, Colt and Hi3G should also be obliged to offer fixed-line termination at cost-oriented prices. A final decision is expected in June 2012.

CENTRAL EASTERN EUROPEAN OPERATIONS

Telenor Hungary

Telenor Hungary was established in 1993 under the name Pannon and is wholly owned by Telenor. Pannon was rebranded as Telenor Hungary in May 2010. Telenor Hungary offers voice and non-voice services to subscribers on both prepaid and contract bases. Voice services include closed user group offers for both residential and business customers. Non-voice services include SMS, Multimedia Messaging Services (**MMS**), mobile content services and Internet service provider services via Internet Protocol (**IP**) and Wireless Application Protocol (**WAP**). Enhanced Data GSM Environment (**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 92% population coverage as at 31 March 2011. 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 2012, Telenor Hungary had 3.5 million mobile subscriptions. As at 31 March 2012, the mobile penetration (SIM cards) and number of inhabitants in Hungary were 116.8% and 10 million, respectively.

Network and licences

Telenor Hungary holds a licence for 900 MHz band, part of which was renewed in 2007, valid until May 2016, and part of which was awarded in an auction in March 2012, valid until March 2027. Telenor Hungary's 1800 MHz licence is valid until October 2014. The UMTS licence was awarded in December 2004, and is valid until December 2019. For licences in both the 1800 MHz band and the UMTS band, Telenor Hungary has an extension option for an additional 7.5 years. Although the 900 MHz licence has already been extended, the Minister of National Development 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 Telenor Hungary, there are four other mobile operators in Hungary. Both T-Mobile and Vodafone hold GSM and UMTS licences. Via an auction, a new consortium of Magyar Posta, Hungarian Electricity Works and Hungarian Investment Bank, all being state owned companies, was awarded licences in the 900 MHz, 1800 MHz and 2100 MHz spectrum in 2012. The new operator is expected to commence operations towards the end of 2012, covering Budapest with its own network and the rest of the country through national roaming agreements. At the beginning of 2012, Tesco Mobile launched services as the first virtual network service provider in the Hungarian market for mobile telecommunication services.

According to the National Communications Authority of Hungary (**NMHH**) data, as at 31 March 2012 Telenor Hungary had a market share of 31.9%, the market leader, T-Mobile, had a market share of 45.6% and Vodafone had a market share of 22.6%.

The three established mobile operators operating in Hungary (Telenor Hungary, T-Mobile and Vodafone) all offer broadband Internet services, and the popularity of mobile Internet is growing rapidly. In January 2009, the total number of mobile Internet subscriptions was 508,000, while at 31 March 2012 this number had increased to 2,342,000. As at 31 March 2012, Telenor Hungary had a 28.75% market share in mobile Internet.

Regulatory matters

In November 2003, the NMHH identified Telenor Hungary as an operator having SMP in the wholesale market for call termination on mobile networks. In January 2005, the NMHH determined that all three operators operating in Hungary at the time (Telenor Hungary, T-Mobile and Vodafone) were required to reduce their MTRs. New resolutions were made in December 2008 and August 2011 by the NMHH requiring further reductions in MTRs. The latest decision of the NMHH imposes a further 20% reduction in MTRs from January 2012 (to HUF 9.46 per minute) and subsequent 25% reduction from January 2013 (to HUF 7.06 per minute). MTRs in Hungary are symmetrical for all three operators.

In October 2010 a “crisis tax” was introduced on Hungarian telecommunication, energy and retail companies, following an expedited legislative procedure, with no prior consultation with the affected sectors. The purpose of the new tax is to bring the national budget deficit within EU targets, and the tax is expected to raise HUF 61 billion from the telecom sector for the national budget each year from 2010 to 2012 (inclusive). Telenor Hungary was required to pay HUF 9.5 billion in crisis tax liability for the 2011 financial year. On 14 March 2011, the European Commission launched an infringement procedure against Hungary due to non-compliance of the “crisis tax” with the EU’s regulatory framework on telecoms. The European Commission sent a letter of formal notice to the Hungarian government, followed by a reasoned opinion on 29 September 2011. On 22 March 2012, the European Commission referred the case to the European Court of Justice.

In May 2012, the Hungarian parliament approved a new telecommunications tax due to be introduced in July 2012. The tax is payable by telecommunications service providers. The tax will apply at a rate of HUF 2 per minute for phone calls and HUF 2 per message sent. The total tax liability on calls made and messages sent by using a given phone number cannot exceed HUF 700 per month per phone number for private individuals, and HUF 2,500 per month per phone number for entities other than private individuals and the phone numbers of service providers.

As a result of a change in the method of calculation of frequency fees, effective as of 1 April 2011, no further significant increase in frequency fees is expected in respect of Telenor Hungary’s currently used frequency bands as a result of 3G roll-out.

Due to the obligation to implement EU Directive 2009/114/EC, mobile operators have been able to use existing spectrum holdings in a technology neutral manner since July 2011.

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 2012, Telenor Serbia had a total of 3.1 million mobile subscriptions. As at 31 March 2012, the mobile penetration (SIM cards) and number of inhabitants in Serbia were 125% and 7.1 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. In January 2010, Telenor Serbia acquired a licence for public fixed-line telecommunications networks and services. The licence was issued for 10+10 years and expires in 2030.

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 35.0% as at 31 March 2012. As at 31 March 2012, the market leader, MTS, had an estimated market share of 46.6% and VIP mobile had a market share of 18.4%. There are currently no service providers or MVNOs operating in the Serbian market for mobile telecommunication services. In addition, Telekom Serbia and Media Works (a member of Greenhouse Telecommunications Holding) acquired a CDMA 450 (FWA) licence in May 2009.

Regulatory matters

In regard to market regulation, in 2011 the Republic Agency for Telecommunication (**RATEL**) designated Telenor as having SMP in the market for termination in mobile networks and issued a demand for a reference interconnection offer. According to the Law on Electronic Communications, after RATEL issued its demand for a reference interconnection offer, Telenor Serbia had 60 days to provide RATEL with such an offer. Telenor Serbia's reference offer was based on established interconnection agreements with other stakeholders, with adjusted content according to the bylaw on the content of reference interconnection offers.

After RATEL's review of the reference interconnection offers of all mobile operators, set up fees were abolished, and the symmetrical approach to MTRs for all three mobile operators was maintained. RATEL also pointed out the necessity for establishing a 3-5 year MTR glidepath plan by the end of 2012. Additionally, Telenor Serbia provided RATEL with comments on Telekom Serbia's reference interconnection offer.

A Frequency Allocation Plan (**FAP**) that introduces technology neutrality and new frequency bands for mobile services is in the process of being adopted by the Serbian government. Telenor submitted comments on a draft FAP, pointing out the necessity of implementing technology neutrality without additional licence fees in order to achieve faster deployment of UMTS 900 and LTE 1800.

Mobile number portability (**MNP**) was introduced in Serbia as of 1 July 2011. For the purposes of regulating the administrative process of MNP and making this service more user friendly, RATEL and mobile operators signed a joint protocol on porting numbers in mobile networks.

According to the bylaw on fixed-line number portability (**FNP**), FNP procedure should start in December 2012. Telenor submitted comments on the technical specification for the FNP database,

but also pointed out the necessity of resolving administrative processes prior to the start of FNP, especially in cases of combined FNP and local loop unbundling customer requests.

Amendments to the numbering plan came into force as of 28 April 2012 and regulate the new terms and conditions for short codes planned for emergency, public interest and commercial services, carrier selection and premium rate services. Dialling of short codes starting with digit '1' will be enabled by the end of June 2012 and existing codes starting with digit '9' will be kept in parallel until the end of 2012.

Telenor Montenegro

Telenor Montenegro was established in 1996, as Montenegro's first mobile operator, under the name Promonte. Promonte was rebranded as Telenor Montenegro on 19 May 2010. Telenor became a shareholder of Promonte in 1996. Since August 2004, Promonte has been wholly-owned by Telenor. Telenor Montenegro primarily offers mobile voice, roaming, value-added services and mobile data services, including HSPA, to its subscribers on both a prepaid and contract basis. As at 31 March 2012, Telenor Montenegro had 401,000 mobile subscriptions. As at 31 March 2012, the mobile penetration (SIM cards) and number of inhabitants in Montenegro were 160% and 0.6 million, respectively.

Network and licences

Telenor Montenegro 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 March 2012, Telenor's GSM network had geographical coverage of approximately 78% and population coverage of approximately 99%. The 3G network was launched in June 2007 and, as at 31 March 2012, covered 87% of the population. Telenor Montenegro also provides full EDGE coverage in its GSM network. During late 2009 and the beginning of 2010, Telenor Montenegro replaced its entire mobile network. Furthermore, in the fourth quarter of 2010, Telenor Montenegro replaced its service platforms, and also integrated a new billing system during the course of 2011.

Competition

Telenor is Montenegro's largest provider of mobile communication services, with an estimated subscription market share of 39.8% as at 31 March 2012. In addition to Telenor, 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 2012 was 34.9% and 25.3% 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. 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

A new Law on Electronic Communications came into force in August 2008. In accordance with the provisions of the Law on Electronic Communications, the Ministry of Maritime Affairs, Transportation and Telecommunication and the Agency for Electronic Communication and Postal Services (the **Agency**) introduced several rulebooks related to mobile number portability, customer registration and change of mobile country code. The Agency will also have to carry out market analysis for a number of relevant markets in order to designate SMP providers and impose appropriate remedies - a methodology in line with the EU regulatory framework.

ASIAN OPERATIONS

DTAC

In Thailand, Total Access Communication PCL (**DTAC**) was established in 1989. 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 2012, Telenor had a 33.5% non-controlling interest (minority) in DTAC. As at 31 March 2012, DTAC was the second largest mobile communications provider in Thailand, with an estimated subscription market share of 30.2% or 23.4 million mobile subscriptions. Of these subscriptions, 90% were on prepaid tariff plans. As at 31 March 2012, the mobile penetration (SIM cards) and number of inhabitants in Thailand were 121% and 64 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. DTAC provides 3G HSPA services on its 850 MHz frequency. As at 31 March 2012, DTAC had 1,885 3G 850 MHz base stations covering 45 provinces and, in total, DTAC has commercially launched 3G in 35 provinces out of 77 provinces across Thailand.

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 2012, the market leading mobile operator in Thailand was Advanced Info Service plc (**AIS**), with an estimated subscription market share of 44%. The other mobile operators in Thailand are True Move and Truemove H (following its acquisition of Hutchinson-CAT Wireless Multimedia in 2011), the third largest mobile operator, with a market share of approximately 25%. The other mobile operators in Thailand are small with market shares of less than 1% each, namely CAT, TOT Plc (**TOT**) (formerly "The Telephone Organisation of Thailand", the state-owned fixed-line operator) and Thai Mobile.

Regulatory matters

DTAC has a 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, DTAC must develop the infrastructure, and then transfer ownership of the infrastructure to the CAT and pay a concession fee, or revenue share, to CAT. The revenue share payable to CAT was increased from 20% to 25% in September 2006, and was further increased to 30% in September 2011.

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

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 NTC Reference Interconnection Offer (**RIO**), which provides for bilateral negotiations on interconnection prices among fixed-line and mobile operators in Thailand. On 17

November 2006, DTAC served notice on TOT 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 previously entered into with TOT. Following the submission of the notice to TOT and CAT, the rate to be paid under the Access Charge Agreements was to be either a rate agreed by the parties in accordance with the RIO or an interim rate to be announced by the NTC.

On 16 November 2007, TOT filed a lawsuit before the Civil Court against CAT, as the first defendant, and DTAC, as the second defendant. TOT demanded payment by CAT and DTAC of overdue access charges, including default interest and value added tax for the total amount of THB 11,705,066,637 (approximately NOK 2.2 billion). 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 submitted its statement of defence and filed a petition to the Civil Court for its opinion on the jurisdiction of the Civil Court over the case. The Civil Court was of the view that the case fell under the jurisdiction of the Central Administrative Court. On 3 November 2008, the Central Administrative Court ruled that it had jurisdiction over this case. The Civil Court then dismissed the case, and asked TOT to re-file their claim at the Central Administrative Court if TOT still wished to pursue it.

On 16 June 2011, DTAC was notified by the Central Administrative Court that TOT filed a lawsuit on 9 May 2011 and a petition to amend the lawsuit on 7 June 2011 demanding CAT and DTAC jointly to pay for damages from the access charge comprising: (i) damages arising from overdue access charges in connection with Postpaid and Prepaid Access Charge Agreements, calculated from 18 November 2006 to 9 May 2011 (the filing date of the lawsuit), including VAT and default interest at the rate of 1.25% per month; and (ii) damages arising from overdue access charges under Postpaid and Prepaid Access Charge Agreements amounting to half of the revenue sharing payment which CAT received from DTAC, calculated from 16 September 2006 to 9 May 2011 (the filing date of the lawsuit), including VAT and default interest at the rate of 7.5% per annum. As a result, TOT's claims against DTAC are in aggregate THB 113,319 million (approximately NOK 21 billion). DTAC submitted a defence statement on 26 January 2012. As at the date of this Base Prospectus, the case is under consideration by the Central Administrative Court.

In December 2010, the Frequency Allocation Act B.E. 2553 was published in the Royal Gazette, paving the way for the establishment of the National Broadcasting and Telecommunication Commission (**NBTC**), a new regulator for both telecom and broadcasting industries. The Senate selected 11 members of the NBTC on 5 September 2011, and the selection of the new NBTC members was later endorsed by the King of Thailand on 7 October 2011.

As described in "*Network and licences*" above, DTAC operates under a concession. Its right to operate and deliver mobile services in Thailand was granted by CAT. The concession originally covered a 15 year period, but was later amended on 23 July 1993 and 22 November 1996, with the concession period being extended to 22 and 27 years, respectively. Accordingly, the current concession period will expire in 2018. In February 2011, the Cabinet in Thailand appointed a committee to negotiate with mobile operators regarding amendments to the mobile operators' concession agreements, alleging that CAT and the Ministry of Information and Technology did not have the required Cabinet approval for the previous amendments. As at the date of this Base Prospectus, the final conclusion of the Cabinet or the way the Cabinet would exercise its discretion on this matter is still unknown to the Telenor Group. However, the Telenor Group believes the amendments were entered into in good faith, that the amendments are legitimate and that the Thai state was not harmed by the amendments.

On 22 September 2011, one of DTAC's minority shareholders (holding 100 shares in DTAC) filed a complaint against the NBTC with the Central Administrative Court, alleging that the NBTC (as an administrative agency) had negligently not performed its duties by allowing DTAC to operate a telecom business. Following the filing of this complaint, the Central Administrative Court has issued a summons requesting that DTAC be joined as a co-defendant in the case. The Telenor Group

management is of the opinion that the Telenor ownership structure in DTAC was established, and continues to be, in accordance with Thai law, as well as the established practices in Thailand.

DiGi

In Malaysia, 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 were introduced in October 2009.

In 2001, when Telenor increased its shareholding in DiGi from 32.9% to 61.0% 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% within five years; and (ii) DiGi must have at least 30% 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 at that point in time increased to 10%, which later has been reduced to 3.5%. At the same time, Telenor's ownership interest in DiGi was reduced to 49%. As a result, DiGi is now in compliance with the 49% foreign equity condition and has been exempted from the need to comply with the 30% Bumiputra equity condition imposed by the Foreign Investment Committee.

As at 31 March 2012, DiGi had 9.9 million mobile subscriptions and the mobile penetration (SIM cards) and number of inhabitants in Malaysia were 129% and 29 million, respectively.

Network and licences

DiGi currently holds a network facilities licence and network services licence, which are valid until January 2015, and an application service class licence, which is renewed every year. These licences are effectively technology and service neutral. A licensee may apply for the renewal of its individual licence prior to expiry.

DiGi operates a 2G network, utilising spectrum in the 1800 MHz band and also limited spectrum in the GSM 900 MHz band, which expires in January 2015. DiGi has been assigned spectrum in the 2100 MHz spectrum band, expiring April 2018, which is the basis for its 3G network. 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.

The SKMM is planning to reform spectrum in both the 900 MHz and 1800 MHz bands, but only upon completion of the 2600 MHz award.

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 (63% owned by U Television Sdn. Bhd, 33% owned by Singapore Technologies Telemedia (STT) and 4% owned by Multipurpose Holding). Under the terms of the spectrum assignments, 3G licence holders are required to offer access to their 3G networks to MVNOs. At present, Celcom is providing 3G/2G access to several MVNOs through roaming agreements and DiGi has a 2G roaming agreement with UMobile. 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 2012, DiGi was the third largest mobile operator in Malaysia, with an estimated subscriber market share of 27%. Maxis had an estimated market share of 34% and Celcom had an estimated market share of 33%. UMobile and the other smaller operators including MVNOs and Worldwide Interoperability for Microwave Access (**WIMAX**) had an estimated market share of 6%.

Regulatory matters

DiGi currently annually contributes 6% of “weighted net revenue” to the Universal Service Provision Fund (the **USP Fund**). All licensed operators are able to bid for SKMM issued tenders utilising this USP Fund to build and operate specific types of services in underserved areas and communities. DiGi has won various bids to provide extended mobile and broadband services on this basis, including building 14 community broadband centres. Mobile termination rates, currently set at 0.05 MYR per minute, are regulated under an access pricing regime which is subject to periodic formal review. The SKMM is expected to initiate a public inquiry with regard to the review of access pricing in 2012.

Grameenphone

In Bangladesh, Grameenphone is the leading provider of mobile telecommunication services. Having started its operations in 1997, Grameenphone now provides voice, data and other value added services on prepaid and contract bases. Grameenphone has been a pioneer in bringing innovative mobile-based solutions to Bangladesh. Notable among these is the Healthline, a 24 hour medical call centre manned by licensed physicians. Other innovations include Studyline, a call centre-based service providing education related information, Mobicash, for electronic purchase of train and lottery tickets and Billpay, for paying utility bills through mobile phones and over 500 community information centres across Bangladesh. These centres bring affordable Internet access and other information based services to people in rural areas.

As at 31 March 2012, Grameenphone had 37.6 million subscriptions, while the estimated mobile penetration (SIM cards) and number of inhabitants in Bangladesh were 56% and 160 million, respectively.

Grameenphone became stock listed in November 2009, with, as at the date of this Base Prospectus, the largest public offering in Bangladesh. It is listed on both the Dhaka and Chittagong Stock Exchanges. As at 31 March 2012, Telenor held 55.8% of the shares in Grameenphone, while Grameen Telecom, the other main shareholder, held 34.2%. The remaining 10% of the shares were held by general retail and institutional investors.

Network and licences

Grameenphone holds a 2G mobile cellular licence with both GSM 900 MHz and GSM 1800 MHz spectrum which expired in November 2011, along with three other mobile operators’ licences.

The renewal process of Grameenphone’s existing 2G licence and associated spectrum was taken to the High Court given certain ambiguities around the payment mechanism, particularly as to the treatment of VAT on payments. In addition, the Bangladesh Telecommunication Regulatory Commission (the **BTRC**), the principal telecom regulator of Bangladesh, applied a “Market Competition Factor” (**MCF**) additional charge to the spectrum purchased in 2008.

In its judgment dated 13 February 2012, the High Court declared that the MCF claimed for 2008 spectrum was illegal, and resolved the ambiguity as to the payment of VAT by ordering that Grameenphone will have to pay 100% of applicable fees due to the BTRC, pay an additional 15% as VAT to the National Board of Revenue and then claim a rebate/return of such VAT, thereby restricting Grameenphone’s total cost to 100% of applicable fees due to the BTRC. Grameenphone has sought clarification on the VAT rebate/return mechanism before the Judge-in-Chamber of the

Appellate Division, which is in the process of hearing the case before the full bench.

In addition, by the order of the High Court, the BTRC issued a letter to Grameenphone on 11 November 2011 permitting Grameenphone to continue its operations until finalisation of the renewal of Grameenphone's existing 2G licence and associated spectrum. Grameenphone and three other operators deposited the first instalment of licence and spectrum renewal fees with the BTRC on 31 October 2011.

In respect of 3G services, the BTRC has sent draft 3G licensing guidelines to the Ministry of Post and Telecommunications (**MoPT**) with recommendations for an open auction in September 2012 for five licences for 3G and beyond, but limited to the new frequency in 2.1 GHz.

The present Grameenphone network is EDGE/GPRS enabled and covers over 99% of the population and 90% of the geographic location. During the course of 2011, Grameenphone completed the swapping of its entire network with Huawei equipment, which resulted in the network being future-ready and significantly more cost efficient.

Competition

As at 31 March 2012, Grameenphone had a market share of 42.2%. In addition to Grameenphone, there are five other mobile operators in Bangladesh. These operators and their market shares as at 31 March 2012 are: Banglalink (27.5%), Robi (19.8%), Airtel Bangladesh (7.1%), Citycell (2.0%) and Teletalk (1.4%). Competition among operators is intense and tariff levels are among the lowest in the world.

Regulatory matters

The BTRC was established under the Bangladesh Telecommunication Act 2001 as an independent regulator. However, as per amendments to the Telecommunication Act 2001 in 2010, certain powers to regulate the telecommunication sector have been transferred to the MoPT.

Under previous licensing arrangements, all mobile operators were required to pay to the BTRC an annual licence fee of BDT 50 million, quarterly spectrum charges and 5.5% of revenues. However, under the new licensing framework, operators will have to pay 6.5% of revenue (inclusive of 1% on account of a social obligation fund) and revised spectrum charge rates. On 9 June 2011, the applicable SIM tax was reduced from BDT 800 to BDT 605. SIM tax has to be paid for the purchase of a SIM, and furthermore handsets have 12% duty applied at the import stage. Corporate income tax is 45% for mobile service providers, which reduces to 35% if a company maintains a 10% listing on the country's exchanges.

Domestic interconnection calls are operated through Interconnection Exchange Licensees (**ICX**), while international interconnection calls are operated through International Gateway Licensees (**IGW**). For each outgoing 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 hours. Voice tariff levels are defined by a tariff circuit set by the BTRC along with specific directives on promotions.

Passive network infrastructure sharing is obligatory. As at 31 March 2012, Grameenphone has signed infrastructure sharing agreements with Banglalink, Robi, Airtel Bangladesh, Augere (a WIMAX operator) and BIEL (a local ISP) in line with the guidelines.

Telenor Pakistan

Telenor Pakistan is a wholly-owned subsidiary of Telenor. On 26 May 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. Telenor Pakistan owns 51% of Tameer Micro Finance Bank. As at 31 March 2012, Telenor

Pakistan had 29.4 million mobile subscriptions. As at 31 March 2012, the mobile penetration (SIM cards) and number of inhabitants in Pakistan were 69% and 176 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 USD 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 USD 10 million. Both licences are valid for a 15 year period. Telenor Pakistan met its roll-out 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 is currently GPRS and EDGE enabled. A five-year network modernisation project was launched in early 2012 to upgrade the network to 3G and 4G capability.

The State Bank of Pakistan issued branchless 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% share in Tameer Micro Finance Bank.

Easypaisa

In October 2009 Telenor Pakistan and Tameer Micro Finance Bank launched Easypaisa, a portfolio of mobile financial services. The vision of Easypaisa is to serve as a vehicle for financial inclusion for under-served households in Pakistan that have limited access to banking services. Customers can benefit from Easypaisa services in two ways: over-the-counter products, where certified merchants are used for financial transactions; and mobile products, where a customer uses his own mobile handset to undertake financial transactions. Currently, customers can, amongst other things, pay utility bills, send/receive money, donate to charities, top-up their prepaid mobile connection, pay for air tickets and receive their pension via Easypaisa; whilst corporate organisations can set up a mode of payment collection from their customers.

Competition

As at 31 March 2012, Telenor Pakistan had a market share of approximately 24.2%. In addition to Telenor Pakistan, there are five other mobile operators in Pakistan: Mobilink, Ufone, Warid, Zong and Instaphone. Based on numbers produced by the Pakistan Telecommunication Authority (the **PTA**) as at 31 March 2012, Mobilink was the largest mobile operator in Pakistan with a market share of approximately 29.2%, Ufone had a market share of approximately 19.1%, Warid had a market share of approximately 14.9%, and Zong had a market share of approximately 12.6%.

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:

- The PTA issued an information memorandum in January 2012 for 2G and 3G licence auctions in Pakistan. The 2G licence auction was due to take place on 28 March 2012, whilst the 3G licence auction was due to take place on 29 March 2012. It is believed that due to the PTA failing to hire an independent consultant, the auction process has been delayed. The PTA is now in the process of hiring an independent consultant. As at the date of this Base

Prospectus, new timelines for the auctions have not been communicated to operators in Pakistan. Concerns relating to auction design and ensuring transparency in the auction process have been communicated to the PTA by Telenor Pakistan.

- The sales tax applicable to the telecoms industry in Pakistan is 19.5%, which is 3.5% more than the sales tax which applies to other sectors (16%). An activation tax on sales of each SIM card stands at PKR 250 per SIM card, whilst withholding tax at 10% is also applicable and affects an estimated 100 million people. Collective cellular industry efforts are underway to reduce these taxes.
- The PTA issued a determination in April 2008 in which the MTR, which was previously PKR 1.25 per minute, was revised downwards after conducting a cost based study (LRIC) to the level, as at the date of this Base Prospectus, of PKR 0.90 per minute (effective from 1 January 2010 onwards). The cellular industry believes that the MTR should not be further reduced. Based on this belief, a submission was made to the PTA for revising the MTR to PKR 1.00 per minute. The PTA on the request of the operators initiated a LRIC study in 2011 and requested that the operators submit additional data. The operators have not provided such additional data to the PTA because, were the data to be submitted, MTR through the application of a LRIC model will further reduce. The cellular industry is currently lobbying with the PTA to increase the MTR based on the prevailing economic and security conditions in Pakistan.
- Access promotion contribution (**APC**) is a financial premium given to local loop operators (either fixed local loop or wireless local loop) on international traffic terminated in Pakistan. The main aim of the APC is to foster new infrastructure development, to increase telecom density. Currently, the cellular industry does not receive a share of APC proceeds, even though the cellular industry has significantly contributed to increasing cellular telecom density in Pakistan. Based on this, the cellular industry has submitted a request for equal treatment for provision of APC.
- On 22 May 2012, the Supreme Court of Pakistan made an order limiting the number of SIM cards per unique CNIC (Computerized National Identity Card, meant to identify a natural person) to 1 SIM card per person per operator (a reduction from the current maximum, as at the date of this Base Prospectus, of 10 SIM cards per person per operator). If implemented, this order may have a major impact on the subscriber base (number of mobile subscriptions) of Telenor Pakistan. Telenor Pakistan and other mobile operators in Pakistan have filed a review petition with the Supreme Court in order for the Supreme Court to consider the industry's point of view and concerns on this issue. As at the date of this Base Prospectus, this review petition is due to be heard by the Supreme Court on 11 June 2012.

Uninor

Unitech Wireless comprises eight Unified Access Services (**UAS**) licence companies and Unitech Long Distance Communication Services Limited, acquired by Unitech Wireless Tamilnadu Private Limited on 23 June 2009. These entities were merged into Unitech Wireless (Tamilnadu) Private Limited with effect from 1 October 2010. The transfer of UAS licences for 21 service areas and the National Long Distance (**NLD**) and International Long Distance (**ILD**) licences in the name of the resultant entity is subject to the approval of the Department of Telecommunications (the **DoT**). The company is hereafter referred to as **Uninor**, Telenor's brand in India. On 10 February 2010, Telenor completed the capitalisation of Uninor, bringing the ownership share in the eight licensee companies to 67.25%. In 2009, Uninor launched services in Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Bihar, Uttar Pradesh East, Uttar Pradesh West and Orissa. In May 2010, Uninor launched services in an additional five circles, namely Mumbai, Maharashtra, Gujarat, Kolkata and West Bengal, taking the total population footprint to approximately 900 million. As at 31 March 2012, Uninor had 31.5 million mobile subscriptions based on Uninor's definition of customers. As

at 29 February 2012, the mobile penetration (SIM cards) and number of inhabitants in India were 76% and 1,210 million, respectively.

Network and licences

The 22 telecommunications networks in India are classified as Metros (Mumbai, Delhi and Kolkata) and 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 Uninor's UAS licence covering all circles was approximately INR 16,586 million. The annual licence fee, for the term of the licence, (including 5% USO) is 10% for Metros and A circles, 8% for B circles, and 6% for C circles of the adjusted gross revenue.

Uninor and many other telecom operators, as well as the federal government through the DoT and the Telecom Regulatory Authority of India (the **TRAI**), were named as respondents in public interest petitions filed before the Supreme Court by the Centre for Public Interest Litigation, a non-governmental organisation, and Dr. Subramanian Swamy. These petitions sought the cancellation of the licences granted by the Indian government in January 2008 to such operators, punitive damages on the grounds of alleged irregularities in the granting of the licences, failure to meet eligibility requirements and delays in meeting roll-out obligations.

On 2 February 2012, the Indian Supreme Court delivered its judgment on the public interest petition, in which it quashed all 122 licences, including those granted to Uninor. Following a subsequent decision of the Supreme Court on 24 April 2012, the quashing of licences will now be effective from 7 September 2012. On 23 April 2012, the TRAI made new recommendations for the grant of licences and allocation of spectrum in 2G band by auction. These recommendations are to be approved by the Indian government. If the recommendations from the TRAI in their current form should be approved by the Indian government, Telenor believes that it will be almost impossible for Telenor to participate in the auction. Accordingly, Telenor is working actively to bring forward an acceptable framework for continued operations in India.

As a consequence of these developments, the goodwill in Uninor amounting to NOK 1.3 billion was fully impaired, in addition to an impairment of licences amounting to NOK 2.8 billion. This impairment loss was based on value in use calculations as at 31 December 2011, assuming continuing operations in India by acquiring new licences during the course of 2012. Furthermore, as a consequence of the 2G auction recommendations published by the TRAI on 23 April 2012, a further impairment loss of NOK 3.9 billion (NOK 2.6 billion of which was attributable to Telenor) was recognised in the first quarter of 2012 relating to the remaining tangible and intangible assets of Uninor. Following this impairment, Telenor has no further accounting exposure related to India as at 31 March 2012.

In its roll-out, Uninor has made use of the availability of infrastructure sharing. This has helped reduce network roll-out costs and capital expenditure per subscriber. On 10 February 2009, Uninor 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 Uninor to mount its mobile network antennas onto existing as well as new towers to be built by Tata and Quippo. These two tower companies have merged their businesses into a new company named VIOM, which has become one of India's largest tower companies with the scale benefits that this offers. The tower-sharing agreement covers approximately 40,000 sites. During the fourth quarter of 2009, Uninor entered into agreements with Indus Towers, Bharti Infratel, Global Infrastructure Limited (GIL) and Reliance Infratel as additional tower suppliers, however VIOM constitutes 72% of the current tower portfolio. As at 31 March 2012, Uninor had installed network equipment on, and activated, approximately 27,863 towers. Uninor also entered into a transmission agreement with Tata Teleservices which caters for the majority of Uninor's requirements. The tower sharing and transmission agreements each have 20 year terms with

options to extend the contracts for a subsequent 5 year period. Uninor, however, is tied into the agreement for a significantly shorter period than the vendors. On 25 September 2009, Uninor entered into a national roaming agreement with Idea to enable services in circles where Uninor has not yet launched services on its own network. Uninor launched its NLD services in January 2012 which helped reduce NLD carriage cost, and Uninor plans to roll-out NLD to other operators' connectivity in 2012 to further optimise transmission cost.

During the second quarter of 2009, Uninor entered into a number of contracts, including an IT outsourcing agreement with WIPRO and GSM equipment supplier contracts with Huawei, Alcatel Lucent and Ericsson. During the third quarter of 2009, additional GSM equipment supplier contracts were entered into with Nokia Siemens Networks and ZTE Corporation. Uninor renegotiated the GSM contracts in the first quarter of 2011 and again in the fourth quarter and was able to secure better prices in terms of equipment cost, as well as operating expenses related to managed services and annual maintenance charges. In December 2011, the "Managed Services Next Level" project was completed, to improve efficiency further and reduce structural cost. Alcatel Lucent and Ericsson were selected as Pan India Managed Service Partners for end to end operational maintenance responsibility covering all equipment suppliers. During April 2011, Uninor also renegotiated its IT contract with WIPRO, securing significantly improved commercial terms. In April 2012, transmission request for quotation was finalised including re-negotiation on NLD rates where significant reduction in such rates has been achieved.

Uninor 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 roll-out obligations (being the date of allocation of spectrum in the relevant circles).

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

- At least 10% of the towns designated as district headquarters in each administrative district are covered in the first year and 50% 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% of the service area is covered within one year of the GSM spectrum allocation.

Uninor is facing penalties of INR 875.5 million in the form of liquidated damages, as per the licence conditions for 'first year roll-out obligations', due to delayed roll-out of services in the 21 circles with allocated spectrum. These charges are being contested by Uninor in the appropriate forums as the roll-out was affected by factors attributable to the DoT, the effect of which should be to reduce or nullify the penalties. Uninor is also involved in litigation proceedings in India regarding 2G licences granted in 2008, as described above. Further details of this litigation can also be found on page 113 of this Base Prospectus.

Telenor guarantees

As at 31 March 2012, Uninor had current interest-bearing debt of NOK 8.2 billion, supported by financial guarantees provided by Telenor. Uninor's loan agreements contain typical bank loan provisions, including material adverse affect clauses. Uninor has a poor liquidity situation and is dependent on additional funding until a final decision is made regarding Telenor's operations in India. As at the date of this Base Prospectus, however, none of the lending banks have required repayment of these loans, and none of the lending banks have presented any claims to Telenor regarding these guarantees.

Competition

The number of wireless subscribers in India was 912 million as at the end of December 2011, making India the second largest telecom market in the world in terms of number of subscribers. The Indian market primarily comprises prepaid subscriptions, with such tariffs representing 97% of subscribers.

Currently, there are 10 to 12 operational wireless operators in India. Etisalat and S-Tel have announced that they will withdraw services as a result of the 2 February 2012 Supreme Court judgment referred to above.

Bharti is the largest wireless operator in India with a market share of almost 20% as at 29 February 2012. Bharti has a pan-Indian GSM network as well as a presence in NLD, ILD and broadband provision, and has now started offering digital TV services. Bharti owns 3G licences for 13 out of 22 circles and has launched 3G services in key cities in India. Bharti has also now expanded across Asia (Bangladesh and Sri Lanka) and Africa. The largest shareholders are the Mittal family (45.48%) and Singapore Telecommunications (32.25%).

Reliance Communications (**Reliance**) has a market share of 16.7%. Reliance has a pan-Indian GSM and CDMA network, digital TV network and also has a presence in NLD and ILD. Reliance holds 3G spectrum for 13 circles and has initiated its offers in key locations. The controlling shareholder in Reliance is Anil Ambani (65%).

Vodafone India has a market share of 16.4% and a national GSM presence with 3G spectrum in 10 circles. The largest shareholder is Vodafone Group Plc (74%), which increased its shareholding during 2011 by acquiring the stake previously held by Essar.

The government owned operators BSNL and MTNL have an estimated combined market share of around 11.4%. They provide GSM and CDMA services and have 3G licences in 20 circles and have also started offering 3G services.

Idea has a market share of 12.2% and provides GSM services in 22 circles. Idea has merged with Spice, one of the smaller wireless operators in India. After the merger, Birla owns around 46.0%, while Axiata Berhad owns around 20.0% in Idea. Idea holds 3G licences in 11 circles.

Tata Teleservices has an estimated market share of 9% and is the second largest CDMA operator after Reliance. The Japanese mobile operator NTT DoCoMo has a 26% stake in Tata Teleservices and owns 12% of Tata Teleservices Maharashtra Ltd (**TTML**), the listed arm. The largest shareholder in TTML is Tata Group (65.61%). Tata Teleservices holds 3G licences in 10 circles and was the first operator to launch 3G services in India.

Many telecom operators obtained 3G licences at high prices during the 3G auctions held in 2010. None of the operators obtained a pan-India licence. Bharti, Reliance and Aircel obtained 13 circles each for USD 2.8 billion, USD 1.9 billion and USD 1.4 billion, respectively. Idea obtained 11 circles for USD 1.3 billion. Vodafone and Tata-DoCoMo obtained 9 circles each, for USD 2.6 billion and USD 1.3 billion respectively. S-Tel was the only new operator to obtain 3G licences, at a cost of USD 73 million for 3 circles. Most operators launched 3G services in 2011, but the uptake of services has been moderate.

After numerous delays, mobile number portability was launched in January 2011. About 29 million subscribers have ported during the year which represents a marginal take-up compared to the total subscriber base. This number is, however, increasing on a monthly basis.

Regulatory matters

The DoT has been constituted under the Ministry of Communications and Information Technology to develop policies and to administer relevant laws. The DoT is also responsible for granting licences for various telecom services and frequency management. The TRAI 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.

New National Telecom Policy

The Government has undertaken a public consultation with all stakeholders on the draft of the New National Telecom Policy. The New National Telecom Policy 2012 is to be issued during the course of 2012.

Proposed Shift to Unified Licence Framework

On 16 April 2012, the TRAI issued its final recommendations on Guidelines for Unified Licence and Migration of Existing Licence. In the future, the issuance of Unified Licence will be delinked from spectrum. Spectrum will have to be obtained separately through a market-based mechanism such as an auction process. A Unified Licence will be service and technology neutral. The operators must pay a usage charge based on how much spectrum they have been allocated. The fee has been revised to 3% of annual gross revenue for 4.4 MHz and 4% of annual gross revenue for 6.2 MHz, in accordance with the DoT circular dated 25 February 2010.

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 capital expenditure and operating costs. The major operators have transferred their towers into 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 capital expenditure and operating costs even further. Sharing of spectrum is currently not permitted.

BROADCAST

Telenor Broadcast is the leading provider of DTH television in the Nordic region, measured by subscribers and revenues. Telenor Broadcast also provides terrestrial transmission services, satellite services and content security solutions.

The Telenor Broadcast business area comprises the following business lines:

Canal Digital DTH provides TV services to more than 1.2 million households in the Nordic region. Canal Digital offers pay-TV services to subscribers with DTH satellite dishes throughout the Nordic region. In Denmark, Sweden and Norway Canal Digital DTH 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.

Satellite Broadcasting provides satellite communication services for broadcasting, data communication and occasional use from the orbital position 1° West. Telenor Satellite Broadcasting owns and operates satellites THOR 5 and THOR 6, as well as owning high powered capacity on the Intelsat 10-02 satellite. Collectively, the satellites encompass a broad coverage area throughout Europe, the Middle East and North Africa.

Norkring is the leading provider of terrestrial broadcasting services in Norway, operating one of the largest networks in Europe. The company is the owner of a large number of terrestrial transmitters; 47 main transmitter sites and 2,700 smaller sites containing more than 7,000 transmitters spread throughout Norway. Norkring also owns and operates the terrestrial transmission network in the Flanders region in Belgium through its subsidiary Norkring België.

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 more than 350 pay-TV operators in more than 80 countries.

Other comprises the holding company Telenor Broadcast Holding AS.

Telenor Media & Content Services (TMSC)'s purpose is to help Telenor's operating units to gain access to attractive content, identify and develop content based business opportunities and manage Telenor's investments in content providers and media companies. TMCS consists of the two consolidated companies, Telenor Media & Content Services AS in Norway and Danmarks Digital TV AS in Denmark, as well as the associated companies A-Pressen AS (48.2% ownership interest), RiksTV AS (33.3% ownership interest), Norges Televisjon AS (33.3% ownership interest) and C More Group AB (35% ownership interest).

OTHER UNITS

Telenor's other business units include international wholesale services, capital investment, property management, maritime communications, aircraft communications and companies exploring machine-to-machine (**M2M**) opportunities.

Telenor Global Services

Telenor Global Services (**TGS**) provides international mobile services to mobile wholesale operators worldwide and international voice and capacity services to mobile and fixed-line operators worldwide. TGS has been a limited company since 1995 and is wholly owned by Telenor Networks Holdings AS.

In addition to its 170 partners worldwide, TGS delivers high quality international services to the Telenor Group's extensive mobile operations.

TGS has designed a multi-service IP infrastructure which enables TGS to deliver high quality services over longer distances and to transport voice and data traffic between operators, with the high quality and security levels required in the market. The Telenor Global IPX (IP Packet eXchange) service is provided over this IPX Compliant MPLS/IP Network. The service portfolio offerings include GPRS Roaming Services, GSM Roaming Signalling Services, SMS Interworking Services and Global Sim Box Detection. TGS's carrier services include offerings within voice, ISDN, video telephony, IFS and capacity services.

MCP

Maritime Communications Partner AS (**MCP**) is a leading 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. Since 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 100 vessels world-wide. MCP was established in November 2002 and is a 100% owned subsidiary of Telenor. MCP has a U.S. subsidiary based in Miami, and currently has 50 employees.

Connexion

Telenor Connexion AB (**Connexion**) is the leading provider of premium M2M solutions for business and life critical applications. M2M (machine-to-machine) refers to machines communicating with each other via wire or mobile networks. M2M communication is a rapidly expanding market. In Europe alone there are several billion devices that could potentially be connected.

Building on more than 10 years of M2M experience, Connexion is constantly exploring new fields in this rapidly growing business. Companies in industries as diverse as automotive, fleet management, security, utilities and e-health are implementing Connexion's embedded connectivity solutions to achieve productivity gains, cost management, environmental improvement and to expand customer services. Connexion has provided reliable, international M2M solutions to a number of global customers such as Volvo, Daimler, Hitachi, Nissan, General Electric and Securitas Direct.

Connexion was established in 2008 and originates from the successful M2M business within Telenor Sweden. Connexion is a 100% subsidiary of Telenor and currently has 80 employees.

ASSOCIATED COMPANIES

VimpelCom

VimpelCom is one of the world's largest telecommunications service operators, providing voice and data services through a range of traditional and broadband mobile and fixed-line technologies. VimpelCom is incorporated in Bermuda, headquartered in the Netherlands, and is listed on the New York Stock Exchange. The VimpelCom Group includes companies operating in Russia, Italy, Ukraine, Kazakhstan, Uzbekistan, Tajikistan, Armenia, Georgia, Kyrgyzstan, Canada, Cambodia, Laos, Algeria, Bangladesh, Pakistan, Burundi, Zimbabwe and the Central African Republic. The operations of these companies cover a territory with a total population of approximately 865 million, providing services under the "Beeline", "Kyivstar", "djuice", "banglalink", "Mobilink", "Telecel", "Leo", "Djezzy", "Wind" and "Infostrada" brands. VimpelCom, through its subsidiaries, had 209 million subscribers as at 31 March 2012. Telenor Group holds 39.51% of the economic interests and 35.66% of the voting rights in VimpelCom.

On an actual basis, VimpelCom's revenues in the first quarter of 2012 more than doubled as compared to the same period last year, and EBITDA and EBIT increased by 92% and 62% respectively as a result of the combination with Wind Telecom S.p.A. in April 2011.

As at 31 March 2012, VimpelCom's total assets had increased by 4% since the end of 2011 to USD 56.1 billion, primarily as a result of investments in the business, external financing and the appreciation of RUB and EUR against USD, offset by the transfer of the spin-off assets to Weather II. Gross debt increased during the first quarter 2012 from USD 26.9 billion to USD 28.6 billion, mainly due to the issuance of Ruble bonds for RUB 35 billion (approximately USD 1.2 billion) and foreign exchange rate movements. Net debt decreased to USD 24.3 billion, leading to a net debt to EBITDA ratio of 2.6 on a pro forma basis at the end of the first quarter of 2012.

As at 31 December 2011, more than 82% of the VimpelCom group's total debt was fixed rate debt. VimpelCom's intention is to increase the floating rate share of the debt portfolio over time in order to improve the funding cost profile of the company as a whole. As at 31 March 2012, VimpelCom group's debt portfolio comprised 49% of EUR denominated debt, 26% of USD denominated debt and 23% of RUB denominated debt.

In 2011, Telenor received dividends of NOK 2.3 billion from VimpelCom, NOK 1.34 billion of which was received in the fourth quarter of 2011.

VimpelCom's strategy focuses on three pillars: profitable growth, operational excellence and capital efficiency. The group's businesses combine strong cash-generating companies with emerging growth opportunities in a number of regions. In some markets, VimpelCom has growing positions in both mobile and fixed-line broadband businesses.

Legal proceedings

See the section headed “*Legal Proceedings – VimpelCom*”, below.

VimpelCom in Russia

Telenor’s indirect subsidiary (held through Telenor Mobile Holdings AS), Telenor East Invest AS, became a shareholder in VimpelCom in Russia in 1998.

VimpelCom in Russia operates under the “Beeline” brand, and offers mobile, Internet, fixed-line voice and data products and services to consumer and corporate subscribers. As at 31 December 2011, the mobile penetration and number of subscriptions measured in number of SIM cards were 164% and 229.5 million, respectively, out of a population of approximately 142 million. VimpelCom in Russia had 53 million mobile subscriptions as at March 31 2012.

VimpelCom’s competitors in Russia are MTS Russia (**MTS**), MegaFon and Tele2. As at December 31 2011, MTS had 70 million subscriptions in Russia, representing a subscription market share of 30.5%, while MegaFon had approximately 60.8 million subscriptions, representing a market share of 26.5%. At the same time, Tele2 had approximately 20.6 million mobile subscriptions, representing a market share of 9.0%. In 2010, Megafon overtook VimpelCom as the second largest mobile operator in terms of revenue market share, and has maintained this position. MTS remains the largest mobile operator in Russia.

As at 31 December 2011, VimpelCom had approximately 4.6 million broadband subscribers in Russia, representing an increase of approximately 39.4% over the approximately 3.3 million broadband subscribers as at 31 December 2010.

VimpelCom in Italy

VimpelCom in Italy operates under the “Wind Italy” brand, and offers mobile, Internet, fixed-line voice and data products and services to consumer and corporate subscribers. As at 31 March 2012, the Wind Italy group’s mobile business had approximately 20.3 million subscriptions.

In the Italian mobile telecommunications market, Telecom Italia, operating under the “TIM” brand name, Vodafone Italy, operating under the “Vodafone” brand name, and Hutchison 3G, operating under the “3” brand name, are currently VimpelCom’s principal competitors. Telecom Italia and Vodafone have well established positions in the Italian mobile market as number one and two respectively. The fourth operator, Hutchison 3G, has been aggressively seeking new customers through the use of handset subsidies, which are not customarily offered in the Italian market.

The four network operators in Italy offer mobile telecommunications services to approximately 92.4 million registered subscribers as at 31 December 2011, representing a penetration rate of approximately 152% of the Italian population and the number of mobile subscriptions, measured in number of SIM cards, was approximately 91 million out of a population of approximately 60 million. As at 31 December 2011 there were 18 MVNO/Enhanced Service Providers providing services in the Italian market, with an aggregate market share of approximately 4.5%. Penetration is distorted by the widespread use of multiple SIM cards by individual users. The market is mostly prepaid. As at 31 December 2011, excluding MVNOs, Telecom Italia had a market share of 34.9%, followed by Vodafone with 32.4%, Wind Italy with 22.8% and Hutchison 3G with 9.9%.

VimpelCom in Ukraine

VimpelCom in Ukraine operates under the “Kyivstar” brand, and offers mobile, Internet, fixed-line voice and data products and services to consumer and corporate subscribers. As at 31 December 2011, approximately 8.1% of Kyivstar’s subscribers in Ukraine were on postpaid plans, and approximately 91.9% were on prepaid plans. VimpelCom in Ukraine had 24.4 million mobile subscriptions as at 31 March 2012.

As at 31 December 2011, according to Informa Telecoms & Media, there were approximately 53 million subscribers in Ukraine, representing a penetration rate of approximately 117.3%. There are currently three mobile operators with national coverage in Ukraine: Kyivstar, Mobile TeleSystems—Ukraine (**MTS Ukraine**) and LLC Astelit (**Astelit**). Kyivstar and PJSC UkrainianRadioSystems were unified under the Kyivstar brand in 2010. As at 31 December 2011, MTS Ukraine had 19.2 million subscriptions in Ukraine, representing a subscription market share of 36.3%, while Astelit had approximately 7.1 million subscriptions, representing a market share of 13.4%.

As at 31 December 2011, VimpelCom had approximately 0.4 million fixed-line broadband subscribers in Ukraine, compared to 0.2 million as at 31 December 2010. The increase was due to further development of fixed-line residential broadband business.

VimpelCom in Algeria

VimpelCom in Algeria operates under the “Djezzy” brand, and offers mobile services to consumer and corporate subscribers. According to Informa Telecoms & Media, there were approximately 35.7 million subscribers in Algeria as at 31 December 2011, representing a penetration rate of approximately 99.4%. Djezzy’s subscribers increased by 14% in the first quarter of 2012.

In Algeria, there are three mobile operators: Djezzy, operating through VimpelCom’s 51.7%-owned subsidiary Orascom Telecom Holdings; Mobilis, a subsidiary of Algeria’s incumbent operator, Algerie Telecom; and Nedjma, a subsidiary of Qtel-owned Wataniya. Algerie Telecom launched its Mobilis GSM network in April 1998 and was the only operator until the second GSM licence was awarded to Orascom Telecom Algeria (**OTA**) in July 2001, for a period of 15 years. OTA launched under the Djezzy brand in February 2002. Wataniya Telecom Algeria was awarded the third GSM licence in December 2003. Competition is based primarily on local and international tariff prices, network coverage, quality of service, the level of customer service provided, brand identity and the range of value added and other subscriber services offered. As at 31 December 2011, Djezzy had 16.6 million subscriptions in Algeria, while Mobilis and Nedjma had 10.8 million and 8.3 million respectively.

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 as at the date of this Base Prospectus 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.

VimpelCom

Arbitration

In January 2011, Altimo Holdings & Investments Ltd., an Alfa Group subsidiary (**Altimo Holdings**), wrote to VimpelCom stating that an affiliate of Altimo Holdings owned shares in Orascom Telecom Holding S.A.E. having a value sufficient for VimpelCom’s proposed acquisition of Wind Telecom S.p.A. (the **Wind Telecom Transaction**) to be treated as a “Related M&A Transaction” under the shareholders’ agreement dated 4 October 2009 between, among others, Telenor East, Altimo Cooperatief U.A. (**Altimo Cooperatief**) and VimpelCom (the **VimpelCom Shareholders’ Agreement**). The VimpelCom Shareholders’ Agreement provided that the issuance of VimpelCom

shares in a Related M&A Transaction was not subject to any pre-emption rights in favour of Altimo Holdings or Telenor East. At its meeting on 16 January 2011, the VimpelCom supervisory board concluded that the Wind Telecom Transaction should be regarded as a “Related M&A Transaction” and therefore was not subject to any pre-emption rights in favour of either Altimo Cooperatief or Telenor East under the VimpelCom Shareholders’ Agreement. The supervisory board approved the Wind Telecom Transaction by a majority vote of six to three. The three Telenor Group nominees on the supervisory board voted against the Wind Telecom Transaction. The three Altimo Cooperatief nominees on the supervisory board and the three independent members of the supervisory board voted in favour of the Wind Telecom Transaction.

On 28 January 2011, Telenor commenced an arbitration proceeding against each of Altimo Holdings, Altimo Cooperatief and VimpelCom seeking to enforce Telenor’s pre-emption rights under the VimpelCom Shareholders’ Agreement with respect to the VimpelCom shares to be issued in connection with the Wind Telecom Transaction (the **Arbitration Proceeding**).

On 7 February 2011, Telenor commenced proceedings in the Commercial Court in London (the **Commercial Court**) seeking an injunction which, if granted, would have prevented VimpelCom from proceeding with the special general meeting of its shareholders on 17 March 2011, at which the Wind Telecom Transaction was proposed for approval, until after the arbitration tribunal reached a final decision in the Arbitration Proceeding, unless VimpelCom authorised and issued to Telenor its pre-emption shares on the basis that the Wind Telecom Transaction was not a “Related M&A Transaction” under the VimpelCom Shareholders’ Agreement (the **Injunction Request**). The hearing of the Injunction Request took place on 25 February 2011. On 1 March 2011, the Commercial Court handed down its judgment in which it refused to grant the Injunction Request, but ordered VimpelCom, Altimo Holdings, Altimo Cooperatief and Weather II to give various undertakings to the Commercial Court (**Undertakings**) intended to: (i) ensure that Telenor would receive its pre-emption shares should the tribunal in the Arbitration Proceeding ultimately find in Telenor’s favour; and (ii) protect Telenor’s voting stake from dilution below 25% plus one share between the closing of the Wind Telecom Transaction and the resolution of the Arbitration Proceeding.

In the Arbitration Proceeding, Telenor sought an award: (i) declaring that the Wind Telecom Transaction was not a “Related M&A Transaction”; (ii) declaring that VimpelCom, Altimo Holdings and Altimo Cooperatief breached the VimpelCom Shareholders’ Agreement by declaring the Wind Telecom Transaction to be a “Related M&A Transaction” and denying Telenor its pre-emption rights in connection with the Wind Telecom Transaction; (iii) compelling VimpelCom, Altimo Holdings and Altimo Cooperatief to take all actions necessary to permit Telenor to exercise its pre-emption rights in connection with the Wind Telecom Transaction; (iv) declaring that Altimo Holdings and Altimo Cooperatief, through their actions and inaction in connection with the Wind Telecom Transaction, failed to exercise their pre-emption rights and could not claim any such rights; (v) directing that, during the course of the Arbitration Proceeding, the Undertakings would remain in force, and granting such other and additional interim relief as would preserve Telenor’s rights as a shareholder in VimpelCom and as a party to the VimpelCom Shareholders’ Agreement; (vi) granting Telenor all appropriate relief in respect of all violations by Altimo Holdings, Altimo Cooperatief and VimpelCom of the VimpelCom Shareholders’ Agreement and all violations of New York law, so as to place Telenor in the position it would have been in had such violations not occurred, and ruling that Altimo Holdings and Altimo Cooperatief would not benefit in any manner from their improper conduct; (vii) awarding Telenor damages for the harm caused by violations by Altimo Holdings, Altimo Cooperatief and VimpelCom of the VimpelCom Shareholders’ Agreement and New York law, in an amount to be determined by the tribunal in the Arbitration Proceeding; (viii) awarding Telenor its costs and disbursements in respect of the Arbitration Proceeding and the proceedings before the Commercial Court, including its reasonable legal fees and the fees of Telenor’s expert witnesses, in accordance with Article 38 of the UNCITRAL Arbitration Rules; and (ix) awarding Telenor such other and further relief as the tribunal in the Arbitration Proceeding deemed just and proper.

A majority of VimpelCom's shareholders approved the Wind Telecom Transaction at the special general meeting of shareholders held on 17 March 2011. On 15 April 2011, Altimo Holdings announced that, in connection with the closing of the Wind Telecom Transaction, it intended to take measures to trigger the termination of the VimpelCom Shareholders' Agreement. On 6 June 2011, Altimo Holdings announced that it had entered into an agreement to sell 123,600,000 of its VimpelCom preferred shares to Forrielite Limited, a company based in Cyprus, whose beneficial owner was Oleg Kiselev, a former Alfa Group executive.

On 10 June 2011, Telenor received a notice from Altimo Cooperatief that it had completed the sale of 123,600,000 VimpelCom preferred shares, which reduced its voting rights in VimpelCom to below 25%, and as a result the VimpelCom Shareholders' Agreement would terminate six months following the date of such notice. On 31 October 2011, Telenor amended its statement of claims in the Arbitration Proceeding to add claims challenging Altimo Cooperatief's attempt to terminate the VimpelCom Shareholders' Agreement.

After a final hearing before the arbitration tribunal in January 2012, on 15 February 2012, Telenor notified the tribunal that Telenor was withdrawing all of its claims against VimpelCom, Altimo Holdings and Altimo Cooperatief. On 8 March 2012, the tribunal dismissed all claims in the Arbitration Proceeding with prejudice and confirmed the vacation of the Undertakings as of the date of Telenor's withdrawal.

Telenor withdrew its claims in the Arbitration Proceeding immediately prior to its purchase of 234,000,000 of Weather II's VimpelCom preferred shares (**Preferred Sale Shares**) on 15 February 2012, thereby raising Telenor's interest in VimpelCom's outstanding voting shares, at the time of such acquisition, to 36.4%.

As part of its acquisition of the Preferred Sale Shares from Weather II, Telenor undertook that, in the event there is a general meeting of VimpelCom's shareholders held during the six-month period between 15 February 2012 and 14 August 2012 and the agenda of such meeting includes a proposal for the election of a supervisory board, to vote its and its affiliates' VimpelCom common shares and preferred shares at such a general meeting, after ensuring the election of three of Telenor's candidates, in favour of the election of two candidates proposed or nominated by Weather II. Telenor also undertook to exercise all rights as a shareholder and through its participation on VimpelCom's supervisory board to cause the supervisory board to be composed of eleven members. These undertakings automatically expire without any further action on 14 August 2012. On 15 February 2012, Telenor and Weather II also entered into an option agreement (the **Option Agreement**) in which they agreed to the following put and call options with respect to the VimpelCom preferred shares retained by Weather II and any future preferred shares of VimpelCom that are issued to or acquired by Weather II or any of its affiliates or related parties:

- Weather II may exercise a put option with respect to its remaining 71,000,000 VimpelCom preferred shares and put those shares to Telenor or its designees at any time from 15 August 2012 until approximately three months prior to the VimpelCom preferred shares' scheduled expiration and redemption by VimpelCom on 15 April 2016 (the **Weather Put Option**).
- Telenor may exercise a call option with respect to the VimpelCom preferred shares subject to the Weather Put Option from 1 January 2015 until approximately three months prior to the VimpelCom preferred shares' scheduled expiration and redemption by VimpelCom on 15 April 2016, as well as following the occurrence of Weather II's sale of a certain number of VimpelCom common shares or Weather II's or any of its affiliates' receipt of preferred shares from VimpelCom.
- Telenor may exercise a call option to acquire any new VimpelCom preferred shares received by Weather II or its affiliates through 16 April 2016.

In addition, Weather II has also undertaken to Telenor not to sell any of its remaining VimpelCom preferred shares to anyone other than Telenor or its nominees until approximately three months prior to their scheduled expiration and redemption by VimpelCom on 15 April 2016.

In July 2011, Telenor East entered into a cash-settled total return swap in respect of up to 40,000,000 VimpelCom American depositary receipts (each representing one VimpelCom common share) with J.P. Morgan Securities Ltd. The agreement was amended in October 2011 to cover up to 65,000,000 American depositary receipts. On 4 April 2012, Telenor East terminated this total return swap transaction. Following such termination, Telenor East purchased American depositary receipts representing 65,000,000 VimpelCom common shares from J.P. Morgan Securities Ltd., thereby increasing Telenor's economic and voting interests in VimpelCom to 35.66% and 39.51%, respectively.

FAS claim

On 17 April 2012, the FAS filed a claim against Telenor East and Weather II in the Moscow Arbitrazh Court, claiming that the Telenor Group's acquisition of the Preferred Sale Shares from Weather II in February 2012 violated applicable Russian law because Telenor East, as a company controlled by a foreign state (the Kingdom of Norway), may not exercise control over a Russian entity having strategic importance for national defence and state security (referring to VimpelCom's Russian subsidiary, OJSC VimpelCom). The FAS requested the Moscow Arbitrazh Court to: (i) invalidate the share purchase agreement between Telenor East and Weather II; (ii) invalidate the Option Agreement; (iii) require Telenor East to return to Weather II the Preferred Sale Shares; and (iv) require VimpelCom, Telenor East and Altimo Cooperatief to enter into a new shareholders' agreement on substantially the same terms as the VimpelCom Shareholders' Agreement which was terminated on 10 December 2011.

In connection with its claim in the Moscow Arbitrazh Court, the FAS filed a separate motion seeking interim relief that would: (i) prohibit VimpelCom and its subsidiary, VimpelCom Holdings B.V., from voting their shares, representing 100.0% of the outstanding shares, in OJSC VimpelCom; (ii) prohibit Telenor East and Weather II from changing the management bodies of VimpelCom (including its supervisory board); and (iii) prohibit Telenor East and Weather II from exercising their rights under the Option Agreement. On 24 April 2012, the Moscow Arbitrazh Court granted the FAS's requested interim relief in part only (the **First Injunction Order**). The court rejected the FAS's request to completely prohibit VimpelCom and VimpelCom Holdings B.V. from voting their shares in OJSC VimpelCom. The First Injunction Order purports to prohibit Telenor East and Weather II from changing the management bodies of VimpelCom (including its supervisory board), and from exercising their rights under the Option Agreement. In addition, the First Injunction Order purports to prohibit VimpelCom and VimpelCom Holdings B.V. from voting their shares at shareholder meetings of OJSC VimpelCom to: (i) change the OJSC VimpelCom board of directors, and (ii) approve major transactions and interested party transactions, as such terms are defined under Russian law. The First Injunction Order did not, however, prohibit VimpelCom and VimpelCom Holdings B.V. as shareholders of OJSC VimpelCom from exercising their other shareholder rights, including, among other things, rights to approve the OJSC VimpelCom annual accounts, to appoint OJSC VimpelCom's external auditor, to approve dividend payments by OJSC VimpelCom and to re-elect the current OJSC VimpelCom board members. On 10 May 2012, Telenor East filed an appeal against the First Injunction Order with the Ninth Appellate Business Court in Moscow. This appeal is currently scheduled to be heard on 24 September 2012.

On 23 May 2012, the Moscow Arbitrazh Court issued a further and expanded injunction order (the **Second Injunction Order**) in connection with the FAS's claim against Telenor East and Weather II in the Moscow Arbitrazh Court. The Second Injunction Order purports to prohibit each of VimpelCom and its wholly-owned subsidiaries, OJSC VimpelCom and VimpelCom Holdings B.V., and their respective management bodies (CEOs and members of the boards of directors) from giving effect to the resolutions of the OJSC VimpelCom annual general meeting of shareholders held on 21 May 2012 (the **OJSC VimpelCom AGM**), including:

- purporting to prohibit the payment of dividends to shareholders of OJSC VimpelCom based on the results of operations in 2011, and the transfer of the cash intended for dividend distribution to the accounts of OJSC VimpelCom or other companies with foreign banks;
- purporting to prohibit the external auditors elected at the OJSC VimpelCom AGM from exercising the powers conferred on them;
- purporting to prohibit the board of directors of OJSC VimpelCom elected at the OJSC VimpelCom AGM from exercising their powers pursuant to the charter of OJSC VimpelCom; and
- purporting to prohibit the taking of other actions and steps designated to transfer the specified funds out of OJSC VimpelCom.

As at the date of this Base Prospectus, VimpelCom is conducting a detailed analysis of the scope of the extended injunction order and its potential impact on the business and financial condition of VimpelCom. Based on preliminary analysis conducted by VimpelCom's management, VimpelCom does not expect any substantial risks for VimpelCom's operations, including realisation of the current and planned investment projects.

Telenor East filed an appeal against the Second Injunction Order on 5 June 2012.

As at the date of this Base Prospectus, a hearing on the merits of the FAS claim is currently scheduled to take place on 17 October 2012. Unless the First Injunction Order and Second Injunction Order are lifted on appeal, the injunctions will be in force until a decision by the Moscow Arbitrazh Court on the merits of the FAS claim comes into effect.

On 31 May 2012, the VimpelCom supervisory board announced that it considered it prudent and in the best interests of VimpelCom to postpone the payment, and cancel the 1 June 2012 record date, of the final dividend relating to VimpelCom's 2011 results. The VimpelCom supervisory board has announced that it will make a decision whether to pay the final 2011 dividend at a later date, and will set a new record date as appropriate. This postponement will have a negative effect on Telenor's cash position of approximately NOK 2.4 billion if dividend payments relating to VimpelCom's 2011 results are delayed further.

Alleged breach of VimpelCom bye-laws

On 1 June 2012, Altimo Cooperatief sent a letter to VimpelCom in which it alleged, among other things, that Telenor East and Weather II had formed a "group" (as such term is used in section 13(d) of the United States Securities Exchange Act of 1934) with control of more than 50% of VimpelCom's voting shares when they entered into the share purchase agreement dated 15 February 2012 in respect of the Preferred Sale Shares, and that, as a consequence, Telenor East and Weather II were obliged, under the terms of VimpelCom's bye-laws, to commence a mandatory tender offer (**MTO**) for all of VimpelCom's shares no later than 16 March 2012. The bye-laws contain a provision stating that, for the purposes of the MTO obligation, a Nominating Shareholder (as that term is defined in the bye-laws) shall not be deemed to form a section 13(d) group with any other Nominating Shareholder. Altimo Cooperatief argued in its letter that, despite the plain wording of the bye-laws, Weather II should not be regarded as a Nominating Shareholder. Although Altimo Cooperatief acknowledged in its letter that Telenor East and Weather II could not at present commence an MTO due to the stance recently adopted by the FAS, Altimo Cooperatief claimed that Telenor East and Weather II's failure to commence an MTO violated the bye-laws, and requested that VimpelCom take immediate steps to investigate the matter and consider all available options to ensure that the situation caused by the alleged ongoing breach of the bye-laws is resolved. Altimo urged VimpelCom's supervisory board to consider all possible means to ensure that the alleged control of the company would not be exercised in a manner that fails to protect the rights of minority shareholders, and further requested that the supervisory board utilise its powers

under the bye-laws to continue to preserve the status quo at the supervisory board level until such time as this matter is fully addressed.

VimpelCom filed a Form 6-K with the United States Securities and Exchange Commission on 5 June 2012, in which it stated that the allegations made by Altime Cooperatief would be presented to VimpelCom's Nominating and Corporate Governance Committee, which consists of three directors unaffiliated with Altime Cooperatief, Telenor East or Weather II, and that the Nominating and Corporate Governance Committee would assess Altime Cooperatief's allegations and make recommendations to the supervisory board as to what, if any, action VimpelCom should take.

The Telenor Group believes there is no merit in Altime Cooperatief's claim.

Uninor

- (1) In India, Uninor and many other telecom operators, as well as the federal government through the DoT and the TRAI, were named as respondents in public interest petitions filed before the Supreme Court by the Centre for Public Interest Litigation, a non-governmental organisation, and Dr. Subramanian Swamy. These petitions sought the cancellation of the licences granted by the Indian government in January 2008 to such operators, punitive damages on the grounds of alleged irregularities in the granting of the licences, failure to meet eligibility requirements and delays in meeting roll-out obligations.

On 2 February 2012, the Indian Supreme Court delivered its judgment on the public interest petition, in which it quashed all 122 licences, including those granted to Uninor. Following a subsequent decision of the Supreme Court on 24 April 2012, the quashing of licences will now be effective from 7 September 2012. On 23 April 2012, the TRAI made new recommendations for the grant of licences and allocation of spectrum in 2G band by auction. These recommendations are to be approved by the Indian government. If the recommendations from the TRAI in their current form should be approved by the Indian government, Telenor believes that it will be almost impossible for Telenor to participate in the auction. Accordingly, Telenor is working actively to bring forward an acceptable framework for continued operations in India.

As a consequence of these developments, the goodwill in Uninor amounting to NOK 1.3 billion was fully impaired, in addition to an impairment of licences amounting to NOK 2.8 billion. This impairment loss was based on value in use calculations as at 31 December 2011, assuming continuing operations in India by acquiring new licences during the course of 2012. Furthermore, as a consequence of the 2G auction recommendations published by the TRAI on 23 April 2012, a further impairment loss of NOK 3.9 billion (NOK 2.6 billion of which was attributable to Telenor) was recognised in the first quarter of 2012 relating to the remaining tangible and intangible assets of Uninor. Following this impairment, Telenor has no further accounting exposure related to India as at 31 March 2012.

Telenor Asia issued a notice on 15 February 2012 to its Indian strategic partner Unitech Limited (**Unitech**) that it will seek indemnification and compensation from Unitech for its investment in Uninor following the quashing of Uninor's 22 licences by the Supreme Court. Further, Telenor Asia has also made an indemnity claim against Unitech for the failure to obtain spectrum in the strategically critical Delhi circle. Both of these matters will be subject to arbitration proceedings in Singapore in accordance with the Arbitration Rules of the Singapore International Arbitration Centre (the **SIAC Rules**).

As a further consequence of the Supreme Court judgment, Telenor Asia rescinded the shareholders' agreement between Unitech and Telenor with effect from 21 February 2012.

Uninor filed a petition to the Supreme Court for relief against the Supreme Court's previous order of cancellation of its licences, but this petition was rejected by the Supreme Court on 3 April 2012.

- (2) The former Indian telecom minister Mr. Andimuthu Raja is, among others, accused of conspiring with several applicant companies in exchange for corrupt payments in connection with the allocation of 2G licences and spectrum. Uninor and Mr. Sanjay Chandra, the managing director of Unitech, are both accused in the same case and are currently facing trial. On 2 April 2011, the Indian Central Bureau of Investigation presented its first charge sheet, naming Mr. Chandra, and also naming Uninor for actions when it was wholly owned by Unitech, prior to the Telenor Group entering the Indian market. On 22 October 2011, the criminal court formally charged all persons mentioned in the charge sheets. The trial started on 11 November 2011 and is now pending with the court.
- (3) The board of directors of Uninor has approved the raising of funds through a rights issue of up to NOK 9.5 billion, but Unitech has initiated arbitration proceedings in Singapore in respect of this decision. Further, and related to the same matter, Unitech filed petitions on 11 October 2011 against Uninor, the Telenor-appointed directors on the Uninor board, Telenor Asia and Telenor before a special judicial body Company Law Board (**CLB**) in India. In its petition to the CLB, Unitech alleges that the respondents have oppressed the minority shareholders and mismanaged the business of Uninor. Telenor's opinion is that there is no legal or factual basis to support the claims and allegations made by Unitech in either the arbitration or the CLB proceedings. In light of the Supreme Court judgment of 2 February 2012 quashing the Uninor licences, both the proceedings before the CLB and the arbitration proceedings in Singapore stand adjourned, until 17 September 2012 and 7 July 2012 respectively.
- (4) As a further consequence of the Supreme Court judgment, Uninor's board of directors decided on 21 February 2012 to carry out a business transfer of the Uninor business at fair market value to a newly incorporated Indian legal entity. Unitech has challenged this business transfer decision. Against this background, both Telenor Asia and Unitech have, by separate petitions, brought the matter before the CLB. The CLB passed an order on 12 April 2012 whereby the Telenor Asia petition was disposed of, with the CLB referring the parties to arbitration in accordance with the SIAC Rules. Following this CLB order, Telenor filed a notice of arbitration with the Singapore International Arbitration Centre on 2 May 2012 to invoke arbitration in respect of the petition. The petition filed by Unitech with the CLB has, however, not been referred to arbitration as at the date of this Base Prospectus. This petition is currently adjourned and the next hearing before the CLB is scheduled for 24 July 2012.

Unitech has also filed a petition before the Gurgaon District Court, seeking interim relief in order to ensure that Telenor is not, directly or indirectly, engaging in any activity that competes with the business of Uninor. Telenor intends to argue that the Unitech petition is not sustainable and that it should be dismissed. This petition is currently adjourned and the next hearing is scheduled for 19 July 2012.

Grameenphone

BTRC – audit claim

In April 2011, the BTRC announced its intention to conduct an audit of the existing mobile operators in Bangladesh. As part of this initiative, the BTRC appointed a firm of chartered accountants to conduct an audit of Grameenphone. On 3 October 2011, Grameenphone received a claim amounting to approximately NOK 2.2 billion from the BTRC referring to the findings of the audit. Grameenphone has contended that the acceptable audit standards and practices have not been followed during and after the audit of Grameenphone and that the claims made by the BTRC and the audit remain unfounded, unsubstantiated and without merit.

As a consequence of this, Grameenphone filed a title suit in the Civil Court of first instance on 17 October 2011 against the BTRC, seeking an injunction restraining the BTRC from claiming such amount, and filed an Appeal in the High Court Division (**HCD**) of the Supreme Court of Bangladesh seeking an injunction against the claim made by the BTRC. On 20 October 2011, the HCD directed

the parties to maintain the status quo in respect of the claim made by the BTRC for a period of six months from 20 December 2011. During this period the BTRC may present arguments to the court as to why the claim should remain valid. The Grameenphone management is of the opinion that it is more likely than not that the courts will rule in favour of Grameenphone, however, as at the date of this Base Prospectus, the BTRC has not renewed Grameenphone's licence to run its mobile operation (as to which see below).

BTRC – claim in relation to licence renewal

Grameenphone received a notification from the BTRC on 17 October 2011 for 'Notification of Award of Licence Renewal' which included a claim for payment of additional spectrum fee of up to approximately NOK 280 million for 7.4 MHz spectrum granted in 2008, based on retrospective application of an additional MCF charge, as introduced in the new Licence Renewal Guidelines of 2011. The same notification also demanded that all payments shall be made 'without any deductions', contrary to the rule of the National Board of Revenue (**NBR**) that applicable VAT must be deducted at source by Grameenphone and submitted to the NBR. Grameenphone has contested this additional charge.

Grameenphone won the first set of legal proceedings before the High Court, but the BTRC appealed to the Supreme Court and the Supreme Court sent the case back to the High Court for further proceedings. On 13 February 2012, the High Court again rejected the claim from the BTRC, but directed Grameenphone to add 15% VAT amount to BTRC receivables and pay an additional 15% VAT to the NBR. The High Court has allowed Grameenphone to obtain a rebate on this VAT, thereby limiting Grameenphone's total renewal cost to 100%. As the proposed rebate mechanism is not workable under the present VAT scheme applicable in Bangladesh, Grameenphone has filed a petition with the High Court's Appellate Division. The BTRC has, however, not yet renewed Grameenphone's licence to run its mobile operation, which expired in November 2011. However, Grameenphone is operating under a 'continuation letter' issued by the BTRC, which asks the renewing operators to continue under their current licence arrangements whilst the licence renewal issue is being handled by the courts.

DTAC

Dispute between TOT, CAT and DTAC regarding access charge/interconnection

As described above, on 17 May 2006, the NTC issued its Notification, requiring licensees to interconnect with each other on request, with the interconnection provider being entitled to apply an interconnection charge that reflects the costs incurred by it in performing the interconnection.

On 17 November 2006, DTAC issued a written notification informing TOT and CAT that DTAC would no longer apply the rates for calculating the access charge under the Access Charge Agreement entered into with TOT, on the basis that the rate and the collection of access charge under the Access Charge Agreement were contrary to the law in a number of respects. DTAC also informed TOT and CAT that it would pay the interconnection charge to TOT once DTAC and TOT entered into an interconnection charge agreement in accordance with the Notification.

On 16 June 2011, DTAC received a notice from the Central Administrative Court stating that TOT had filed a lawsuit requesting the court to order DTAC and CAT jointly to pay access charge to TOT, together with default interest, in the amount of approximately NOK 21 billion. DTAC submitted a defence to the court on 26 January 2012. As at the date of this Base Prospectus, this case is still under the consideration of the Central Administrative Court.

DTAC management believes, based on advice from legal counsel, that the outcome of this dispute would not have a material adverse effect on the financial position of DTAC. The net effect (before income taxes) in ceasing to recognise the access charge under the Access Charge Agreement from 18 November 2006 to 31 December 2011 amounts to NOK 8.2 billion in reduced expenses.

DTAC is also in dispute with TOT in a matter related to the negotiation and entering into of an interconnection agreement between TOT and DTAC's respective networks. On 2 October 2006, DTAC requested that such an agreement should be negotiated between the parties, pursuant to the Notification. The matter has been through various administrative and court proceedings, which have concluded that TOT is obliged to commence negotiations with DTAC. TOT refuses to enter into an interconnection agreement and the matter is now under consideration by the Supreme Administrative Court. DTAC management believes, based on advice from legal counsel, that the outcome of this dispute would not have a material adverse effect on the financial position of DTAC.

Disputes between DTAC and CAT regarding revenue sharing payment under concessionary agreement

On 11 January 2008, CAT submitted a claim to the Arbitration Institute requesting that DTAC make concession revenue sharing payments for the 12th to 16th concession years amounting to NOK 4.3 billion, including default interest. The basis for the claim is that revenue sharing payments by DTAC to CAT have been made after the deduction of excise tax. DTAC's opinion is that it was entitled to make such deductions by virtue of the resolutions made by the Thai Council of Ministers in February 2003 and a letter issued by CAT allowing such deductions.

Furthermore, on 20 October 2008 CAT filed a petition to amend the claim, requesting additional value added tax at the rate of 7%.

Therefore, the total claim amounts to NOK 4.5 billion. Currently, the dispute is still in the arbitration process, as DTAC did not accept CAT's proposal for the chairman of the tribunal in August 2008. 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 a material adverse effect on the financial position of DTAC.

On 31 August 2011, CAT filed a lawsuit with the Arbitration Institute requesting DTAC to pay additional revenue sharing on interconnection charges for the 16th concession year (16 September 2006 to 15 September 2007) in the amount of NOK 761 million, with default interest at the rate of 15% per annum from 16 December 2007, on the basis that DTAC has no right to deduct any interconnection expenses from its revenue and has no right to exclude interconnection revenue from its revenue calculations for the purposes of revenue sharing (concession fee) payments to CAT under the concession agreement. DTAC management believes, based on advice from legal counsel, that the outcome of this dispute would not have a material adverse effect on the financial position of DTAC.

Foreign ownership dispute

One of DTAC's competitors, True Move, made a number of complaints to the Thai Police and the Thai Ministry of Commerce early in 2011 that DTAC was in breach of the Foreign Business Act, which limits foreign ownership to 49% of the company without special permission. In addition, on 22 September 2011, one of DTAC's minority shareholders (holding 100 shares in DTAC) filed a complaint against the NBTC with the Central Administrative Court, alleging that the NBTC (as an administrative agency) had negligently not performed its duties by allowing DTAC to operate a telecom business. Following the filing of this complaint, the Central Administrative Court has issued a summons requesting that DTAC be joined as a co-defendant in the case. DTAC management is of the opinion that the Telenor ownership structure in DTAC was established, and continues to be, in accordance with Thai law, as well as the established practices in Thailand.

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 of Directors, 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 eight 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 15 meetings in 2011. 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>Position</u>	<u>Expiration of current term</u>
Svein Aaser	Chairman	Spring 2013
Liselott Kilaas	Deputy Chairman	Spring 2013
Burckhard Bergmann	Board member	Spring 2013
Barbara Milian Thoralfsson	Board member	Spring 2013
Sally Davis	Board member	Spring 2013
Dag Opedal	Board member	Spring 2013
Frank Dangeard	Board member	Spring 2013
Hallvard Bakke	Board member	Spring 2013
Harald Stavn(*)	Board member	
Bjørn Andre Anderssen(*)	Board member	
Brit Østby Fredriksen(*)	Board member	

(*) Elected by the employees.

Svein Aaser was elected as Chairman to the board on 16 May 2012. Mr. Aaser has previously acted as CEO of Den norske Bank and DnB NOR ASA from 1998 to 2007 and CEO of Nycomed from 1987 to 1996. Prior to these positions, he has been the CEO of Storebrand Skade, Nora Matprodukter and Stabburet Nora. He has served as president of The Confederation of Norwegian Enterprise (NHO) and as Chairman of Finance Norway (FNO), and as Chairman of the Board of Statkraft, Det Norske Oljeselskap and the Norwegian National Museum. Mr. Aaser has a Master of Business Administration from the Norwegian School of Economics and Business Administration, NHH and has additional qualifications from IMD in Lausanne, Switzerland.

Burckhard Bergmann was elected to the board on 29 May 2008. Dr. Bergmann was until February 2008 Chairman of the Management Board of E.ON Ruhrgas AG. He holds board positions in several major international companies. Dr. Bergmann is a graduate in physics from Aachen University of Technology (1968) and was awarded a Dr. Eng. from the same university in 1970.

Barbara Milian Thoralfsson was elected to the board on 11 May 2009. She is a Director at Fleming Invest AS, and is a member of the Boards of Electrolux AB, SCA AB, Fleming Invest, Stokke AS, Tandberg 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). She has an MBA from Columbia University.

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

Sally Davis was elected to the board on 23 November 2011. She has held several executive positions in BT Group plc since 1999, including President of BT Global Services and CEO of BT Wholesale. She has also held leadership positions in Bell Atlantic and Mercury Communications. A Non-Executive Director of the Swiss company Logitech, the UK Department of Transport and the BBC, Sally Davis has worked in the global telecommunications industry for thirty years, working for start-up cable companies in the UK as well as strategy and global operational roles based in the US and UK for Cable & Wireless, Verizon and BT. Most recently, she acted as CEO of BT Wholesale, providing services to global operators. She is a BA Hons graduate and is a Fellow of University College London.

Dag Opedal was elected to the board on 19 May 2011. He was previously CEO and President of Orkla Group, and has held other leading positions at Orkla, Ferd Capital, NorgesGruppen, Stabburet AS, Dyno Industrier and Nora Industrier AS. He holds board positions at Nammo AS, Vizrt AS and Norwegian Church Aid. He has a degree in Business Economics from The Norwegian School of Economics and Business Administration and an MBA from INSEAD, Fontainebleau, France.

Frank Dangeard was elected to the board on 19 May 2011. He is Managing Partner of the advisory firm Harcourt France, and was previously Chairman and CEO of Thomson S.A., Senior EVP of France Telecom, EVP and Vice Chairman of Thomson, Managing Director and Chairman of SG Warburg & Co. Ltd and a lawyer with Sullivan & Cromwell LLP in New York and London. He holds board positions at Moser Baer, India, Enerqos SPA, Italy, Sonaecom, Portugal, Crédit Agricole-CIB France, and Symantec Corp., US. He is Chairman of the Strategy Advisory Board for PricewaterhouseCoopers and Reech AIM UK and graduated from the Ecole des Hautes Etudes Commerciales, the Paris Institut d'Etudes Politiques and from Harvard Law School.

Hallvard Bakke was elected to the board on 19 May 2011. He is chairman of Carte Blanche AS (the Norwegian national company of contemporary dance) and was previously a Norwegian politician, with 20 years' experience as a member of Parliament, including serving on the committees of foreign affairs and finance. He was Minister of Trade and Shipping between 1976 and 1979 and Minister of Culture and Science between 1986 and 1989. From 2006 to 2008, he was Chairman of the Norwegian Broadcasting Corporation (NRK AS). Mr. Bakke has a master of science degree in business from The Norwegian School of Economics and Business Administration.

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) at 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.

Brit Østby Fredriksen was elected to the board on 20 January 2010 as an employee representative. She started her career at Telenor in 1993 and has since then been employed by various Telenor Group companies. Today, she holds the position as safety overseer at Telenor Norway. She is head safety delegate in the Business and Consumer divisions at Telenor Norway and employee representative within the Electrician and IT workers union. She was educated at the Norwegian School of Economics.

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 and in the Telenor Group.

Jon Fredrik Baksaas	President and Chief Executive Officer since June 2002
Richard Olav Aa	Executive Vice President and Chief Financial Officer since March 2010
Kristin Skogen Lund	Executive Vice President since March 2010 and Head of Digital Services
Hilde M. Tonne	Executive Vice President since September 2011 and Head of Group Industrial development
Sigve Brekke	Executive Vice President since September 2008 and Head of the Telenor Asia operations
Berit Svendsen	Executive Vice President since September 2011 and Head of Telenor Norway
Morten Karlsen Sørby	Executive Vice President since January 2003 and Head of Strategy and Regulatory Affairs
Kjell-Morten Johnsen	Executive Vice President since May 2012 and Head of European Operations (Hungary, Serbia, Montenegro, Sweden and Denmark)
Oddvar Hesjedal	Executive Vice President since March 2011 and Head of Group People Development

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 2012, the Telenor Group had a total of 30,718 employees in its fully consolidated operations, of which 24,328 employees resided outside Norway.

Auditors

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

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 individuals or legal entities that are taxable in Norway (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 in Norway as described above, 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 (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 that other Member State. However, for a transitional period, Luxembourg, Belgium 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). Belgium has announced that, with effect from 1 January 2010, the transitional period no longer applies to it. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, 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. 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 35 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.

United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs practice relating to United Kingdom withholding tax. Some aspects do not apply to certain

classes of person (such as dealers) to whom special rules may apply. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

Interest on the Notes

On the basis that interest on the Notes is not expected to have a United Kingdom source, there should be no withholding or deduction for or on account of United Kingdom income tax on payments of interest in respect of the Notes.

However, Noteholders may wish to note that, in certain circumstances, HM Revenue and Customs (**HMRC**) has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of, a Noteholder, or who either pays amounts payable on the redemption of certain Notes to or receives such amounts for the benefit of, another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on the redemption of certain Notes where such amounts are paid on or before 5 April 2013. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of other jurisdictions.

SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in an Amended and Restated Programme Agreement dated 8 June 2012 (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 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 any legal entity which is a qualified investor as defined in the Prospectus Directive (and, in the case of investors in Norway capable of classification as qualified investors pursuant to the Prospectus Directive art. 2 (e) (iii), which pursuant to the Securities Trading Regulation section 7-1 (2) has opted to be classified as a qualified investor by registering as a “professional investor” (Norwegian: “*profesjonell investor*”) with the Financial Supervisory Authority of Norway);
- (b) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, 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
- (c) 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 (c) 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, the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

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

The Notes shall be registered with the Norwegian Central Securities Depository unless: (i) the Notes are denominated in NOK and offered or sold outside of Norway to non-Norwegian tax residents only; or (ii) the Notes are denominated in a currency other than NOK and offered or sold outside of Norway.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act 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 Act (Act 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.

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 2012 and no material adverse change in the financial position or prospects of the Issuer or of the Telenor Group since 31 December 2011.
3. Except as disclosed on pages 109 to 117, 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 6.3 to 6.7 (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 2010 and 31 December 2011, the most recently published annual report of the Issuer and the unaudited consolidated published quarterly financial statements of the Issuer for the three months ended 31 March 2012;
 - 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.

7. The auditors of the Issuer are Ernst & Young AS state authorised public accountants (*statsautoriserede revisorer*), who have audited the Issuer's accounts, without qualification in accordance with the laws, regulations, auditing standards and generally accepted auditing practice in Norway, including International Standards on Auditing, for the financial years ended 31 December 2010 and 31 December 2011. 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

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

DEALERS

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

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

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

ING Bank N.V.
Floppingadreef 7
1102 BD Amsterdam
The Netherlands

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

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

Nordea Bank Danmark A/S
Christiansbro, Strandgade 3
DK-1401 Copenhagen
Denmark

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR
United Kingdom

LEGAL ADVISERS

To the Issuer

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

in respect of English law
Slaughter and May
One Bunhill Row
London EC1Y 8YY
United Kingdom

To the Dealers and the Trustee

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

in respect of English law
Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

AUDITORS

Ernst & Young AS

Statsautoriserte revisorer

Oslo Atrium
P.O. Box 20
N-0051 Oslo
Norway

TRUSTEE

Citicorp Trustee Company Limited

Canada Square
Canary Wharf
London E14 5LB
United Kingdom

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

Citibank, N.A., London branch

Canada Square
Canary Wharf
London E14 5LB
United Kingdom

PAYING AGENT AND TRANSFER AGENT

Banque Internationale à Luxembourg

69 Route d'Esch
Luxembourg, L-2953

VPS ACCOUNT MANAGER

DNB Bank ASA

Stranden 21
Aker Brygge
N-0021 Oslo
Norway

LUXEMBOURG LISTING AGENT

Banque Internationale à Luxembourg

69 Route d'Esch
Luxembourg, L-2953

