



# 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**) 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 du 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.

The requirement to publish a prospectus under the Prospectus Directive only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area and/or offered to the public in the European Economic Area other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). References in this Base Prospectus to **Exempt Notes** are to Notes for which no prospectus is required to be published under the Prospectus Directive. The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "Terms and Conditions of the Notes") of Notes will (other than in the case of Exempt Notes) be set out in a Final Terms (the **Final Terms**) which will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). In the case of Exempt Notes, notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche will be set out in a pricing supplement document (the **Pricing Supplement**).

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 (or Pricing Supplement, in the case of Exempt Notes) 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 (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) 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**  
**HSBC**  
**J.P. Morgan**  
**The Royal Bank of Scotland**

17 June 2014

**Citigroup**  
**ING**  
**Nordea**  
**SEB**

## IMPORTANT INFORMATION

*The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. 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).*

### IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

*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.*

## PRESENTATION OF INFORMATION

*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.*

## STABILISATION

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) 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 Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation 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 Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

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## RISK FACTORS

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

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

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme. Any of the risks described below could have a material adverse impact on Telenor's business, financial condition and results of operations and could therefore have a negative effect on the Issuer's ability to pay interest, principal or other amounts on or in connection with any Notes. The information below does not purport to be exhaustive. The inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

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

#### ***The Notes may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has 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) has 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) has 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) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate 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.

#### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes are Notes which 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 the prevailing market rates on its Notes.

#### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more 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 and without regard to the interests of particular 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 the 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 Council Directive 2003/48/EC (the **Directive**) on the taxation of savings income, each Member State is required to provide to the tax authorities of another EU Member State details of certain payments of interest or similar income paid or secured by a person established within its jurisdiction to or for the benefit of an individual resident in that other EU Member State or certain limited types of entities established in that other EU Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. EU Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The amending Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in an EU Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or legal arrangement is established or effectively managed outside of the EU.

For a transitional period, the end of which is dependent upon the conclusion of certain other agreements relating to information exchange with certain non-EU countries, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those EU Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

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 pursuant to the Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Notes) 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 having a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to the Directive or any law implementing or complying with, or introduced in order to conform to, the Directive, although that will mitigate this risk only if there is at least one Member State which does not require a Paying Agent making payments through a specified office in that Member State to withhold or deduct tax.

#### *U.S. Foreign Account Tax Compliance Act*

Legislation incorporating provisions referred to as FATCA (as defined herein) was passed in the U.S. on 18 March 2010. This description is based on guidance issued to date by the U.S.



Treasury, including final regulations. Future guidance may affect the application of FATCA to the Notes.

It is possible that, in order to comply with FATCA, the Issuer (or, if the Notes are held through another financial institution, such other financial institution) may be required pursuant to an agreement with the U.S. or under applicable law (including pursuant to the terms of an applicable inter-governmental agreement entered into between the U.S. and any other jurisdiction) (a) to request certain information from the Noteholders or beneficial owners of the Notes, which information may be provided to the U.S. Internal Revenue Service (the **IRS**) and (b) to withhold U.S. tax on some portion of payments made after 31 December 2016 with respect to the Notes if such information is not provided or if payments are made to certain foreign financial institutions that have not entered into a similar agreement with the U.S. and are not otherwise required to comply with the FATCA regime under applicable law (including pursuant to the terms of an applicable inter-governmental agreement entered into between the U.S. and any other jurisdiction).

If the Issuer or any other person is required to withhold amounts under or in connection with FATCA from any payments made in respect of the Notes, the Noteholders and beneficial owners of the Notes will not be entitled to receive any gross-up or additional amounts under Condition 8 (*Taxation*) of the Conditions of the Notes to compensate them for such withholding. FATCA is complex and its application to the Notes remains uncertain. Prospective investors are advised to consult their own tax advisors as to the application of FATCA to the Notes.

#### *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 and any such change could materially adversely impact the value of any Notes affected by it.

#### *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 in excess of the minimum Specified Denomination 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 description of material 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 or the ability of the Issuer to make payments in respect of the Notes. 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 if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will 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 Issuer or 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, suspended 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), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. 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.

#### *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 0.8 billion, with maturity in 2017, and EUR 2.0 billion, with maturity in 2019.

#### **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 most significant debt currencies for Telenor Group are Euros, US dollars, Swedish Krona, Thai Baht and Malaysian Ringgits.

The main consideration regarding management of interest rate risk is to reduce the financial risk and minimise interest cost over time. The majority of the debt issued by the Telenor Group is fixed rate debt. Before considering the effects of interest rate swaps, as at 31 December 2013, 85% of outstanding debt is fixed rate (as compared with 78% as at 31 December 2012). 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 to 5 years. As at 31 December 2013, the average duration was 2.0 years (1.5 years as at 31 December 2012).

#### **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.

69% of the Group's revenues are derived from operations with a functional currency other than the Norwegian Krone. Currency fluctuations affect the value of investment in foreign operations when translating financial statements into Norwegian Krone.

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. Telenor Group's credit risk largely arises from trade receivables, financial derivatives and cash and cash equivalents.

Credit risk related to trade receivables is assessed to be limited due to the high number of customers in the Telenor Group's customer base. As such, no further credit risk provision is required in excess of the normal provision for bad and doubtful receivables. See note 22 to the financial statements for information on receivables in terms of age distribution and provision for bad debt.

Credit risk arising from financial derivatives and cash deposits is managed through diversification, internal risk assessments and credit scoring, as well as credit risk mitigation tools. The main risk mitigation tools include legal netting and collateral agreements.

As at 31 December 2013, the fair value of Telenor Group's financial derivative assets was NOK 2.4 billion (NOK 2.3 billion as at 31 December 2012). This exposure was partly offset by NOK 1.2 billion held as cash collateral under Telenor Group's derivative positions (NOK 0.4 billion as at 31 December 2012).

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 results of operations are materially affected by uncertainty in the worldwide financial markets and macro-economic conditions generally. A wide variety of factors, including concerns over slow growth, high sovereign debt within, and to a lesser degree outside, the eurozone, the stability and solvency of financial institutions, longer-term low interest rates in developed markets, inflationary threats as well as geopolitical issues in the Middle East, Russia, Ukraine and North Africa, together with a lack of a decisive political majority in a number of countries including the US and Italy, have contributed to increased volatility in the financial markets in recent years and have diminished growth expectations for the global economy going forward. Global fixed income markets continue to experience periods of both volatility and limited market liquidity, which have affected a broad range of asset classes and sectors.

Factors relating to general economic conditions, such as consumer spending, business investment, government spending, the volatility and strength of both debt and equity markets, and inflation, all affect the profitability of the Telenor Group's business. In a sustained economic phase of low growth and high public debt, characterised by higher unemployment, lower household income, lower corporate products and services could be adversely affected 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) a deterioration and volatility in the global economy, the equity and bonds markets, and the telecommunications 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) 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 refinance 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 within the next financial year.

### **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, no 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 (including access and price regulation) governing the licensing, construction and operation of Telenor's telecommunications, cable television, broadcasting and satellite networks and services 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 in some cases 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. For further country-specific detail, see the sections headed "*Telenor ASA*" and "*Legal Proceedings*", below.

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.

### **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. In Sweden, some decisions have been appealed and the outcome of these appeals is uncertain.

In the EU, the European Commission has proposed a set of initiatives including elimination of roaming fees, clearer rules for net neutrality and a more harmonized approach to spectrum across Europe. Certain elements may negatively affect the Telenor operators in Europe.

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 further reduce rates, which may adversely affect revenues and net income. In addition, if Telenor is required to 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.

Examples of risk and challenges Telenor faces in emerging market countries include:

- In Bangladesh, the government-appointed Grameen Bank Commission has made recommendations in an interim report published February 2013 which could have implications on Telenor's investment in Grameenphone. The Grameen Bank Commission has made allegations that a licence was wrongfully awarded to Grameenphone in 1996. Telenor's assessment of the allegations contained in the interim report is that the allegations and recommendations set forth therein are without factual basis and legal merit.
- In Thailand, foreign dominance regulations constitute a risk despite the matter being subject to General Agreement on Trade in Services (GATS) process in Geneva.
- Further, in Thailand, CAT and DTAC have a number of disputes and disagreements over the understanding and reach of certain concession agreements between them. DTAC is of the opinion that the company is operating in accordance with applicable laws and regulations and refutes any allegations from CAT that DTAC is operating in violation of concession agreements.
- 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 communications 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. If 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/4G 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/4G network capacity compared to increases in GSM network capacity. In some situations, new spectrum licences may have a significant impact on the competitive environment. New spectrum licences are expected to be issued in the coming years in, for example, Hungary and Thailand.

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.

In most of the countries where Telenor operates, the wholesale market (for example, copper and fibre access, MTR, site sharing etc.) is to some extent regulated. Changes to terms and conditions for wholesale access (including regulated prices) may negatively impact Telenor's business.

Furthermore, the transition from voice to data services is influenced by a number of regulatory levers, such as MTR levels and net neutrality provisions.

In Myanmar, with an immature state bureaucracy, implementation of rules and regulations as well as meeting the licence obligations in the recently acquired mobile licence constitutes a risk.

### ***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, as well as the ongoing strong growth of data traffic, 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**

Developing digital channels for sales and customer support is key to increasing customer satisfaction and decreasing customer churn rates. The required competencies for this development are scarce, not only in the telecoms industry, and costs are high.

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 mobile networks are increasingly used for business critical services, and insufficient network robustness may hurt business continuity**

Rapid growth in data traffic from smartphones, tablets and a growing number of different types of machine-to-machine or "Internet of Things" devices will generate new and possibly unpredictable traffic patterns and signalling behaviour from embedded applications or popular applications that Telenor's networks have not been designed to handle. This may degrade network performance and customers' experience and expose new bottlenecks in networks, both nationally and internationally.

As networks become IP-based and more dependent on software, network equipment will increasingly resemble IT equipment and IT systems. This will increase the vulnerability for cyber crime threats that can either negatively impact network stability and availability and/or compromise privacy of information in the traffic in the networks.

**Telenor's ability to provide a quality customer experience and develop its business cost-effectively simultaneously is dependent on rolling investment in network assets**

The majority of Telenor's operations have carried out "swaps" or upgrades of their network infrastructure in which substantial parts of the network have been replaced. As at April 2014, an upgrade project in Bulgaria and a green field project in Myanmar are currently underway and new charging and billing systems are being implemented in Malaysia, Denmark, Hungary, Sweden and Norway (for fixed lines) throughout 2014 and 2015. Even if these projects (or any others which might take place in the future) are well supervised, there is a risk that operational disturbances (albeit temporary ones) will occur that may negatively affect Telenor's customers as well as Telenor's revenues.

Some of Telenor's operations are introducing network sharing with other (competing) mobile operators, whereby the whole or part of the Telenor network is operated by another mobile operator (and vice versa). This has a substantial positive financial benefit for both operators, but even if great care has been taken to make proper operational agreements, there is a small risk of temporary customer dissatisfaction.

**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, and temporarily or permanently reduce Telenor's cash flow from these companies.**

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.

Across Telenor's portfolio of operations there is depth of experience and knowledge on a broad range of market-related, technical and partner engagement matters that have direct relevance beyond individual business units. Inability to leverage this asset across Telenor's operations may contribute to sub-optimisation. Telenor handles substantial volumes of confidential information. Loss, mismanagement or unauthorized disclosure of such information, for example through cybersecurity attacks, could adversely affect Telenor's business and reputation.

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 120 to 124 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 fines 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.

The growing scale of Telenor's international operations brings with it the potential for exposure to fraud and corruption, both internally and among external stakeholders who may have a differing set of business values from those under which Telenor operates. Failure to adhere to the values that Telenor commits to in its global operations may damage customer perception of the Telenor brand as well as adversely impact Telenor's results of operations.

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 interests 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 and 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 characterised 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 or spectrum 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.

The introduction of new business models in the telecoms sector may lead to structural changes and different competitive dynamics within the industry. Failure to anticipate and respond to industry dynamics, and to drive a change agenda to meet mature and developing demands in the marketplace, has the potential to impact the Telenor Group's position in the value chain, service offerings and customer relationships. This may adversely impact the Telenor Group's 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. Any substantiation of such claims may adversely affect the Telenor Group's business and results of operations.

***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 market countries, potentially without adequate compensation, could have a materially adverse effect on Telenor's business and prospects.

**Emerging markets such as Russia, Malaysia, Thailand, Myanmar, 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, Myanmar (commercial launch anticipated 2H 2014), 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*", below, Telenor is engaged in various litigation actions that may adversely affect the value of its investments. 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 2012, containing the audited consolidated financial statements of the Issuer including the consolidated income statement on page 20, the consolidated statement of comprehensive income on page 21, the consolidated statement of financial position on page 22, the consolidated statement of cash flows on page 23, the consolidated statement of changes in equity on page 24, the notes to the consolidated financial statements on pages 25 to 93 and the auditor's report on pages 116 to 117;
- (b) the consolidated published annual report of the Issuer for the year ended 31 December 2013, containing the audited consolidated financial statements of the Issuer including the consolidated income statement on page 22, the consolidated statement of comprehensive income on page 23, the consolidated statement of financial position on page 24, the consolidated statement of cash flows on page 25, the consolidated statement of changes in equity on page 26, the notes to the consolidated financial statements on pages 27 to 97 and the auditor's report on pages 118 to 119;
- (c) the condensed consolidated published unaudited quarterly financial statements of the Issuer for the three months ended 31 March 2014, containing the income statement on page 11, the statement of comprehensive income on page 12, the statement of financial position on page 13, the statement of cash flows on page 14, the consolidated statement of changes in equity on page 15 and the notes to the interim statements on pages 16 to 19;
- (d) the certificate of registration and articles of association of the Issuer (for information purposes only);
- (e) the section headed "*Terms and Conditions of the Notes*" from each of the following base prospectuses relating to the Programme:
  - (i) Base Prospectus dated 7 July 2006 (pages 32-57 inclusive);
  - (ii) Base Prospectus dated 19 May 2009 (pages 41-67 inclusive);
  - (iii) Base Prospectus dated 8 June 2012 (pages 44-72 inclusive); and
  - (iv) Base Prospectus dated 28 June 2013 (pages 49-76) inclusive; and
- (f) the Second Supplement dated 14 March 2014 to the Base Prospectus dated 28 June 2013 (together with the documents listed in (e) above, the ***Previous Terms and Conditions***),

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.

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 non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in 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 (or, in the case of Exempt Notes, the applicable Pricing Supplement). 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, in the case of Notes other than Exempt Notes and if appropriate, a supplement to this Base Prospectus will be published.*

*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.*

<b>Issuer</b>	Telenor ASA (with organisational registration no. 982 463 718 in the Norwegian Register of Companies)
<b>Description</b>	Debt Issuance Programme. Up to €7,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
<b>Arranger</b>	Citigroup Global Markets Limited
<b>Dealers</b>	Barclays Bank PLC Citigroup Global Markets Limited HSBC Bank plc ING Bank N.V. J.P. Morgan Securities plc Nordea Bank Danmark A/S Skandinaviska Enskilda Banken AB (publ) 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 <b>Permanent Dealers</b> are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to <b>Dealers</b> are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
<b>Trustee</b>	Citicorp Trustee Company Limited
<b>Issuing and Paying Agent</b>	Citibank, N.A., London branch
<b>Registrar</b>	Citibank, N.A., London branch
<b>VPS Account Manager</b>	DNB Bank ASA
<b>Transfer and Paying Agents</b>	Citibank, N.A., London branch and Banque Internationale à Luxembourg.

<b>Currencies</b>	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.
<b>Notes with a maturity of less than one year</b>	<p>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.</p> <p>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.</p>
<b>Denomination of Notes</b>	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 " <i>Notes with a maturity of less than one year</i> " above.
<b>Form of Notes</b>	The Notes may be issued in bearer form only ( <b>Bearer Notes</b> ), in registered form only ( <b>Registered Notes</b> ) or in uncertificated book entry form cleared through the Norwegian Central Securities Depository, the <i>Verdipapirsentralen</i> ( <b>VPS Notes</b> and the <b>VPS</b> , respectively). Each Tranche of 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 " <i>General Description of the Programme – Selling Restrictions</i> "), 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 <b>Global Certificates</b> . 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.

<b>Maturities</b>	Subject to compliance with all relevant laws, regulations and directives, any maturity from one month.
<b>Issue Price</b>	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
<b>Method of Issue</b>	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a <b>Series</b> ), having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a <b>Tranche</b> ), on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the relevant Final Terms (or, in the case of Exempt Notes, the relevant Pricing Supplement).
<b>Clearing Systems</b>	Clearstream, Luxembourg and Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer or, in relation to VPS Notes, the VPS.
<b>Initial Delivery of Notes</b>	<p>On or before the issue date for each Tranche, the Global Note representing 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.</p> <p>The Notes may be settled on a delivery against payment basis or a delivery free of payment basis, as specified in the relevant Final Terms (or, in the case of Exempt Notes, in the relevant Pricing Supplement).</p>
<b>Fixed Rate Notes</b>	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms (or, in the case of Exempt Notes, the relevant Pricing Supplement).
<b>Floating Rate Notes</b>	Floating Rate Notes will bear interest determined separately for each Series by reference to LIBOR, EURIBOR or STIBOR as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms (or, in the case of Exempt Notes, the relevant Pricing Supplement).
<b>Zero Coupon Notes</b>	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

<b>Interest Periods and Interest Rates</b>	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms (or, in the case of Exempt Notes, the relevant Pricing Supplement).
<b>Exempt Notes</b>	The Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.
<b>Optional Redemption</b>	The Final Terms issued in respect of each issue of Notes (or the Pricing Supplement, issued in respect of each issue of Exempt 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.
<b>Early Redemption</b>	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> ”.
<b>Withholding Tax</b>	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.
<b>Status of Notes</b>	The Notes will constitute unsubordinated and unsecured obligations of the Issuer, as described in “ <i>Terms and Conditions of the Notes - Status</i> ”.
<b>Negative Pledge</b>	The Notes will contain a Negative Pledge as described in Condition 4.
<b>Cross-Default</b>	The Notes will contain a Cross-Default as described in Condition 10.
<b>Ratings</b>	<p>The Programme has been rated (P)A3 by Moody’s Investors Service España, S.A. and A- by Standard &amp; 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.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p> <p>Each of Moody’s Investors Services España, S.A. and Standard &amp; Poor’s Credit Market Services Europe Limited is established in the</p>

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.

**Listing, Approval 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. 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 Final Terms (or, in the case of Exempt Notes, 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 (or the relevant Pricing Supplement in the case of Exempt Notes) 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 which are not Exempt 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 17 June 2014 [as supplemented by the supplement[s] dated [date[s]]] which constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC, as amended) (the **Base Prospectus**). 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 [7 July 2006 /19 May 2009 / 8 June 2012 / 28 June 2013 (as supplemented by a supplement dated 14 March 2014)]. 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, as amended) and must be read in conjunction with the Base Prospectus dated 17 June 2014 [as supplemented by the supplement[s] dated [date[s]]] which constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**), including the Conditions which are incorporated by reference into 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. Copies of the Base Prospectus 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.]*

*[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. (a) Series Number: [ ]
- (b) Tranche Number: [ ]
- (c) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with [ ] on [the Issue Date/exchange of the Temporary Global Note



- for interests in the Permanent Global Note, as referred to in paragraph [ ] below, which is expected to occur on or about [ ]][Not Applicable]
2. Specified Currency or Currencies: [ ]
  3. Aggregate Nominal Amount:
    - (a) Series: [ ]
    - (b) Tranche: [ ]
  4. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
  5. (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.”)
  - (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.)
  6. (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.)
  7. Maturity Date: [Fixed rate - specify date/  
 Floating rate - Interest Payment Date falling in or nearest to [specify month]]
  8. Interest Basis: [[ ] per cent. Fixed Rate]  
 (as referred to under Condition 5) [[[ ] month LIBOR/EURIBOR/STIBOR] +/-  
 [ ] per cent. Floating Rate]  
 [Zero Coupon]  
 (see paragraph [13]/[14]/[15] below)
  9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100]/[ ] per cent. of

their nominal amount  
(Notes may only be redeemed at other than 100 per cent. in the case of zero coupon notes)

10. Change of Interest Basis:  
(as referred to under Condition 5) [Specify any change from one Interest Basis to another, the date on which any such change occurs, or cross reference to paragraphs 13 and 14 below and identify there] [Not Applicable]
11. Put/Call Options:  
(as referred to under Conditions 6(d) and 6(d)) [Investor Put]  
[Change of Control Put]  
[Issuer Call]  
[(further particulars specified below)]
12. [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)]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions  
(as referred to under Condition 5(a)) [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date  
(Amend appropriately in the case of irregular 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] [ ]][Not Applicable]
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[ ] in each year][Not Applicable]  
  
(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)
14. Floating Rate Note Provisions  
(as referred to under Condition 5(b)) [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: [ ][, subject to adjustment in accordance with the Business Day Convention set out in

- (as referred to under Condition 5(b)(i)) (b) below/, not subject to any adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: (as referred to under Condition 5(b)(ii)) [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention][Not Applicable]
- (c) Additional Business Centre(s): [ ]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: (as referred to under Condition 5(b)(iii)) [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Issuing and Paying Agent): (as referred to under Condition 5(f)) [ ]
- (f) Screen Rate Determination: (as referred to under Condition 5(b)(iii)(B))
- Reference Rate: [ ] month [LIBOR/EURIBOR/STIBOR]
  - 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: (as referred to under Condition 5(b)(iii)(A))

- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]  
(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)
- (h) Linear Interpolation: [Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
- (i) Margin(s): [ +/- ] [ ] per cent. per annum  
(as referred to under Condition 5(e)(i))
- (j) Minimum Rate of Interest: [ ] per cent. per annum  
(as referred to under Condition 5(e)(ii))
- (k) Maximum Rate of Interest: [ ] per cent. per annum  
(as referred to under Condition 5(e)(ii))
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]  
(as referred to under Condition 5(i)) [Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond Basis]  
[30E/360 (ISDA)]  
(See Condition 5 for options)
15. Zero Coupon Note Provisions [Applicable/Not Applicable]  
(as referred to under Conditions 5(c) and 6(b)) (If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Accrual Yield: [ ] per cent. per annum
- (b) Reference Price: [ ]
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]  
[Actual/360]  
[Actual/365]

#### PROVISIONS RELATING TO REDEMPTION

16. Issuer Call: [Applicable/Not Applicable]  
(as referred to under Condition 6(d)) (If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount: [ ] per Calculation Amount
- (c) Notice periods for Condition Minimum period: [ ] days

- 6(c): Maximum period: [       ] days
- (d) If redeemable in part: [Not Applicable – the Notes are not redeemable in part]
- (i) Minimum Redemption Amount: [       ]
- (ii) Maximum Redemption Amount: [       ]
- (e) Notice periods: Minimum period: [       ]  
Maximum period: [       ]  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) 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)*
- (f) Option Period: [       ]
17. Investor Put: [Applicable/Not Applicable]  
(as referred to under Condition 6(e)(i)) *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [       ]
- (b) Optional Redemption Amount: [       ] per Calculation Amount  
*(N.B.: If the Optional Redemption Amount is other than a specified amount per Calculation Amount, the Notes will need to be Exempt Notes)*
- (c) Notice periods: Minimum period: [       ]  
Maximum period: [       ]  
*(N.B. When 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 (which require a minimum of 15 clearing system business days' notice for a put) 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: [       ]
18. Change of Control Put: [Applicable/Not Applicable]  
(as referred to under Condition 6(e)(ii))
19. Final Redemption Amount: [       ] per Calculation Amount  
(as referred to under Condition 6(a))

20. (a) Early Redemption Amount [ ] per Calculation Amount payable on redemption for taxation reasons or on event of default: (as referred to under Condition 6(c))
- (b) Unmatured coupons to become void upon early redemption (Bearer Notes only) [Yes/No/Not Applicable]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. 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]

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

- |     |  |   |
|-----|--|---|
| 22. | Additional Financial Centre(s) or other special provisions relating to Payment Days:<br>(as referred to under Condition 7) | [Not Applicable/give details]<br><i>(Note that this paragraph relates to the date of payment and not Interest Period end dates to which sub-paragraphs 14(c) relates)</i> |
| 23. | Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):                      | [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No.] |

[[*Relevant third party information*] 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).]

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. - Amend as appropriate if there are other interests]

### 4. YIELD *(Fixed Rate Notes only)*

Indication of yield: [ ]

### 5. OPERATIONAL INFORMATION

- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- (iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and [Not Applicable/give name(s) and number(s)/Verdipapirsentralen, Norway. VPS identification number: [ ]. The Issuer shall be



the relevant identification number(s):

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

[ ]

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

[Yes. 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 the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

## 6. U.S. SELLING RESTRICTIONS

U.S. Selling Restrictions:

[Reg. S Compliance Category 2; TEFRA D Rules/TEFRA C Rules/TEFRA not applicable]

## FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes issued under the Programme.

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF NOTES DESCRIBED BELOW.**

[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

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Base Prospectus dated 17 June 2014 [as supplemented by the supplement[s] dated [date[s]]] (the **Base Prospectus**). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. The Base Prospectus is 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.

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 [7 July 2006 /19 May 2009 / 8 June 2012 / 28 June 2013 (as supplemented by a supplement dated 14 March 2014)] which are incorporated by reference in the Base Prospectus<sup>1</sup>. Any reference in the Conditions to "relevant Final Terms" shall be deemed to include a reference to "relevant Pricing Supplement", where relevant.

*[Include whichever of the following apply or specify as "Not Applicable". 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 Pricing Supplement.]*

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

1. (a) Series Number: [ ]
  - (b) Tranche Number: [ ]
  - (c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [identify earlier Tranches] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below, which is expected to occur on or about [date]][Not Applicable]
2. Specified Currency or Currencies: [ ]
  3. Aggregate Nominal Amount:

<sup>1</sup> Only include this language for a fungible issue and the original tranche was issued under a Base Prospectus with a different date.

- (a) Series: [ ]
- (b) Tranche: [ ]
4. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
5. (a) Specified Denominations: [ ]
- (b) Calculation Amount: [ ]  
*(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.)*
6. (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.)*
7. Maturity Date: *[Fixed rate - specify date/  
Floating rate - Interest Payment Date falling in or nearest to [specify month]]*
8. Interest Basis: [[ ] per cent. Fixed Rate]  
[[specify Reference Rate] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
[specify other]  
(further particulars specified below)
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100]/[ ] per cent. of their nominal amount
10. 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][Not Applicable]*
11. Put/Call Options: [Not Applicable]  
[Investor Put]  
[Change of Control Put]  
[Issuer Call]  
(further particulars specified below)
12. (a) Status of the Notes: [Senior/[Dated/Perpetual] Subordinated]
- (b) Date Board approval of Notes obtained: [ ]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. 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 in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date  
*(Amend appropriately in the case of irregular 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] [ ]][Not Applicable]  
*(Applicable to Notes in definitive form.)*
- (e) Day Count Fraction: [30/360/Actual/Actual (ICMA)/specify other]
- (f) [Determination Date(s): [[ ] in each year][Not Applicable]  
*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes which are Exempt Notes: [None/Give details]
14. 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: [ ], subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to any adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[specify other]][Not Applicable]
- (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 Agent):

- (f) Screen Rate Determination:
- Reference Rate: Reference Rate: [ ] month  
[LIBOR/EURIBOR/STIBOR/specify other  
Reference Rate].
  - 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: [ ]
- (g) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]  
[ ]
  - Reset Date: (In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)
- (h) Linear Interpolation: [Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
- (i) Margin(s): [+/-] [ ] per cent. per annum
- (j) Minimum Rate of Interest: [ ] per cent. per annum
- (k) Maximum Rate of Interest: [ ] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond Basis]  
30E/360 (ISDA)  
Other]  
(See Condition 5 for options)
- (m) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes which are Exempt Notes, if different from those set out in the Conditions: [ ]
15. 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 for Zero Coupon Notes which are Exempt Notes: [ ]
- (d) Day Count Fraction in relation to Early Redemption Amounts: [30/360]  
[Actual/360]  
[Actual 365]

#### **PROVISIONS RELATING TO REDEMPTION**

16. 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: [Not Applicable – the Notes are not redeemable in part]
  - (i) Minimum Redemption Amount: [ ]
  - (ii) Maximum Redemption Amount: [ ]
- (d) Notice periods: Minimum period: [ ] days  
Maximum period: [ ] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*
- (e) Option period: [ ]

17. 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):

- (c) Notice periods: Minimum period: [ ] days  
Maximum period: [ ] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*
- (d) Option period: [ ]
18. Change of Control Put: [Applicable][Not Applicable]
19. Final Redemption Amount: [[ ] per Calculation Amount/specify other/see Appendix]
20. (a) Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6 of the Terms and Conditions of the Notes): [[ ] 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

21. 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]
- 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 depositary or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgium Law of 14 December 2005<sup>2</sup>]*

- (b) New Global Note: [Yes][No]
22. Additional Financial Centre(s): [Not Applicable/give details]  
*(Note that this paragraph relates to the date of payment and not Interest Period end dates to which sub paragraph 14(c) relates)*
23. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
24. Other terms or special conditions: [Not Applicable/give details]

**RESPONSIBILITY**

The Issuer accept[s] responsibility for the information contained in this Pricing Supplement. *[[Relevant third party information]* 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*

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<sup>2</sup> Include for Notes that are to be offered in Belgium



## PART B – OTHER INFORMATION

### 1. RATINGS

Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated [*insert details*] by [Moody's Investors Service España, S.A.] [Standard & Poor's Credit Market Services Europe Limited]].  
(*The above disclosure is only required if the ratings of the Notes are different to those stated in the Base Prospectus*)

### 2. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its] affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]

### 3. [USE OF PROCEEDS

Use of Proceeds: [ ]  
(*Only required if the use of proceeds is different to that stated in the Base Prospectus*)

### 4. OPERATIONAL INFORMATION

- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- (iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg 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 information from the register maintained by the VPS for the purpose of performing its obligations under the 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. 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 the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

## 5. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/*give names*]
- (iii) Stabilisation Manager(s) (if any): [Not Applicable/*give name*]
- (iv) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (v) U.S. Selling Restrictions: Reg. S Compliance Category 2; [TEFRA D Rules/TEFRA C Rules/TEFRA not applicable]
- (vi) Additional United States selling restrictions: [Not Applicable/*give details*]  
*(Additional selling restrictions are only likely to be relevant for certain structured Notes, such as commodity-linked Notes)*

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, as completed by the provisions of Part A of the relevant Final Terms and/or (in the case of Exempt Notes only) amended or replaced by the provisions of Part A of the relevant Pricing Supplement, 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 in the case of Exempt Notes, the Pricing Supplement; or (ii) these terms and conditions as so completed and/or (in the case of Exempt Notes only) 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 completed by the provisions of Part A of the relevant Final Terms and/or (in the case of Exempt Notes only) amended or replaced by the provisions of Part A of the relevant Pricing Supplement. 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, Coupons and Talons referred to below. The Trust Deed is further supplemented by the Nineteenth Supplemental Trust Deed dated 17 June 2014. An Agency Agreement (as amended and/or supplemented and/or restated as at the Issue Date, the **Agency Agreement**) dated 17 June 2014 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 17 June 2014, 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, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (the **Talons**), (the **Couponholders**) 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 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.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

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.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms (or Pricing Supplement, in the case of Exempt Notes (as defined below)) endorsed on this Note which supplement these Terms and Conditions (the **Conditions**) and, in the case of a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (an **Exempt Note**), may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the **relevant Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or Pricing Supplement, in the case of Exempt Notes) (or the relevant provisions thereof) endorsed on this Note. Any reference in the Conditions to **relevant Final Terms** shall be deemed to include a reference to **relevant Pricing Supplement** where applicable. 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 of the European Economic Area and includes any relevant implementing measure in the relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

## 1. Form, Denomination and Title

The Notes are issued in bearer form (**Bearer Notes**), in registered form (**Registered Notes**) or, in the case of VPS Notes, in uncertificated book entry form, as specified in the relevant Final Terms, in each case in the Denomination(s) shown hereon.

All Registered Notes shall have the same Specified Denomination.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon 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.

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

Title to the Bearer Notes and the 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, 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 or the person in whose name a Registered Note is registered (as the case may be), **holder** (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, 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. Transfers of Registered Notes**

### *(a) 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.

### *(b) 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.

### *(c) Delivery of New Certificates*

Each new Certificate to be issued pursuant to Conditions 2(a) or (b) 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(c), **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.

(d) *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).

(e) *Closed Periods*

No Noteholder may require the transfer of a Registered Note to be registered: (i) during the period of 15 days ending on the due date for redemption 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.

### 3. **Status**

The Notes and the 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 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 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 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 relevant 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 relevant 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 relevant 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:*

(i) *Interest Payment Dates*

Each Floating 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. 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 relevant 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 (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time in the case of LIBOR, Brussels time in the case of EURIBOR or Stockholm time in the case of STIBOR) 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 relevant Final Terms as being other than LIBOR, EURIBOR or STIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the relevant 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, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is STIBOR, the principal Stockholm 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), if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or if the Reference Rate is STIBOR, at approximately 11.00 a.m. (Stockholm 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), if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is STIBOR, at approximately 11.00 a.m. (Stockholm 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 or, if the Reference Rate is STIBOR, the Stockholm 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), if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is STIBOR, at approximately 11.00 a.m. (Stockholm 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, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is STIBOR, the Stockholm 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 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 or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period.

(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) *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).

(e) *Margin, Maximum/Minimum Interest Rates, Redemption Amounts and Rounding*

- (i) If any Margin 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, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest 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.

(f) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Issuing and Paying Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the relevant Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the relevant Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

**Designated Maturity** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(g) *Calculations in respect of Floating Rate Notes*

The Issuing and Paying Agent 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.

The Issuing and Paying Agent will calculate the Interest Amount payable on the Floating Rate 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 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.

(h) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption 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 or Optional Redemption 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 or Optional Redemption 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.

(i) *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, 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.

(j) *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/365 (Sterling)" is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

- (vii) 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

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

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

where:

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

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

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

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

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

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

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

**Euro-zone** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty 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, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market and, in the case of a determination of STIBOR, the principal Stockholm office of four major banks in the Stockholm 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.

(k) *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, 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) *Final Redemption*

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).

*(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 a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the relevant Final Terms to the Noteholders (which notice shall be irrevocable and 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 and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (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 the minimum period and not more than the maximum period of notice specified in the relevant Final Terms to the Noteholders (which notice shall be irrevocable and which shall be published in accordance with Condition 16), on any Optional Redemption Date or Optional Redemption Dates 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. Any such redemption of Notes shall be at their Optional 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 the minimum period and not more than the maximum period of notice specified in the relevant Final Terms, redeem such Note on the date or dates so provided at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured 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 relevant 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 adviser 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 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 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 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 Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(g)(v)) or Coupons (in the case of interest, save as specified in Condition 7(g)(v)), 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 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 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*

- (i) All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the Code) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto (**FATCA**). No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

- (ii) If any withholding or deduction arises under or in connection with FATCA, the Issuer will not be required to pay any additional amounts under Condition 8 (*Taxation*) on account of such withholding or deduction and, accordingly, the Issuer shall be acquitted and discharged of so much money as is represented by any such withholding or deduction as if such sum had been actually paid to the holders of the Notes or Coupons.
- (iii) Except to the extent that the Issuer is required to pay any additional amounts under Condition 8 (*Taxation*) on account of a withholding or deduction, the Issuer will not be required to pay any additional amounts on account of a withholding or deduction for, or on account of, any present or future taxes, duties assessments or governmental charges required by any law; if any such withholding or deduction is required, then the Issuer shall pay the amounts payable net of, and after deducting the applicable amount of, such withholding or deduction and shall account to the appropriate tax authority for the amount required to be withheld or deducted and, accordingly, the Issuer shall be acquitted and discharged of so much money as is represented by any such withholding or deduction as if such sum had been actually paid to the holders of the Notes or Coupons.

(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 Unexchanged Talons*

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

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

- (ii) If the Notes so provide, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) 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.
- (v) 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 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 the case of Notes in definitive form only), in such jurisdictions as shall be specified as "Additional Financial Centre(s)" 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.

## 8. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes 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 or Coupon:

- (i) to, or to a third party on behalf of, a holder of, or any beneficial owner of any interest in, or rights in respect of, such Note or Coupon who, in each case, is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Kingdom of Norway other than the mere holding of the Note 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 of, or any beneficial owner of any interest in, or rights in respect of, such Note or Coupon who, in each case, 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) or Coupon is presented for payment; or
- (iv) where such withholding or deduction 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 of, or any beneficial owner of any interest in, or rights in respect of, such Note or Coupon who, in each case, would be able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or
- (vi) where such withholding or deduction arises under or in connection with FATCA.

As used in these Conditions, **Relevant Date** in respect of any Note 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) 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 Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 0 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 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 or any date for payment of interest or Interest Amounts on the Notes; (ii) to reduce or cancel the principal 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 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 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 (vii) 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 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 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 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 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 (vii) 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 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, Coupons and Talons**

If a Note, Certificate, 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, 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, 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, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, 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 or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

## **15. Indemnification of the Trustee**

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

## **16. Notices**

### *(a) Holders of Registered and/or Bearer Notes*

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

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

### *(b) Holders of VPS Notes*

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

## **17. Currency Indemnity**

Any amount received or recovered or falling to be due in a currency other than the currency in which payment under the relevant Note or Coupon 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 or Coupon 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 or Coupon, 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 or Coupon 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 Coupons and the Talons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, 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, Coupons or Talons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, any Notes, Coupons or Talons) and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, any Notes, 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, 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.



## 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 (or the applicable Pricing Supplement, in the case of Exempt Notes), 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 (or the applicable Pricing Supplement, in the case of Exempt Notes), 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 (or the applicable Pricing Supplement, in the case of Exempt Notes)) 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 (or the relevant Pricing Supplement, in the case of Exempt Notes) 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 (or the relevant Pricing Supplement, in the case of Exempt Notes), for Definitive Notes.

### **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.

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 (or the Pricing Supplement, in the case of Exempt Notes) 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 if principal in respect of any Notes is not paid when due.

#### 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 in respect of interest that has 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-U.S. 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. *Record Date*

For so long as each Global Certificate is held in Euroclear and Clearstream, Luxembourg, the Record Date shall be determined in accordance with Condition 7(b)(ii) provided that the words "fifteenth day" shall be deemed to be replaced with "ICSD Business Day". **ICSD Business Day** means a day on which Euroclear and Clearstream, Luxembourg are open for business.

## 3. *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 9).

## 4. *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.

## 5. *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.

## 6. *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 thereon.

## 7. *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 account holders 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).

#### 8. *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.

#### 9. *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.

#### 10. *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.

#### 11. *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*).

#### 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 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 are represented by a Global Note, the Issuing and Paying Agent will calculate the Interest Amount payable on the Floating Rate 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 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 (or Pricing Supplement, in the case of Exempt Notes) attached thereto. On delivery of a copy of such VPS Letter, including the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes), 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 2014, Telenor had a share capital of NOK 9,099,745,626 divided into 1,516,624,271 ordinary shares (**shares**) with a nominal value of NOK 6 each. Telenor's Annual General Meeting, which was held on 14 May 2014, 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 2014. Following such cancellation and redemption, Telenor will have a share capital of NOK 9,008,748,180 divided into 1,501,458,030 shares with a nominal value of NOK 6 each. All shares have equal voting rights and the right to receive dividends. Following such cancellation and redemption, Telenor will no longer have any treasury shares. As at 13 May 2014, Telenor had 6,981,748 treasury shares.

At Telenor's Annual General Meeting on 14 May 2014, an authorisation was given to the Board of Directors to acquire up to 31,000,000 Telenor own shares with a total nominal value of NOK 186,000,000, corresponding to approximately 2% 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 2014, Telenor had a total of 172 million consolidated mobile subscriptions. In addition, Telenor had 220 million mobile subscriptions through its minority ownership interest in VimpelCom (as of 31 December 2013).



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 2014, 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 2.5 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 1.9 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 3.5 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 372,000 mobile subscriptions;
- through Telenor Mobile Holding AS, Telenor has a direct ownership of 42.6% in Total Access Communication PCL (**DTAC**) in Thailand, the country's second largest mobile operator, with 28.2 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 10.9 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 48.7 million mobile subscriptions;
- 100% ownership interest in Telenor Pakistan BV Ltd, an indirect subsidiary of Telenor, held through Telenor Mobile Holding AS, with 35.2 million mobile subscriptions;
- 67.25% indirect ownership interest in Uninor, an indirect subsidiary of Telenor, held through Telenor Asia Pte Ltd (**Telenor Asia**) with 30.5 million subscriptions;
- 100% ownership interest in Globul in Bulgaria, an indirect subsidiary of Telenor, held by Telenor through Telenor Mobile Holding AS, with 4.5 million subscriptions;
- 100% ownership interest in Telenor Myanmar, an indirect subsidiary of Telenor, held by Telenor through Telenor Mobile Holding AS. On 27 June 2013, Telenor was declared a successful applicant for one of two telecommunication operating licences auctioned by the Myanmar government. Telenor plans to roll out a modern telecommunications network in Myanmar rapidly, together with services that will deliver the benefits of mobile communications to people throughout the country; and

- 33.0% indirect ownership interest in VimpelCom Ltd (33.0% owned by Telenor East Invest AS (43.0% voting interest), an indirect subsidiary of Telenor, held by Telenor through Telenor Mobile Holding AS), with 220 million mobile subscriptions (as at 31 December 2013).

Telenor Broadcast Holding (**Telenor Broadcast**) is the leading provider of direct to home (**DTH**) television in the Nordic region, as 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, Bulgaria, Serbia and Montenegro) and **Asia** (Pakistan, Bangladesh, Thailand, Myanmar, Malaysia and India). As at 31 March 2014, Telenor had a total of 33,000 employees in its fully consolidated operations worldwide.

### **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, TV 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.

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 2014, Telenor had 3.2 million mobile subscriptions in Norway, of which around 80% were contract subscriptions. As at 31 March 2014, the mobile penetration (SIM cards) and number of inhabitants in Norway were 116% and 5.1 million, respectively. 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 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 2014, Telenor had 772,000 fixed telephony subscriptions (including VoIP) and 865,000 broadband subscriptions (including HFC). The fixed broadband household penetration in Norway is estimated to be around 78% as at 31 March 2014.

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 currently holds the following spectrum licences, which includes new 4G frequencies acquired in December 2013 following completion of Norway's "digital dividend" spectrum auction:

- In the 900 MHz band:
  - One licence comprising 2 x 5 MHz that expires in 2033.
  - One licence comprising 2 x 10 MHz that expires in 2017.
- In the 1800 MHz band:
  - One licence comprising 2 x 10 MHz that expires in 2028.
  - One licence comprising 2 x 10 MHz that expires in 2033.
- In the 2 GHz band:
  - One licence comprising 2 x 20 MHz that expires in 2032.
- In the 2.6 GHz band:
  - One licence comprising 2 x 40 MHz that expires in 2022.

All the above licences are technology neutral and opened for 2G, 3G or 4G services.

The above licences apply to the Norwegian mainland. In addition, Telenor holds the following licences applying to Spitsbergen, which includes new frequencies acquired during the "digital dividend" 4G spectrum auction:

- In the 800 MHz band:
  - One licence comprising 2 x 20 MHz that expires in 2033.
- In the 900 MHz band:
  - One licence comprising 2 x 10 MHz that expires in 2017 (same licence as above).
- In the 1800 MHz band:
  - One licence comprising 2 x 20 MHz that expires in 2033.
- In the 2 GHz band:
  - One licence comprising 2 x 20 MHz that expires in 2032.
- In the 2.6 GHz band:
  - One licence comprising 2 x 20 MHz that expires in 2022.

## Competition

Telenor is the market leader in all segments of the telecoms industry in Norway, based on the NPT's report for the first half of 2013 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 GSM, UMTS and LTE licences. As at 31 March 2014, Telenor's estimated mobile voice subscription market share was 50%. NetCom's mobile voice subscription market share was estimated at 23%, including the wholly owned service provider Chess.

Tele2 is the third largest operator with a subscription market share of nearly 20%, and holds both GSM and UMTS licences through the infrastructure company Mobile Norway together with Network Norway, which it acquired in August 2011. Through Network Norway, Tele2 controls mobile service providers like MyCall and OneCall. In the 4G spectrum licence auction held in December 2013, Tele2 was not awarded any 4G spectrum resources and consequently will have to terminate current mobile service on its 900 MHz band by December 2014.

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 15 smaller service providers in the Norwegian mobile market.

Telenor launched its mobile broadband services in November 2007. Telenor's mobile broadband services are internet access either through a PC dongle with a separate subscription attached, or through the mobile phone subscription with data included, or paid for on a "pay as you go" basis or with a supplementary subscription. As at 31 March 2014, Telenor's estimated mobile broadband large screen subscription market share was 54%. Telenor's main competitors in the mobile broadband segment are NetCom and ICE, with estimated large screen market shares of 22% and 14%, 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. In the 4G spectrum auction that took place in December 2013, a new operator, Telco Data, acquired licences for 2 x 10MHz in the 800MHz band, 2 x 5MHz in the 900 band and 2 x 20 MHz in the 1800 MHz band. Telco Data is owned and controlled by Access Industries. Telco Data's acquisition of these licences could result in the roll-out of a fourth mobile network in Norway or a joint venture with Tele2.

As at 31 March 2014, based on NPT data, Telenor estimated its market share of fixed-line telephony subscriptions (including VoIP) to be 62%. Telenor's main competitors within fixed-line telephony are VoIP operators Altibox, Lyse (together with its partners) and Telio, and mainly PSTN operators Ventelo and Tele2.

Telenor's fixed-line broadband market share in Norway, including broadband subscriptions offered by Telenor's cable operator Canal Digital, was, based on NPT data, estimated by Telenor to be 45% as at 31 March 2014. Canal Digital has a market share of Internet access provided through cable TV (coax) of approximately 50%.

NPT statistics for 2013 show that there are 150 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. Telenor's largest competitor in the fixed broadband market is Altibox, Lyse (together with partners), which has approximately a 16% market share. Telenor's second largest competitor is the cable and fibre operator, Get, with a market share of approximately 13%. Telenor's largest competitor in the DSC market is NextGenTel, which was acquired by VoIP provider Telio in December 2012. NextGenTel is estimated to have a market share of approximately 8%.

## *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. However, from 1 January 2013 symmetrical termination rates of 0.16 NOK per minute were introduced across all mobile operators in Norway. The NPT has finalised the updated LRIC model for mobile that will form the basis for regulation of the mobile termination rates for the next 2-3 years. The new regulation is expected to be announced in third quarter 2014.

Telenor is designated as an SMP operator in the relevant markets related to public fixed telephony, which are still in the EEA list of relevant markets for sector regulation: access to public fixed telephony services. The obligation to provide carrier selection and carrier pre-selection 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 and call termination in the fixed network. The remedies imposed on Telenor in these markets include a price cap, cost accounting, non-discrimination, reference offers and transparency. The NPT has run a project to identify the LRIC cost levels of fixed network interconnection and, since 2013, has been in the process of updating the LRIC calculation. New price caps can be expected in 2015.

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). The prices for such services must be cost-oriented. 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, pursuant to a recent NPT decision, Telenor was designated as an SMP operator in the markets for wholesale (physical) network infrastructure access (including shared and fully unbundled access) at a fixed location and wholesale broadband access. The prices of full and shared access to Telenor's copper wire network are regulated according to a price cap and the prices of copper-based wholesale broadband access are regulated by a cost-orientated pricing requirement. Pursuant to a recent NPT decision, from 20 January 2015, Telenor will be required to provide non-discriminatory access to its FTTH fibre infrastructure to other operators. Currently, Telenor is already obliged to provide non-discriminatory access to copper-based and fibre-based wholesale broadband products. The non-discrimination obligation is enforced by accounting separation obligations between Telenor's internal wholesale and retail business areas. Telenor has appealed the NPT decision in the two wholesale broadband markets to the Ministry and a final decision is pending.

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 public fixed telephony service and certain data services. Pursuant to the USO Agreement, Telenor is obliged to provide public fixed telephony services at an affordable price to all households and enterprises, while 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.

In third quarter 2013 the Ministry of Transport and Communications (**MTC**) published a new regulation governing the laying of cables and pipes over, under and along public roads, and liability and responsibility for the same. The MTC also published an accompanying guide for the deployment of pipes and cables under main roads and the depth at which they should be set (being 40 cm). The Minister of the MTC has sent a letter to all counties and communities in which he encourages them to adhere to the guidelines not just for main roads but also local and county roads. If soft regulation does not succeed in securing firms' compliance, the Minister is prepared to introduce additional regulations. Telenor expects these measures to have a positive impact on its business.

The EFTA Surveillance Authority (**ESA**) and the Norwegian Competition Authority initiated on 4 December 2012 an investigation against Telenor and Telenor Norge AS regarding possible abuse of dominant market position and/or possible anti-competitive practices. The investigation is being carried out pursuant to Articles 53 and 54 of the EEA Agreement and comprises mobile communication services at wholesale and retail level in Norway, including voice, SMS, MMS and data, as well as mobile services sold in bundles that include other products/services. The investigations are ongoing and Telenor is cooperating with the authorities.

## **Telenor Sweden**

Telenor Sweden is a full-scale convergent telecom provider in the Swedish business and consumer markets. Telenor Sweden operates under six brands (Telenor, Bredbandsbolaget, Glocalnet, Canal Digital Kabel-TV, OpenNet and Ownit) and has three main business units (Enterprise, Mobile and Broadband & TV). Telenor Sweden's main legal entities are Telenor Sverige AB, B2 Bredband AB (**Bredbandsbolaget**), Glocalnet Scandinavia AB (**Glocalnet**) and Canal Digital Kabel-TV AB. Telenor Sweden acquired Tele2 Sweden's broadband, TV and VoIP services (distributed via Coax, LAN and Open Access) on 2 January 2014.

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**). Ownit provides high-speed fixed-line broadband for internet access, telephony and digital-TV. In the business market, Telenor Sweden also offers fixed-line network data communication, telephony, DSL and IP-based communication services.

As at 31 March 2014, Telenor Sweden had 2.473 million mobile subscriptions, 675,000 fixed-line broadband subscriptions, 340,000 fixed-line telephony subscriptions (including VoIP) and 521,000 TV subscriptions (including 117,000 IPTV subscriptions). As at 31 March 2014 the mobile penetration (SIM cards) and number of inhabitants in Sweden were 150% and 9.7 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 (all but the 2100 MHz licence being held together with Tele2). In addition, Telenor Sweden holds a 3600 MHz licence which is not in use. 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 included 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 and are valid until 2037. 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), but the licences are held by Telenor Sweden and Hi3G individually.

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 will 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; however, the court denied this appeal. On 19 March 2013, the licences in the 1800 MHz band held by Telenor and Tele2 were transferred to Net4Mobility. Transfer of the remaining licences in the 900 MHz band has not yet been effected. Both Hi3G and TeliaSonera have appealed to the Administrative Court of Appeal, which granted a Leave to Appeal ("Prövningstillstånd") on 19 March 2014. This means that the court will take on the case and make a decision, which is expected within a year.

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 have been merged, resulting in improved voice coverage for all customers. In December 2013 an agreement was reached between Telenor and Tele2 to densify and increase area coverage from approximately 70% to more than 90%, implying a rollout of 1450 new sites.

### *Competition*

Telenor Sweden is one of six mobile network operators in the Swedish market. TeliaSonera holds a 2600 MHz licence, an 1800 MHz licence, a 900 MHz licence and an 800 MHz licence individually and a 2100 MHz licence together with Tele2. Tele2 holds a 2600 MHz licence, a 1800 MHz licence, a 900 MHz licence and an 800 MHz licence, all held together with Telenor, and a 2100 MHz licence held together with TeliaSonera. Part of the 900 MHz licence has not yet been transferred to Net4Mobility. Hi3G holds a 2100 MHz licence, a 900 MHz licence, two 2600 MHz licences and an 800 MHz licence, operating under the brand "3". SweFour/Spring Mobil, which is controlled by Tele2, has exclusive usage rights for GSM in 2x1 MHz in the 900 MHz band and until 2017 (when this part of the licence expires) 2x5 MHz in the 1800 MHz band. The licences are for administrative reasons held by Net4Mobility. 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 17% of subscriptions as at 31 March 2014. As at 31 March 2014, TeliaSonera had an estimated market share of 39%, Tele2 had an estimated market share of 24% and "3" had an estimated market share of 11%. As at 31 March 2014, Net1 was estimated to hold a market share below 1%.

Telenor Sweden is the second largest provider of fixed-line broadband services to the consumer market in Sweden with an estimated 22% market share as at 31 March 2014. As at 31 March 2014, TeliaSonera had an estimated market share of 38%, and ComHem and Tele2 had estimated market shares of 19% and 2%, respectively.

As at 31 March 2014, Telenor Sweden had an estimated market share in fixed-line telephony in the consumer market of 9% (including VoIP), TeliaSonera had an estimated market share of 60%, Tele2 had an estimated market share of 9%, ComHem had an estimated market share of 11% and others 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 2013, the regulated rate for mobile termination has been SEK 0.09 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. Since 2013, the regulated rate has been based on pure LRIC. An upcoming annual update of the model is expected to lead to a decrease of the regulated rate to approximately SEK 0.08 per minute which will apply from July 2014. There are currently no indications of further reductions in the near future.

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, the rate for fixed-line termination is SEK 0.0066 per minute from January 2014. There are currently no indications of further reductions in the near future.

### **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 Telenor A/S. 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 and from January 2013 CBB mobil was merged into Telenor A/S.

Telenor Denmark provides 2G, 3G and 4G mobile solutions for residential and business customers in Denmark and is the second largest mobile operator in Denmark. In 2012 Telenor and TeliaSonera entered into a network sharing agreement, and as a result Telenor's network now covers the whole country, with more than 4,200 sites and transmission stations, including 2G, 3G and 4G technologies. Network sharing projects with TeliaSonera have, and will, result in



the sharing of 4G/LTE networks in 2013, the sharing of 3G network Q1 2014 and the sharing of 2G network in Q4 2014.

Telenor has 68 shops all over Denmark, selling both fixed-line and mobile products. In spring 2007, Telenor reached an agreement with the commodity chain Føtex on concessions within stores, and a similar agreement was reached with another commodity chain, Bilka, in 2010. From 1 January 2013, co-operation with franchise shops was terminated.

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 2014, Telenor Denmark had 1,862,000 mobile subscriptions, 164,000 fixed-line broadband subscriptions and 106,000 fixed-line telephony subscriptions (including VoIP). As at 31 March 2014, the mobile penetration (SIM cards) and number of inhabitants in Denmark were 146% and 5.6 million, respectively.

#### *Network and licences*

Telenor currently holds six spectrum licences suitable for mobile services: an 800 MHz licence acquired in an auction in 2012, 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 800 MHz licence (Telenor Denmark's newest licence) expires in 2034. 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.

#### *Competition*

In addition to Telenor and TeliaSonera, there are two other GSM network operators in Denmark: TDC and Hi3G. In June 2012, TT-Netværket P/S was established, a Danish infrastructure company owned by both Telenor and TeliaSonera sharing 2G, 3G and 4G networks. UMTS licences are currently held by TT-Netværket, TDC and Hi3G. Telenor is the second largest of the four mobile operators in Denmark with an estimated market share of 23%, as at 31 March 2014. TDC's estimated market share was 42%, while TeliaSonera's and Hi3G's market shares were 20% and 15%, 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 third largest operator in the Danish fixed-line broadband market (which includes DSL, cable, fibre and other). Telenor has a market share slightly above 7% as at 31 December 2013 (Source: Telestatistik, second half 2013). TDC is the largest fixed-line broadband operator with an estimated market share of 57%. TDC owns and controls Fullrate and A+, in addition to the power utility DONG's fibre network. Stofa had an estimated market share of approximately 9% as at 31 December 2013. Additionally, several power utilities have entered the Danish fixed-line broadband market and are building fibre infrastructure.

Because of strong competition in the Danish telecom market during 2012, leading to price reductions and lower margins, Telenor reassessed the value in use of Telenor Denmark in light of lower revenue growth and EBITDA margin than previously expected.

### *Regulatory matters*

In Denmark, the national sector-specific 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. Cost-oriented prices are based on Long Run Incremental Cost (**Pure LRIC**) modelling. From 1 January 2014 the maximum MTR Telenor can charge including set-up charges is regulated at DKK 0.067 per minute. This rate applies to all mobile network operators in Denmark.

SMS interconnection between companies has been price regulated since August 2011. From 1 January 2014, the maximum rate for termination of SMS messages is regulated at DKK 0.067 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. Telenor and four other operators are obliged to offer fixed-line termination at cost-oriented prices. Cost-oriented prices are based on Pure LRIC modelling and the maximum fixed termination rate for 2014 is set at DKK 0.0049 per minute at peak hours, DKK 0.0027 at off peak hours and DKK 0.0050 in set-up fee.

### **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 84% population coverage as at 31 March 2014. As its next evolutionary step, Pannon launched High-speed Downlink Packet Access (**HSDPA**) in April 2007 and High Speed Uplink Packet Access (**HSUPA**) during 2008. During 2013, Telenor Hungary launched LTE, reaching 31% population coverage as at 31 March 2014.

As at 31 March 2014, Telenor Hungary had 3.2 million mobile subscriptions. As at 31 March 2014, the mobile penetration (SIM cards) and number of inhabitants in Hungary were 11.6% and 9.9 million, respectively.

### *Network and licences*

Telenor Hungary holds licences for 900 and 1800 MHz band, both renewed in 2013 and valid until April 2022. In the renewal process, the 900 MHz spectrum acquired in 2012, but later withdrawn due to a Supreme Court decision, was awarded with validity to April 2022. Telenor Hungary also holds an UMTS licence (2100 MHz) awarded in December 2004, valid until December 2019, with an extension option for an additional 7.5 years.

In April 2014, the National Communications Authority of Hungary (the **NMHH**) (the Hungarian regulator) published documentation for the tender procedure for spectrum licenses for the 800 and 2600 MHz frequency bands, with the tender planned to take place in the summer of 2014.

The tender also includes available, formerly unused portions of the 900 and 1800 MHz and 26 GHz frequency bands.

### *Competition*

In addition to Telenor Hungary, there are two other mobile network operators in Hungary: T-Mobile and Vodafone, which both hold GSM and UMTS licences. At the beginning of 2012, Tesco Mobile launched services as the first virtual network service provider in the Hungarian market for mobile telecommunication services, followed by Blue Mobile from Lidl.

According to data published by the NMHH, as at 31 March 2014 Telenor Hungary had a market share of 31.4%, the market leader, T-Mobile, had a market share of 46.3% and Vodafone had a market share of 22.3%.

The three mobile operators 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 as at 31 December 2013, this number had increased to 3,095,000. As at 31 December 2013, Telenor Hungary had a 31.5% 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 imposed a further 25% reduction in MTRs with effect from January 2013 (to HUF 7.06 per minute). MTRs in Hungary are symmetrical for all three operators.

In May 2012, the Hungarian parliament approved a new telecommunications tax, which was introduced in July 2012. The tax is payable by telecommunications service providers. The tax will apply at a rate for the consumer segment of HUF 2 per minute for phone calls and HUF 2 per message sent, and for the business segment of HUF 3 per minute for phone calls and HUF 3 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 5000 per month per phone number for entities other than private individuals and the phone numbers of service providers. Telenor Hungary was required to pay HUF 13 billion in telecommunication tax for the 2013 financial year.

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.

### **Globul (Bulgaria)**

Globul became a wholly-owned subsidiary of Telenor on 1 August 2013. Globul 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 2014, Globul had a total of 4 million mobile subscriptions. As at 31 March 2014, the mobile penetration (SIM cards) and number of inhabitants in Bulgaria were estimated at 144% and approximately 7.3 million, respectively.

### *Network and licenses held by Globul*

- In the 900 MHz band: one licence comprising 2 x 11.2 MHz, which expires in January 2021 and available for utilization of the following technologies: GSM/UMTS/LTE/WiMax.
- In the 1800 MHz band: one licence comprising 2 x 10 MHz, which expires in January 2021 and available for utilization of the following technologies: GSM/UMTS/LTE/WiMax.

- In the 2100 MHz band: one licence comprising 2 x 10 MHz FDD & 5 MHz TDD, which expires in April 2025.

### *Competition*

In addition to Globul, there are two other mobile operators in Bulgaria: Mobiltel, which is wholly-owned by Telekom Austria, and Vivacom, which is partly-owned by Corporate Commercial Bank and VTBank. Both Mobiltel and Vivacom hold GSM and UMTS licenses. Globul estimates that it had a market share of approximately 38% with respect to mobile subscriptions as at 31 March 2014. As at 31 March 2013, the market leader, MTEL, had an estimated market share of 40% and Vivacom had a market share of 22%.

### *Regulatory matters*

The national telecommunications regulator in Bulgaria is the Communication Regulations Commission (CRC), established pursuant to the Law on Electronic Communications as an autonomous and independent public organization exercising its authorities in accordance with the Law.

### *Frequency bands under review by government*

800 MHz: As of 01.11.2013 there is no analogue terrestrial television broadcasting in the territory of Bulgaria. The Ministry of Transport and Communications has adopted an amendment to the National Radio Frequency Plan with a view to achieving further harmonization of spectrum allocation and ensuring technological development. Release of spectrum in the 800 MHz band is envisaged after 17 June 2015 with shared use for civil and national security purposes.

2.6 GHz: Bulgaria has not yet implemented the EU decision on the harmonized use of the 2.6 GHz band; however, the Bulgarian Government has stated that there will be a gradual release of the spectrum in 2.6 GHz by August 2015.

There is still 2x20 MHz unused spectrum in the 1800 MHz band and 2x35 MHz unused spectrum in the 2.1 GHz band. The CRC has not provided any guidance regarding assignment of these frequencies.

### *MTRs regulation*

MTRs are symmetrical and based on the BULRIC model.

The EUR-cents rate per minute for the following periods is as follows:

- as at 1 July 2013: EUR 1.18;
- as at 1 January 2014: EUR 1.02; and
- as at 1 January 2015: EUR 0.97.

### *Sector specific taxes and levies*

With effect from 7 February 2014, amendments to the Bulgarian Telecom Law introduced a requirement for payment of a one-off fee for extending the period of the spectrum licences. Pursuant to a Decree, with effect from 17 March 2014, the Council of Ministers has amended the tariff for the fees collected by the Communications Regulation Commission, which envisages a reduction of some of the fees payable by such licencees.

### *Accounting separation*

Globul is required to submit annual accounting and regulatory compliance reports to the CRC. These detail the company's expenses, assets, liabilities and revenues, and encompasses Globul's overall activity including markets on which it does not have significant power. The first accounting regulatory reports were submitted to CRC on 30 June 2013.

### *Universal Service Obligation*

A universal service fund has been established in Bulgaria in compliance with EU law which will require local operators to make contributions to the fund (a universal service obligation). However, the CRC has as yet not implemented local regulations requiring operators to make contributions to the fund, though it may do so in the future.

### *Mobile Access Regulation*

National roaming and MVNO is currently not regulated in Bulgaria. As per the latest CRC consultation, national roaming is subject to commercial negotiations between operators. A minimum coverage obligation of 20% per population will be a requirement for a new entrant to submit a request for negotiation of the provision of national roaming access service. On 4 November 2013, Globul received a request for access to its network from Max Telecom with the intention of entering into an agreement with Globul for national roaming for a 5 year term. Max Telecom also revealed their intentions to enter the data market with another operator, LTE. Negotiations with Max Telecom are currently on-going.

### *International Roaming and Mobile Number Portability*

Globul is focused on developing its international roaming facilities for its Bulgarian customers, in order to provide them with access to local break-out and roaming services provided by alternative roaming providers (**ARP**), and the implementation of essential updates is still in progress. On 31 December 2013, Globul received a formal request from Cloud 9 regarding ARP services and negotiations are currently on-going.

In addition, mobile number portability was launched in Bulgaria in 2008.

### *Other issues*

By the end of 2011, CRC had granted authorizations to access the 1,800 MHz spectrum in Bulgaria for a period of 10 years to Bulsatcom, Max Telecom and 4Gcom all of which are new market entrants. Bulsatcom and Max Telecom have paid for the authorisations. However, as at 31 March 2014, none of these companies have started mobile operations.

## **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 2014, Telenor Serbia had a total of 3.1 million mobile subscriptions. As at 31 March 2014, the mobile penetration (SIM cards) and number of inhabitants in Serbia were 124% 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 years, with a possibility of extending the licence validity period for another 10 years in accordance with regulatory framework that is in effect until 2030.

## *Competition*

In addition to Telenor Serbia, there are two other mobile operators in Serbia: Telekom Srbija, a state owned operator (**MTS**), 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 35.3% as at 31 March 2014. As at 31 March 2014, the market leader, MTS, had an estimated market share of 41.4% and VIP mobile had a market share of 23.3%. Another operator, SBB, is registered as an MVNO; however, the provision of mobile services by SBB is currently on hold due to various objections raised by Telekom Srbija to SBB's participation in the Serbian MNP process. In addition, Telekom Srbija 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 Telecommunications (**RATEL**) designated Telenor as a SMP operator in the market for termination in mobile networks. At RATEL's request, Telenor Serbia submitted a reference interconnection offer whereby set-up fees in an amount of 0.29 Serbian Dinars were abolished and a symmetrical approach to MTRs for all three mobile operators was maintained. In mid-2013, RATEL legislated for the regulation of MTR prices for 2014 and 2015. With effect from 1 January 2014, the MTR is 3.95 dinars per minute, which lowers to 3.43 dinars per minute with effect from 1 January 2015.

In October 2012, the Serbian government adopted a Frequency Allocation Plan (**FAP**) that introduces technology neutrality and new frequency bands for mobile services. Technology neutrality remains to be implemented, since due to RATEL's interpretation of licence obligations mobile network operators (**MNOs**) are still not given the right to use technology neutrality in accordance with the FAP and the Law on Electronic Communications.

RATEL has sent a request to all MNOs for information regarding future network developments, introduction of new technologies and services and expressions of interest for participation in a possible auction for additional spectrum in the 900/1800/2100 MHz bands.

Due to interference caused by digital enhanced cordless telecommunication handsets within the 2100 MHz band, Telenor Serbia requested from RATEL a move to the upper interference-free 2011 MHz band. This request was granted and it allows Telenor to remain in the new band until September 2014.

The introduction of fixed number portability (**FNP**) was postponed since Telekom Serbia's network was not prepared for this process. Telenor Serbia and SBB have opposed this postponement, but it was supported by RATEL and the Telekom Ministry. All operators participating in the FNP process (other than Orion telekom) have signed a protocol which sets out the main FNP procedures. The FNP eventually commenced on 1 April 2014. However, one issue that remains to be resolved in order for the introduction of FNP in Serbia to be successful will be the regulation of the infrastructure (such as DSL and LLU) to allow access to alternative operators and end users, and also the preservation of xDSL services.

Mobile number portability (**MNP**) was introduced in Serbia on 1 July 2011. Since the general terms and conditions of all three operators were not aligned, this left scope for placing Telenor Serbia and VIP Mobile in a worse competitive position within the MNP process. Telekom Srbija introduced changes to the billing system that should speed up issuing the debt level prior to porting. However, internal administrative procedures still make this process difficult. Therefore, Telenor and VIP Mobile addressed RATEL and requested changes to the MNP protocol.

## **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 2014, Telenor Montenegro had 355,000 mobile subscriptions. As at 31 March 2014, the mobile penetration (SIM cards) and number of inhabitants in Montenegro were 153% 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 on 31 December 2016. In April 2007, Promonte was awarded a UMTS licence for a period of 15 years. As at 1 April 2014, Telenor's GSM network had geographical coverage of approximately 94% and population coverage of approximately 99.5%. The 3G network was launched in June 2007 and, as at 1 April 2014, had geographical coverage of approximately 55% and population coverage of approximately 97%. 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. In November 2012 the commercial LTE 1800MHz network was launched, and as at 1 April 2014, Telenor Montenegro has a geographical coverage of approximately 16% and population coverage of approximately 35%.

In January 2012, Telenor Montenegro won a tender for vacant spectrum in the 900MHz, 1800MHz and 2100MHz bands, valid for five years. In December 2013, Telenor Montenegro relinquished a WiMax 3.7GHz licence to the Agency for Electronic Communication and Postal Services (the **Agency**). In March 2014, the Agency launched a public consultation for the allocation of licences for the 800 MHz spectrum.

### *Competition*

Telenor is Montenegro's largest provider of mobile communication services, with an estimated subscription market share of 37.5% as at 31 March 2014. 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 2014 was 35.0% and 27.5%, 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 Ogalari. 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 on 7 August 2013. The new law will harmonise the Montenegro regulatory framework with the EU regulatory framework established in 2009 pursuant to Directives 2009/140/EC and 2009/136/EC by empowering the Agency to enact by-laws concerning telecommunications infrastructure and operations. The new law also preserves the independence of the Agency and has implemented various measures to safeguard its independence from the government further.

The Agency, in consultation with the Ministry for Information Society and Telecommunications, is in the process of implementing the requirements of the EU regulatory framework via a series of public consultations, of which five are currently underway.

In November 2013, the Agency passed a new by-law for a national MTR for 2014 and 2015, of EUR 2.2 per minute, which will come into effect on 1 March 2014.

## **DTAC (Thailand)**

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 2014, Telenor holds 42.6% of the total issued shares in DTAC. As at 31 March 2014, DTAC is the second largest mobile communications provider in Thailand, with an estimated subscription market share of 30% or 28.2 million mobile subscriptions. Of these subscriptions, 87% are on prepaid tariff plans. As at 31 March 2014, the mobile penetration (SIM cards) and number of inhabitants in Thailand are approximately 146% and 65 million, respectively.

### *Network and licences*

DTAC operates on 1800 MHz and 850 MHz under a concession agreement with CAT Telecom Public Company Limited (**CAT**) (formerly the Communication Authority of Thailand). DTAC's concessions will expire in 2018. Pursuant to this arrangement, CAT has granted DTAC the right to build, transfer and operate a mobile network in Thailand. In return, DTAC has an obligation to build up a network and then transfer the ownership of the telecom equipment of the network to 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.

A 2.1 GHz spectrum licence was granted by the National Broadcasting and Telecommunications Commission (NBTC) on 7 December 2012 to DTAC's wholly-owned subsidiary, DTAC TriNet (**DTN**), for the provision of cellular mobile phone service. The spectrum licence period lasts 15 years and will expire on 6 December 2027. Under the 2.1 GHz licence conditions, DTN has an obligation to roll out a network to cover 50% of the population within two years and 80% of the population within four years. DTN launched the 3G 2.1 GHz services in Q3 2013 under the commercial brand "TriNet" and DTAC is now offering 3G services on both its 850 MHz and, through DTN, on 2.1 GHz spectrum bands.

As at 31 March 2014, DTAC had 5,190 of 3G 850 MHz based stations and 8,635 of 3G 2.1GHz base stations covering all 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 remained fairly stable until a 55% reduction was implemented in the third quarter of 2013. As at 31 March 2014, the market- leading mobile operator in Thailand is 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, including CAT and TOT Plc (**TOT**) (formerly The Telephone Organisation of Thailand, the state-owned fixed-line operator).

### *Regulatory matters*

On 17 May 2006, the then National Telecommunications Commission (now the NBTC) issued the Notification on Access and Interconnection of Telecommunications Network of 2006 (**Notification**) applicable to telecommunication licensees operating a telecommunications network, requiring 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, including those operating under concessions. As a result of this change in law as well as its effect on prior agreements, DTAC (as well as all other licensed operators) submitted their Reference Interconnection Offer (**RIO**) to the NBTC, 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 have been superseded by the new 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 NBTC.

***On 9 May 2011, TOT filed a lawsuit demanding that CAT and DTAC jointly pay certain unpaid access charges pursuant to the previous interconnection framework in place prior to 2006. Further details are set out in “Legal Proceedings – DTAC” below.***

### **DiGi (Malaysia)**

DiGi.Com Berhad (**DiGi**) commenced operations in Malaysia in May 1995 when it launched its fully digital GSM 1800 MHz services, which was the first digital mobile communications service offering in Malaysia at the time. DiGi offers mobile data and 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 personal computers, while 3G voice and data services for mobile phones were introduced in October 2009. LTE services were launched in 2013.

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. In the Economic Transformation Programme update on 16 November 2012, the Prime Minister of Malaysia announced that up to 70% foreign equity would be allowed for individual class Network Facilities Provider (**NFP**) and Network Service Provider (**NSP**) licences. However, the industry is still awaiting further clarification on how foreign investors can increase the equity participation up to 70% in the telecoms sector.

As at 31 March 2014, DiGi had 11 million mobile subscriptions and the estimated mobile penetration (SIM cards) and number of inhabitants in Malaysia were 44% and 30 million, respectively.

#### *Network and licences*

DiGi currently holds a NFP licence and a NSP licence, both of which are valid until January 2015, and an Application Service Provider (**ASP**) 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. 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

Communications and Multimedia (previously known as The Malaysian Minister of Information, Communications and Culture), on the recommendation of the Malaysian Communications and Multimedia Commission (**SKMM**), has the power to approve the renewal of individual licences. In December 2012, 2x10 MHz of the 2600 MHz spectrum was allocated to DiGi for the provision of LTE services, which were launched at the end of 2013. The 2600 MHz spectrum allocation is valid from 1 January 2013 to 31 December 2017. In order to deliver LTE services in the most cost-effective manner, DiGi aims to free-up and re-farm its existing 1800 MHz spectrum for wider LTE coverage whilst relying on 2600 MHz spectrum for LTE capacity in densely populated areas.

### *Competition*

There are two other GSM network operators in Malaysia: Celcom (a subsidiary of Axiata) and Maxis. Both Celcom and Maxis have licences to operate GSM 900 MHz and GSM 1800 MHz networks. There are four 3G service providers, with U Mobile being the fourth licensee in addition to DiGi, Celcom and Maxis. 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 Maxis has a 2G and 3G roaming agreement with U Mobile. Both Maxis and Telekom Malaysia launched their 3G services in the first half of 2005. U Mobile launched its 3G service in the second half of 2008. As at 31 March 2014, DiGi was the third largest mobile operator in Malaysia, with an estimated subscriber market share of 25%. Maxis had an estimated market share of 30% and Celcom had an estimated market share of 31%. U Mobile and the other smaller operators including MVNOs and Worldwide Interoperability for Microwave Access (**WIMAX**) had an estimated market share of 14%.

In December 2012, the Malaysian Communications and Multimedia Commission announced the allocation of the 2600 MHz spectrum band for the telecommunication industry. A total of eight companies were given access to the band for the provision of LTE related services. These companies include Celcom, DiGi, Maxis, Packet One Networks, Puncak Semangat, REDtone Marketing, U Mobile and YTL Communications.

In February 2013, Maxis secured access to 3x20 2x30 MHz of contiguous 2600 MHz spectrum on the back of LTE spectrum sharing collaborations with U Mobile and REDtone.

As of April 2013, both Maxis and Celcom have commercially launched LTE services, albeit in limited locations around Klang Valley.

### *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 mobile and broadband services on this basis, including building 14 community broadband centres. Mobile termination rates and fixed termination rates, currently set at 0.0425 MYR and 0.440 MYR per minute effective from 1 January to 31 December 2014, are regulated under an access pricing regime which is subject to periodic formal review. There will be further reductions in these rates in 2015, as follows:

- the 2015 mobile termination rate will be 0.388 MYR; and
- the 2015 fixed termination rate will be 0.410 MYR.

### **Grameenphone (Bangladesh)**

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 are the Healthline, a 24-hour medical call centre manned by licensed physicians. 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, Mobicash also allows mobile-to-mobile funds transfers with certain handsets. Other initiatives include Online Schools, which uses video conferencing technology to impart high quality education in remote areas, the provision of internet facilities for 250 rural schools and the establishment of 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 2014, Grameenphone had 48.7 million subscriptions, while the estimated mobile penetration (SIM cards) and number of inhabitants in Bangladesh were 71% and 165.5 million, respectively.

Grameenphone became stock listed in November 2009, with, as at the date of this Base Prospectus, the largest ever public offering in Bangladesh. It is listed on both the Dhaka and Chittagong Stock Exchanges. As at 31 March 2014, 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 was renewed on 7 August 2012, along with three other mobile operators' licences, effective from 11 November 2011 for a 15 year period.

The renewal process of Grameenphone's 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 its judgment dated 13 February 2012, the High Court resolved the ambiguity as to the payment of VAT by ordering that Grameenphone will have to pay 100% of applicable fees due to the Bangladesh Telecommunication Regulatory Commission (the **BTRC**), pay an additional 15% as VAT to the National Board of Revenue (**NBR**) and then claim a rebate/return of such VAT, thereby restricting Grameenphone's total cost to 100% of applicable fees due to the BTRC. However, as NBR has obtained a stay order with respect to VAT rebates for 2G licence and spectrum assignment fees, the issue is now at the jurisdiction of and pending before the Appellate Division of the Supreme Court for a final verdict.

On 8 September 2013, Grameenphone was awarded 10MHz of 3G frequency at auction at a price of USD 21 million per MHz (USD 210 million in total), together with VAT at a rate of 5%. Robi, Banglalink and Airtel were also awarded 5MHz each at the same rate. Grameenphone launched its 3G services commercially on 8 October 2014, a month after obtaining the 3G licence. As at 31 March 2014, Grameenphone had 5.2 million data users, representing year-on-year growth of 31%. Daily data volume in the first quarter of 2014 stood at 24 terabytes.

Grameenphone is following an "enabler" model by offering mobile financial services ("**MFS**") under the MobiCash brand. This is being executed through the deployment of MobiCash agents across the country and partnerships with banks and other organizations. As at 31 March 2014, Grameenphone has approximately 24,000 registered agents with on average 26.8% of these being active at any given time (i.e. conducting at least two transactions per month) and processing 243,500 transactions in the first quarter of 2014. Grameenphone currently has partnerships with Dutch Bangla Bank, One Bank and Bkash, with two more bank partnerships in the final stages of negotiation.

In order to capitalize on market opportunities in the field of IT and business process outsourcing, Grameenphone sold 51% of its interest in GPIT to Accenture at a price of USD 9.405 million. Accenture has a strong global reputation for management consultancy, technology services and company outsourcing, and Grameenphone seeks to identify synergies through this partnership. The regulatory approvals for this were obtained in August and the GPIT deconsolidation was effected from 1 September 2013.

The government-appointed Grameen Bank Commission has made certain recommendations in an interim report which could have implications for Telenor's investment in Grameenphone. The Grameen Bank Commission has made allegations that there have been significant deviations from the original licensing terms. Telenor's assessment of the allegations contained in the interim report is that the allegations and recommendations set forth therein are not legally justified.

The present Grameenphone network is 2G/3G enabled, 2G covers over 99% of the population and 90% of the geographic location with 8,845 sites. 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. As at 31 March 2014, Grameenphone has expanded its 3G coverage to 64 district headquarters across the country thereby becoming the 3G service provider with the widest coverage with 2,143 sites.

### *Competition*

As at 31 March 2014, Grameenphone had a SIM market share of 41.6%. In addition to Grameenphone, there are five other mobile operators in Bangladesh. These operators and their market shares as at 31 March 2014 are: Banglalink (24.9%), Robi (22.1%), Airtel Bangladesh (7.2%), Citycell (1.2%) and Teletalk (3%). 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 telecommunications sector have been transferred to the Ministry of Post and Telecommunications.

Under a 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 to the BTRC, together with an annual license fee of BDT 50 million. With effect from 16 May 2013, the applicable tax on the sale of SIM cards was reduced from BDT 605 to BDT 300, with such tax being paid at the sales stage. Handsets have 10% duty applied at the import stage (for the period from 2013 to 2014). However, the applicable VAT on handsets at the trading stage has been withdrawn with effect from 11 April 2013. Corporate income tax remains at 45% for non-listed mobile service providers. However, under the 2013-2014 Finance Act, Grameenphone (as a listed telecommunications company) is required to pay corporate income tax at a rate of 40% (previously at 35%).

On 14 August 2012, the BTRC amended the SIM registration guidelines in order to stop the sale of pre-activated SIM cards with effect from 12 October 2012. The BTRC now requires that activation of a new connection can now only be done after authentication of the subscriber's identification by verifying text messages received from the retailer and the subscriber. However, issues have been raised with this authentication procedure, such that the mobile operators in Bangladesh are seeking to establish a process that links into the national identification database. The Government is considering whether to mandate customer authentication through the national database operated by the Election Commission of Bangladesh, which has agreed to this in principle; however, more detailed guidelines and execution plans are in development. Grameenphone is making preparations to integrate any such processes, once final guidelines have been published. Grameenphone believes that this development will contribute towards acquiring good quality customers.

On 3 October 2011, the BTRC issued a claim amounting to approximately NOK 2.2 billion following its audit of Grameenphone's operations as part of an industry-wide review. Grameenphone is contesting this in the Supreme Court and a final decision is still expected. See "*Legal Proceedings – Grameenphone*" below.

The BTRC has instructed operators to implement a minimum 10 second pulse tariff structure, eliminate call setup charges and establish a flat tariff for the entire call duration, starting from 15

September 2012. Voice tariff levels are further defined by a tariff circuit set by the BTRC along with specific directives on promotions.

Domestic interconnection calls are operated through Interconnection Exchange Licensees (**ICX**), while international interconnection calls are operated through International Gateway Licensees (**IGW**). For each inter-operator call, the originating operator will have to pay BDT 0.22 per minute (of which BDT 0.18 is payable to the terminating operator 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.

Passive network infrastructure sharing is obligatory. As at 31 March 2014, Grameenphone has signed infrastructure sharing agreements with Banglalink, Robi, Airtel Bangladesh, as well as over 50 providers of MNOs, ICX, IGW, International Internet Gateway (IIG), International Terrestrial Cable (ITC), Internet Protocol Telephony Service Provider (IPTSP), PSTN, WiMax, ISP, Very Small Aperture Terminal (VSAT) and Nationwide Telecommunication Transmission Network (NTTN) services.

Following allegations that mobile operators were selling new connections by way of replacement SIM cards, the NBR launched an investigation into the sale of SIM cards by telecoms operators, whereby it was alleged that operators were selling new connections by way of SIM card replacement services. Amongst other things, this led the NBR to issue a claim of BDT 15.84 billion against Grameenphone on 16 May 2012 for alleged misconduct in this regard. The NBR has issued claims to other mobile operators on similar grounds. Grameenphone and various other operators have referred this matter to court for resolution. The High Court Division disposed of the writ petition of Grameenphone and other operators on 6 June 2013 and instructed the Commissioner of the Large Tax Payers Unit (**LTU**) of the NBR to determine the matter within 120 days and not to make any demand in the meantime. The LTU formed a committee comprising the Association of Mobile Telecom Operators of Bangladesh, the BTRC and the NBR to resolve the issue. The committee has issued an interim report based on various criteria selected to verify whether existing users were in fact being connected on replacement SIM cards. The results indicated that 88% of Grameenphone's randomly selected 620 mobile station international subscriber directory numbers were connecting existing users on the replacement SIM cards, rather than new users. However, the NBR has challenged the interim report and amended the verification process for the purposes of the final report. As reported on 31 March 2014, Grameenphone has challenged the NBR's change of process and Grameenphone and the MNOs and will be pursuing the dispute further in court.

## **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 2014, Telenor Pakistan had 35.2 million mobile subscriptions. As at 31 March 2014, the mobile penetration (SIM cards) and number of inhabitants in Pakistan were 73% and 185 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 May 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.

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 network modernisation project was launched in early 2012 to upgrade the network to 3G and 4G capability. On 23 April 2014, Telenor Pakistan was awarded a 5MHz 3G spectrum in the 2100 MHz band for a period of 15 years. The licence was acquired at the reserve price of USD 147.5 million, where 50% of spectrum fee is payable within 30 days of the auction and the remaining amount will be paid in 5 equal annual instalments. Ufone also acquired a 5MHz block of 2100 MHz spectrum, whereas both Mobilink and Zong acquired 10MHz each. In addition Zong, as the only operator in Pakistan, also purchased 10MHz of 1800 MHz spectrum.

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 or her 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. Easypaisa was labelled as the third largest mobile money service in the world in the year 2012 by the World Bank. In 2014, Easypaisa was declared the Best Mobile Money Service in the world at the GSMA awards. Currently, Easypaisa serves approximately 6 million unique customers every month from 40,000 retail shops across the country.

### *Competition*

As at 31 March 2014, Telenor Pakistan had a market share of approximately 25.95%, which is second only to Mobilink (with a market share of 28.10%). In addition to Telenor Pakistan and Mobilink, there are three other mobile operators in Pakistan: Ufone, Warid and Zong. Based on numbers produced by the Pakistan Telecommunication Authority (the **PTA**) as at 31 March 2014, Ufone had a market share of approximately 17.58%, Zong had a market share of approximately 18.83%, and Warid had a market share of approximately 9.54%.

### *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 sales tax applicable to the telecom industry in Pakistan is 19.5%, which is 2.5 percentage points higher than the sales tax which applies to other sectors (17%). A withholding tax at 15% is also applicable and affects an estimated 100 million people. In addition to that, the tax collection point for mobile phones has been changed to the import stage and the amount of such tax increased to PKR 1,000 for smart phones and PKR 500 for other phones. A SIM activation tax has now been abolished. Collective cellular industry efforts are underway to reduce these taxes.
- 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. APC was reduced to USD 0.0125/min with effect from 1 October 2011. In August 2012, the Ministry of Information Technology (**MoIT**) issued a policy directive for

the establishment of an international clearing house (**ICH**) which states that the local loop operators are to be paid USD 0.029/minute as APC. In addition, a separate MTR for international incoming traffic was proposed for mobile operators (**MTR-I**) but has yet to be determined. Telenor Pakistan, with industry support, is leading the case for advocating to the MoIT/PTA the use of the already agreed-upon formula for APC and/or MTR-I. Whilst the policy directive was suspended following a claim before the Lahore High Court, this suspension was reversed by the Supreme Court in February 2013, subsequently restoring the ICH, along with all relevant directives of MoIT and PTA. This matter was further directed to the Competition Commission of Pakistan (CCP), which issued an order that the ICH stands annulled. On 29 May 2013, the Sindh High Court (SHC) granted a stay on the CCP order. An agreement for Interim MTR-I arrangements agreed between PTCL (the consortium leader) and all CMOs expired on 11 October 2013, subsequent to which Telenor Pakistan petitioned the consortium of long-distance (LDI) international operators and the PTA to grant MTR-I under the ICH; however, this application was unsuccessful. Telenor Pakistan LDI subsequently exited the ICH agreement on 25 January 2014 and commenced operations. Certain LDI operators have approached the SHC to prevent Telenor Pakistan's exit from the ICH and an order preserving the status quo was passed by SHC on 27 January 2014. However, as Telenor Pakistan LDI had already exited the ICH, it considered that it was not bound by the status quo order. The case hearing is currently pending in the SHC. At present, Telenor Pakistan LDI is terminating all incoming international traffic on the Telenor Pakistan GSM network, as well as on the Warid, Zong and Mobilink networks, paying 0.01\$/min additional to MTR.

- On 22 May 2012, the Supreme Court of Pakistan made an order limiting the number of SIM cards per unique Computerized National Identity Cards (which are used to identify natural persons) to five SIM cards per person across all operators (a reduction from 10 SIM cards per person per operator). The PTA has directed all operators to establish a combined database containing the necessary information and data to ensure that this limit is not exceeded. Whereas the PTA considers that these directions should be implemented retrospectively, the industry is of the opinion that the checks were only to be implemented on sales of new SIM cards after 22 May 2012. An application has been filed before the Supreme Court in this regard. Following this concern, the Supreme Court has ordered that all new sales after that date will require online biometric verification from the National Database and Registration Authority (NADRA). Similarly, in May 2013, the SHC ordered that, from July 2013 onwards, all new sales of SIM cards will require biometric verification by the NADRA and must be dispatched by way of a courier.
- Consequently, Telenor Pakistan has integrated a biometric verification process in its customer services centres and franchises in Pakistan. The verification process was implemented at the retail level on 31 March 2014 in Sindh and Bluchistan and will be rolled out for the rest of Pakistan by 31 July 2014.
- Telenor Pakistan, together with various other Cellular Mobile Operators (**CMOs**) are in dispute with the Federal Board of Revenue (**FBR**) of Pakistan over the alleged evasion of Federal Exercise Duty (**FED**) to a total amount of approximately NOK 2.8 billion (of which Telenor Pakistan's alleged liability is approximately NOK 0.8 billion). Further details are set out in "Legal Proceedings – Telenor Pakistan" below.

## **Telenor in India**

Telenor in India operates through its subsidiary Telewings Communications Services Private Limited (**Telewings**) under the brand name "Uninor". Telenor owns 74% of Telewings and controls its management. On 12 June 2014, Telenor Group filed an application with the Foreign Investment Promotion Board of the Government of India, seeking approval to take complete ownership of Telewings. Telenor Group intends to acquire the 26% stake in Telewings currently held by Lakshdeep Investments, for an additional investment of INR 780 crores.

As at 31 March 2014, Telewings had 30.5 million mobile subscriptions based on Uninor's definition of customers. This represents approximately 9.3% of the subscribers in the six circles which the company operate.

### *Network and licences*

There are 22 telecommunications "circles" in India which are classified as Metros (Mumbai, Delhi and Kolkata) and "A", "B" and "C" circles. The Metros and the "A" circles are in the regions with the highest level of economic development.

In November 2012 the government of India conducted an auction of spectrum in the 800 MHz and 1800 MHz bands. Telewings was successful in obtaining spectrum in the 1800MHz band in six telecom circles, and was the single largest contributor to the government exchequer in this auction. This spectrum has been secured for a 20 year term for NOK 4.4 billion (of which NOK 1.5 billion was paid on 1 December 2012 and the remaining is to be paid in 10 equal instalments during 2015-2024).

In an auction in February 2014, Telewings acquired additional spectrum in four of the six circles acquired in November 2012 and a 5 MHz spectrum licence in new circle Assam for a proceedings of approximately NOK 0.8 billion.

During 2013, Telewings also acquired several business assets from a former local operating company, Unitech Wireless in which Telenor also holds a 67.25% stake. This was following a ruling by the Supreme Court of India on 15 February 2013 that telecom operators which failed to win new 2G spectrum in the November 2012 auction, together with any operators which did not participate in the auction at all, were required to cease operating. As a result of that ruling, Unitech Wireless closed its operations in 15 circles.

In its roll-out of telecom services in India, Telewings has made use of the availability of infrastructure sharing with other operators. This has helped reduce network roll-out costs and capital expenditure per subscriber. Various tower sharing agreements allow Telewings to mount its mobile network antennas on to existing as well as new towers in development. Telewings has such agreements in place with VIOM, Indus Towers, Bharti Infratel, Global Infrastructure Limited (GIL) and Reliance Infratel. As at 31 March 2014, Telewings had installed network equipment on, and activated, approximately 20,242 towers through such arrangements. Telewings also entered into a transmission agreement with Tata Teleservices, which caters for the majority of Telewings' transmission requirements.

Telewings has entered into a number of contracts, including with respect to IT outsourcing and GSM equipment supplier contracts. Telewings has also partnered with Alcatel Lucent and Ericsson to be Pan India Managed Service Partners, which have responsibility for end-to-end operational maintenance for all equipment suppliers in India.

On 31 March 2014, Indian authorities confirmed that Telewings had been granted an offset of the entry fee of INR 16.6 billion (approximately NOK 1.7 billion) paid by Unitech Wireless in 2008 against the remaining instalments scheduled for 2015-2024 payable on the bid amount for the spectrum acquired by Telewings in 2008. The offset is recognised as "Other" income in the income statement of the company for the first quarter of 2014.

### *Competition*

The number of wireless subscribers in India was 906 million as at the end of December 2013, 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 2013 Supreme Court



judgment. A new operator, Reliance JIG, acquired spectrum in the February 2014 auction and will commence operations in India.

Bharti is the largest wireless operator in India with a market share of around 23% as at 31 December 2013. 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 13%. Reliance has a pan-Indian GSM and CDMA network, digital TV network and also has a presence in the national long-distance and international long-distance markets. 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 18% 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%. 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 15% and provides GSM services in 22 circles. Idea has merged with Spice, one of the smaller wireless operators in India. Following 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 7% 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 nine 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 three circles. Most operators launched 3G services in 2011 and, although the uptake of services has been moderate, this has started to increase rapidly during the last two quarters of 2013.

### *Regulatory matters*

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

### *Infrastructure sharing*

The Indian government has promoted passive infrastructure sharing through regulation and through universal service obligation 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 to be allowed for operators who have paid the market price for liberalised spectrum. This will be enabled by separate government guidelines.

## **Telenor in Myanmar**

Telenor in Myanmar operates through its subsidiary Telenor Myanmar Limited (**Telenor Myanmar**). After successfully participating in a spectrum auction in June 2013, on 5 February 2014 The Ministry of Communication and Information Technology (**MCIT**) granted Telenor Myanmar a licence to provide telecommunication services in Myanmar. The licence is for 15 years and was awarded at a cost of USD 500 million (approximately NOK 3 billion). As at 31 March 2014, Telenor Myanmar is making preparation to roll out services in Myanmar, which are expected to launch by the end of the third quarter in 2014.

### *Macro development*

The Myanmar economy has continued a positive growth trend and growth estimates for the last fiscal year (which runs from April 2012 to March 2013) vary from 6.4% to 7.1%. The main drivers of this growth are increased gas production, services, construction, foreign direct investment and strong commodity exports. Analysts' forecasts for Myanmar's GDP have improved during the last twelve months, indicating a real GDP growth of 6.2% to 7.7% annually.

Inflation has been increasing in recent months, reaching between 5.8% and 7.3% on an annualise basis in August 2013, compared with an increase in the official consumer price index of just 1.5% in 2012. The large variation in analysts' estimates is indicative of the uncertainty of the statistics; however, analysts generally consider that these increases are largely owing to a rise in food costs, while prices for fuel and housing are also increasing more rapidly. The Economist Intelligence Unit expects consumer price inflation to average 6.7% a year in the period from 2014 to 2018.

### *Competition*

There are currently two local telecom operators in Myanmar, Myanmar Post Telecommunication (MPT) and Yatanarpon Teleport (YPT). YPT functions primarily as an internet service provider, while MPT, a department of the Myanmar Communications Ministry, acts as both a regulator and operator. These existing operators in Myanmar are being challenged by Ooredoo and Telenor, which commence operations in the third quarter of 2014.

### *Network roll out*

As set out in its licence tender documents submitted to the MCIT, the network rollout plan is based on market forecasts and the provision of quality of service. Taking into consideration availability and cost of handsets, Telenor Myanmar will utilize the 900 MHz band in rural areas and a combination of this and 3G/HSPA+ in the 2.1 GHz band in urban areas. Urban users are expected to have a higher average voice usage than rural customers.

The backhaul network will consist of leased existing fibre and build-to-lease fibre from third parties to meet high traffic demand and an rollout requirements.

Most of the access transport infrastructure will be based on microwave transmission. For metro areas, some aerial fibre will be established already by launch, to meet data demand from city dwellers. As most of rural Myanmar is without a commercial power grid, some sites will be built with solar power.

## BROADCAST

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

The Telenor Broadcast business area comprises the following business lines:

**Canal Digital DTH** provides pay-TV services to over 900,000 households 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 services predominantly consist of broadcasting digital television (DTT), digital radio (DAB) and analogue radio (FM). The company is the owner of 48 main transmitter sites and approximately 1,750 smaller sites spread throughout Norway. Norkring offers space in these stations for colocation of technical equipment owned by others. Norkring also owns and operates the terrestrial transmission network in the Flanders region in Belgium through its subsidiary Norkring België.

**Other** comprises activities related to Telenor Media Invest (**TMI**). TMI's purpose is to manage and develop Telenor's minority ownership positions in a set of Nordic media companies. TMI consists of the two consolidated companies, Telenor Media Invest AS in Norway and Danmarks Digital TV AS in Denmark, as well as the associated companies Amedia 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, maritime communications, machine-to-machine (**M2M**) business, digital services, capital investment, shared services, property management and Telenor Group staff functions.

### Telenor Global Services

Telenor Global Services (**TGS**) is an international mobile carrier focusing on quality wholesale voice services, mobile and connectivity services. TGS has been a limited company since 1995, and is wholly owned by Telenor Networks Holding AS.

TGS' many years of experience and focus on "Quality of Service" (**QoS**) allow TGS to be a market leader in delivering high quality services to mobile and fixed operators around the globe. TGS' services are delivered and produced over its high quality IPX Compliant MPLS/IP Network.

TGS delivers high quality international services to Telenor's extensive mobile family, with more than 160 million customers worldwide. In addition, TGS has close to 280 partners worldwide.

The TGS "Quality Concept" is the driving force in its overall product performance. TGS' solutions and services are easy to buy, easy to use and are built to meet customers' needs.

TGS has designed a new multi-service IP network which enables TGS to deliver services and to transport voice and data traffic between operators with the high quality and security levels required in the market. TGS provides its services through this IPX compliant network which encompass the Telenor Global IPX service. The service portfolio offerings include International

Connectivity, Voice, GSM Roaming Signalling, SMS, LTE Roaming Exchange, GRX, BlackBerry Connectivity, Sim Box Detection.

## **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 140 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 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 NASDAQ. Since 29 October 2013, VimpelCom has been included in the NASDAQ-100 Index. The VimpelCom Group includes companies operating in Russia, Italy, Ukraine, Kazakhstan, Uzbekistan, Tajikistan, Armenia, Georgia, Kyrgyzstan, Canada, 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 753 million, providing services under the "Beeline", "Kyivstar", "banglalink", "Mobilink", "Telecel", "Leo", "Djezzy", "Wind" and "Infostrada" brands. VimpelCom, through its subsidiaries, had 218 million subscribers as at 31 March 2014. Telenor Group holds 33.05% of the economic interests and 42.95% of the voting rights in VimpelCom.

On an actual basis, VimpelCom's revenues in the first quarter of 2014 decreased by 10% to USD 5.0 billion as compared to USD 5.6 billion in the first quarter of 2013. EBITDA decreased by 11% to USD 2.1 billion and EBIT decreased by 16% to USD 0.9 billion in the first quarter of 2014, from USD 2.3 billion and USD 1.1 billion in the first quarter of 2013, respectively.

As at 31 March 2014, VimpelCom's total assets had increased by 4.6% since the end of 2013 to USD 47.5 billion, primarily due to the impact of foreign exchange conversion, while depreciation and amortisation charges were offset by investments in property and equipment. Gross debt remained unchanged at USD 27.4 billion during the first quarter of 2014. In April 2014,

VimpelCom's subsidiary Wind Acquisition Finance (“WAF”) priced a total of EUR 3,779 million (equivalent) senior notes due 2021 in a combination of EUR 1.75 billion 7.00% euro-denominated senior notes and EUR 2.03 billion (equivalent) 7.375% USD-denominated senior notes. The net proceeds of the issuance, in combination with a EUR 500 million cash injection from VimpelCom, were utilised to full repayment of WAF’s EUR 2.7 billion junior secured 11.75% notes due 2017, and the redemption of the EUR 1.3 billion 2.25% payment-in-kind notes due 2017 issued by Wind Acquisition Holdings Finance S.A. The refinancing of EUR 4.0 billion of debt will save approximately USD 0.3 billion of annual interest expense. As at 31 March 2014, USD 14.5 billion (or 53% of the total gross debt in VimpelCom) was ring-fenced debt in Wind Italy. VimpelCom’s net debt decreased to USD 22.4 billion as at 31 March 2014 from USD 22.6 billion as at 31 December 2013, leading to a net debt to EBITDA ratio of 2.4 at the end of the first quarter of 2014. As at 31 March 2014, VimpelCom group’s debt portfolio comprised 50% of EUR denominated debt, 31% of USD denominated debt and 17% of RUB denominated debt. The average cost of debt in the first quarter of 2014 was 8.2%.

In January 2014, VimpelCom announced a new dividend policy pursuant to which it will aim to pay annual dividends of USD 0.035 per share from 2014 until the company reaches a group net debt-to-EBITDA ratio of under 2x. VimpelCom will not make a final 2013 dividend payment.

VimpelCom’s value agenda focuses on increasing net cash from operating activities and is based on four pillars: profitable growth, customer excellence, operational excellence and capital efficiency. VimpelCom combines mobile businesses with selective presence in fixed-line, which is expected to support the growth strategy further as mobile and fixed services continue to expand across the company’s markets. VimpelCom’s operations in Russia, Italy, Algeria and Ukraine made up 85% of the group’s total revenue in 2013, where Russian and Italian operations contributed 40% and 29%, respectively.

Due to the challenging environment in the jurisdictions of many of its operations, VimpelCom has revised its targets for 2014 following publication of its first quarter results. The updated annual targets for 2014 are:

- a revenue decline of low- to mid-single digits year-on-year;
- an EBITDA decline of low- to mid-single digits year-on-year;
- net debt-to-EBITDA of approximately 2.4x; and
- capital expenditure (excluding licenses) to revenue of approximately 21%.

In March 2014, VimpelCom announced that the U.S. Securities and Exchange Commission (“SEC”), the U.S. Department of Justice (“DOJ”) and Dutch public prosecutor’s office are conducting investigations related to VimpelCom. These investigations are

#### *VimpelCom in Russia*

Telenor’s indirect 100% owned subsidiary (held through Telenor Mobile Holdings AS), Telenor East Invest AS, became a shareholder in VimpelCom in Russia in 1998.

VimpelCom's operations in Russia, OJSC VimpelCom, operate under the “Beeline” brand, and offers mobile, internet, fixed-line voice and data products and services to consumer and corporate subscribers. According to Informa Telecoms & Media, as at 31 December 2013, the mobile penetration and number of subscriptions measured in number of SIM cards were 173.5% and 247.4 million, respectively, out of a population of approximately 142 million. VimpelCom in Russia had 55 million mobile subscriptions as at 31 March 2014.

In Russia, VimpelCom offers postpaid and prepaid payment plans. As at 31 December 2013, approximately 8.0% of VimpelCom’s subscribers in Russia were on postpaid plans and approximately 92.0% on prepaid plans.

VimpelCom's primary competitors in Russia are MTS and MegaFon. According to Informa Telecoms & Media, as at 31 December 2013, the top three mobile operators, MTS, MegaFon and OJSC VimpelCom, collectively held approximately 81% of the mobile market in Russia. According to Informa Telecoms & Media, as at 31 December 2013, MTS had approximately 75.3 million subscribers in Russia, representing a subscriber market share of 30.5%. In addition to MTS, VimpelCom also competes with MegaFon, the second largest mobile operator in Russia in terms of number of subscribers. According to Informa Telecoms & Media, as at 31 December 2013, MegaFon had approximately 68.1 million subscribers, representing a subscriber market share of 27.5%.

In addition to MTS and MegaFon, VimpelCom competes with fourth largest operator in Russia, Tele2. Tele2 has been operating in Russia since 2003 and is now considered to be a significant player in the Russian telecommunications market. According to Informa Telecoms & Media, as at 31 December 2013, Tele2 had approximately 23.7 million subscribers in Russia, representing a subscriber market share of 9.6%. Tele2 currently provides GSM mobile services in 42 regions of Russia, although not in Moscow. At the moment Tele2 does not have a LTE licence. In April 2013, Swedish Tele2 AB sold the Russian subdivision to VTB Group. In February 2014, Tele2 and Rostelecom, the largest fixed-line operator and fifth largest mobile operator in Russia, announced the consolidation of mobile assets on a Tele2 basis and setting up a new federal operator. The new operator has frequencies to roll out 3G/4G networks in all federal districts, also in Moscow. Following Tele2's integration with Rostelecom's mobile assets, the consolidated subscriber base will total 38 million. At the same time, the number of penetrated regions will exceed 60 (out of 83). In 1993, when the current Constitution of Russia was adopted, there were 89 federal subjects listed. By 2008, the number of federal subjects had been decreased to 83 because of several mergers. In 2014, Sevastopol and the Republic of Crimea became the 84th and 85th federal subjects of Russia.

#### *VimpelCom in Italy*

VimpelCom in Italy operates under the "Wind" and "Infostrada" brands, and offers mobile, Internet, fixed-line voice and data products and services to consumer and corporate subscribers. As at 31 March 2013, Wind had 22 million mobile subscriptions.

According to Informa Telecoms & Media, as at 31 December 2013, the four network operators in Italy offer mobile telecommunications services to approximately 87.0 million registered subscribers, representing a penetration rate of approximately 142.8% of the Italian population.

The mobile telecommunication market in Italy is characterised by high levels of competition among service providers. 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.

As at 31 December 2013, there were 17 MVNO/enhanced service providers providing services in the Italian market, with an aggregate market share of approximately 6%. Penetration is distorted by the widespread use of multiple SIM cards by individual users. The market is mostly prepaid. As at 31 December 2013, excluding MVNOs, Telecom Italia had a subscriber market share of 35.9%, followed by Vodafone with 29.1%, Wind with 25.6% and Hutchison 3G with 9.4%.

#### *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 2013, approximately 9% of Kyivstar's subscribers were on postpaid plans, and approximately 91% were on prepaid plans. As at 31 March 2014, VimpelCom in Ukraine had 26 million mobile subscriptions.

As at 31 December 2013, according to Informa Telecoms & Media, there were approximately 60.8 million subscribers in Ukraine, representing a penetration rate of approximately 135%. There are currently three mobile operators with national coverage in Ukraine: Kyivstar, Mobile TeleSystems—Ukraine (“**MTS Ukraine**”) and LLC Astelit (“**Astelit**”).

Kyivstar competes primarily with MTS Ukraine, which is 100.0% owned by MTS, operates a GSM-900/1800 network in Ukraine. MTS Ukraine also received a CDMA-450 license in 2006. Kyivstar also competes with Astelit, which operates throughout Ukraine and which had approximately 9.2 million customers as at December 31 2013, according to Informa Telecoms & Media.

Despite repeated requests from the leading Ukrainian operators, including Kyivstar, the launch of 3G services in Ukraine has been delayed since 2005, when the Ukrainian government issued its first and only 3G licence to Ukrtelecom, Ukraine’s state-owned fixed-line operator. In 2013, the SCM group acquired Ukrtelecom, including its subsidiary “TriMob” LLC, the only UMTS licence holder in Ukraine. According to Informa Telecoms & Media, Trimob had approximately 1.2 million customers as at 31 December 2013.

The implementation of mobile number portability was postponed by the state regulatory body NCCIR at the end of 2013 and is expected to become effective as of July 2014. The Ukrainian government subsequently announced plans to hold a tender to auction a 3G licence. However, the proposed auction has been postponed indefinitely.

As at 31 March 2014, Kyivstar had approximately 0.8 million fixed-line broadband subscribers in Ukraine, compared to 0.7 million as 31 March 2013. The increase was due to sales efforts towards convergent offers for mobile and home internet.

Kyivstar’s operations in the first quarter have not been materially impacted by the turbulent macro-economic and political environment in Ukraine since the beginning of 2014. However, the 38% depreciation of Ukrainian hryvnia during the first three months of 2014 has depreciated the value of the Ukrainian asset.

#### *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 40.1 million subscribers in Algeria as at 31 December 2013, representing a penetration rate of approximately 101.3%.

In Algeria, there are three mobile operators: Djezzy, operating through VimpelCom’s 51.7%-owned subsidiary Global Telecom Holding (“**GTH**”); Mobilis, a subsidiary of Algeria’s incumbent operator, Algerie Telecom; and Ooredoo, a subsidiary of Wataniya. 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. According to Informa Telecoms & Media, as at 31 December 2013, Djezzy had 17.56 million subscriptions in Algeria, while Mobilis and Ooredoo had 13.0 million and 9.5 million, respectively.

Subscriber growth in Algeria’s mobile market is expected to slow down, and competition for subscribers in Algeria is expected to increase in the future as a result of greater market penetration and new technologies, products and services.

In December 2013, a 3G licence was granted to all 3 operators in Algeria. Licence length is 15 years. Djezzy, after 3 years of being hampered by the imposed ban on foreign payments, received an exceptional approval from the Bank of Algeria to acquire foreign equipment for the 3G roll-out. In its fourth quarter 2013 report VimpelCom announces that the launch of 3G services by Djezzy is expected in the second quarter of 2014.

In April 2014, VimpelCom announced the sale by GTH of a 51% interest in Orascom Telecom Algérie SpA (**OTA**) to the Fonds National d’Investissement (**FNI**), the Algerian National Investment Fund, for a purchase consideration of USD 2.6 billion. The closing of the transaction is subject to conditions precedent being satisfied and is expected by the end of 2014. The total dividends and proceeds due to GTH at the closing of the transaction are expected to amount to

USD 4.0 billion net of all taxes and after the settlement of all outstanding disputes between the parties and the payment of associated fines. All proceeds will be used to pay down the outstanding shareholder loans provided by VimpelCom to GTH. VimpelCom intends to use the USD 4.0 billion proceeds to pay down existing debt, with estimated annual interest savings of approximately USD 0.3 billion.

In addition, VimpelCom announced that the foreign exchange and import restrictions put in place by the Bank of Algeria against OTA on 15 April 2010 will be lifted on closing of the transaction, following the payment by OTA to the Algerian Treasury of a fine of approximately USD 1.3 billion. Further, OTA will discontinue all pending proceedings relating to tax reassessments for the years 2004 to 2009. Consequently, OTA will write off in its financial statements the related tax receivable of USD 0.7 billion. The one-off charge for the settlement costs of USD 2.0 billion was recognised in VimpelCom's 2013 financial statements.

## **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.

### **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, which was first extended until May 2013. On 15 May 2013, the High Court Division extended the stay order for the claim until the final hearing of the appeal.

#### *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 an additional spectrum fee of up to approximately NOK 280 million for 7.4 MHz spectrum granted in 2008, based on the 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 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. On 1 April 2012, the NBR sent formal notice to Grameenphone for payment of VAT of NOK 168 million on renewal fees (which was withheld). Grameenphone paid this amount under protest. On the 16 July 2012, the Appellate Division granted Grameenphone leave to appeal. Grameenphone obtained a certified copy of the order from the Appellate Division and the appeal is currently pending a hearing.

#### *SIM tax on replacement SIM cards*

On 16 May 2012, the NBR issued a notice to Grameenphone claiming SIM tax and interest of NOK 1.1 billion on replacement SIM cards issued during the period from July 2007 to December 2011. Grameenphone challenged the demand by a writ petition before the High Court, which granted a stay order in respect of the demand until 13 September 2013. In mid-2013, a special commission, appointed by the Government, was set up to review this case, in respect of all telecom operators. In the middle of April 2014, the Commission presented their report which corroborated the NBR's initial conclusions. Grameenphone disagrees with this report and is taking necessary steps to challenge it.

#### **DTAC**

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

On 9 May 2011, TOT filed a plaint with the Central Administrative Court demanding that CAT and DTAC jointly pay the unpaid 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 the filing date, 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 the filing date, 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 still under the consideration of the Central Administrative Court. The net effect (before income taxes) in ceasing to recognise the access charge under the Access Charge Agreements from 18 November 2006 to 31 December 2013 amounts to NOK 11.9 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.

As described in "*DTAC (Thailand) - Network and licences*" above, DTAC operates partly 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 failed to perform 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 established practices in Thailand.

#### *Disputes between DTAC and CAT regarding revenue sharing payments under concession 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 (16 September 2002 to 15 September 2006) amounting to NOK 4.0 billion, including penalties. 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.

On 28 May 2012, the Arbitral Tribunal rendered an award in favour of DTAC and dismissed CAT's claim for excise tax. However, on 31 August 2012, CAT filed a lawsuit with the Central Administrative Court in order to revoke the arbitration award. As at the date of this Base Prospectus, the case is still under the consideration of the Central Administrative Court.

On 31 August 2011, CAT filed a further lawsuit with the Arbitration Institute requesting DTAC to pay additional revenue sharing payments on interconnection charges for the 16th concession year (16 September 2006 to 15 September 2007), in the amount of NOK 747 million plus penalty interest at the rate of 15% per annum from 16 December 2007, on the grounds that DTAC has no right to deduct any interconnection expenses from its revenue and has no right to exclude interconnection revenue from its revenue to be calculated for the purposes of revenue sharing payments payable to CAT. On 16 November 2012, CAT filed a new statement of claim to the Arbitration Tribunal requesting additional revenue sharing for the 17th concession year (16 September 2007 to 15 September 2008) in the amount of NOK 750 million (including VAT), plus penalty interest at the rate of 15% per annum. On 23 April 2013, CAT filed a new statement of claim requesting payment of additional revenue sharing for the 18th concession year (16 September 2008 to 15 September 2009) in the amount of NOK 652 million (including VAT), plus penalty interest at the rate of 15% per annum. On 10 January 2014, CAT sent a letter to DTAC requesting additional revenue sharing for the 19th year of operation (16 September 2009 to 15 September 2010) in the amount of NOK 656 million, and a further letter on 13 March 2014 requesting additional revenue sharing for the 20th concession year (16 September 2010 to 15 September 2011) in the amount of NOK 709 million.

As at the date of this Base Prospectus, the case is still under the consideration of the Arbitral Tribunal. DTAC management believes, based on advice from legal counsel, that, if the outcome of the case were negative for DTAC, this would not have a material adverse effect on its financial position.

On 12 February 2013, DTAC received a letter from CAT claiming that DTAC is in breach of a non-compete provision specified in DTAC's concession agreement with CAT and requesting that DTAC rectify such alleged breach.

In 2014, DTAC also received notices from CAT alleging that DTAC is in breach of various concessions relating to revenue share shortfall and porting customers out to DTN. CAT requested DTAC to cure the breach within 90 days and pay compensation to CAT or CAT would otherwise exercise its right to terminate the concession.

CAT and DTAC have disagreed previously on the correct interpretation of various provisions of the concession agreement, leading to a number of disputes between them. DTAC's management, supported by advice from DTAC's legal counsel, is of the opinion that it is not in violation of the concession agreement in this way, and has explained its position in a formal reply to CAT.

CAT and DTAC have also disputes as to how the new 3G regime is to be implemented with respect to the concession agreements. CAT has threatened to terminate the concession agreements, due to alleged breaches by DTAC of these agreements, and continues to present claims of compensation against DTAC. DTAC is of the opinion that the company is operating in accordance with applicable laws and regulations and refutes any allegations from CAT that DTAC is operating in violation of concession agreements.

#### *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 failed to perform 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.

#### **Telewings**

On 2 February 2012, the Indian Supreme Court quashed 122 licences granted by the Indian government to telecoms operators (including Unitech Wireless) in January 2008. Following this order, a spectrum auction for 2G licences was completed in November 2012. On 15 February 2013, the Indian Supreme Court ordered that all mobile operators who did not win spectrum in the November 2012 spectrum auctions must close down services immediately. As a consequence of this, Unitech Wireless closed down its operations in all but six circles where Telewings was successful in the November 2012 spectrum auction.

In the November 2012 spectrum auction the Telenor Group, through Telewings, secured spectrum licences in 6 circles. It was confirmed in letters of March 2014 by the Ministry of Communication and Information Technology that the original licence payment made by Unitech Wireless in 2008 can be offset against spectrum payments made by Telewings in the November 2012 auctions.

The Supreme Court order of 15 February 2013 furthermore allows possible retroactive spectrum fee payments to be paid in respect of licences quashed on 2 February 2012. Such retroactive spectrum fee payments could be applicable to any licensees which continued business until new licences were issued. The possible financial implications of this part of the Supreme Court order of 15 February 2013 are accordingly unknown.

On 10 October 2012, Telenor and Unitech Limited reached an agreement to amicably settle all disputes between the two parties. Following this agreement, the transfer of the GSM business in Unitech Wireless to a new entity controlled by Telenor, named Telewings, was completed in December 2013.

## **Telenor Pakistan**

The FBR has alleged that CMOs operating in Pakistan have together evaded FED payable on interconnection charges in a total amount of NOK 2.8 billion. The alleged FED liability for Telenor Pakistan was originally NOK 0.8 billion. The joint position of the CMOs is that all applicable FED has been duly paid by the CMOs on the services provided by them and, therefore, no further payment of FED on interconnection charges is required of them under applicable law and no evasion of FED can have taken place. In order to resolve this issue, the CMOs had previously agreed with the FBR that they would, from 1 July 2012, make payment of FED on interconnection charges in accordance with the new procedure stipulated by the FBR. In return for the CMOs' agreement to do so, on 30 June 2012, the FBR issued a Statutory Regulatory Order (SRO) exempting the CMOs from their previous alleged liability to the FED payable on interconnection charges over the last five years. However, the SRO was not published in the Official Gazette by the FBR, and therefore did not attain the requisite legal effect. The National Accountability Bureau (NAB) has started an inquiry on the basis that it had received information of alleged corrupt payments to the FBR for the issuance of the SRO. All the CMOs are participating in the enquiry. The CMOs also collectively decided to challenge the chargeability of the FED on interconnection charges through a writ petition in the Islamabad High Court. On 8 January 2014, the High Court decided in favour of telecom operators and declared the recovery notice from FBR null and void. The court decision was appealed by the FBR on 24 January 2014, stating a claim against Telenor Pakistan of PKR 8.3 billion (approximately NOK 0.5 billion). In a subsequent hearing on 27 January 2014, the court decided to maintain status quo in the matter.

## **Telenor Norway**

On 4 December 2012, the EFTA Surveillance Authority (ESA) and the Norwegian Competition Authority initiated an investigation against Telenor Norge AS regarding possible abuse of dominant market position and/or possible anti-competitive practices. The investigation is carried out pursuant to Articles 53 and 54 of the EEA Agreement and comprises mobile communication services at wholesale and retail level in Norway, including voice, SMS, MMS and data, as well as mobile services sold in bundles that include other products/services. The investigations are ongoing and Telenor is cooperating with the authorities.

## **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 12 meetings in 2013. 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>
Svein Aaser	Chairman
Marit Vaagen	Board member
Burckhard Bergmann	Board member
Barbara Milian Thoralfsson	Board member
Sally Davis	Board member
Dag J. Opedal	Board member
Frank Dangeard	Board member
Jon Erik Reinhardsen	Board member
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.

*Marit Vaagen* was elected to the board on 15 May 2013. She was born in 1967 and lives in Stocksund, Sweden. She is a Norwegian-born entrepreneur who has spent most of her adult life working internationally. Starting her professional career as a consultant with McKinsey & Company, where she served the financial services and telecommunications sectors, she was among the first European women elected as a partner of the firm, in 2000. She started and led the firm's Scandinavian healthcare services practice, and in 2008, she went on to found Scandinavia's first disease management company. She is the founder and CEO of Sirona AB, a healthcare management company, and holds a MSc from the Norwegian School of Economics and Business Administration and HEC, Paris, and a Master of Public Policy (MPP) from Harvard Kennedy School of Government.

*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.

*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 30 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.

*Jon Erik Reinhardsen* was elected to the board on 14 May 2014. Mr. Reinhardsen is President and CEO of Petroleum Geo-Services (PGS), a position he has held since April 2008. He has held executive positions in Alcoa, Aker Kvaerner and Aker Maritime and is a member of the Board of Directors in Cameron International Corp, Hoegh LNG Holdings Ltd. and Awilhelmsen Management AS. He has until recently served on the Board of Directors of Hoegh Autoliners Holdings AS. Reinhardsen has also been a board member of the Norwegian government initiated OG21 and INTSOK and a member of the visiting committee of Massachusetts Institute of Technology's (MIT) Ocean Engineering Department. Mr. Reinhardsen obtained a Master's degree in Applied Mathematics and Geophysics from the University of Bergen, Norway. In 1991 he completed the International Executive Program at the Institute for Management Development (IMD) Lausanne, Switzerland.

*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 since March 2010 and Chief Financial Officer
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 Asian Operations
Berit Svendsen	Executive Vice President since September 2011 and Head of Telenor Norway
Kjell-Morten Johnsen	Executive Vice President since May 2012 and Head of European Operations (Hungary, Serbia, Montenegro, Sweden and Denmark)
Jon Erik Haug	Executive Vice President since November 2012 and Head of People Development
Henrik Clausen	Executive Vice President since May 2014 and Head of Strategy and Digital
Pål Wien Espen	Executive Vice President since May 2014 and Head of Legal Affairs

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 2014, the Telenor Group had a total of 33,000 employees in its fully consolidated operations.

## Auditors

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

## TAXATION

### Norwegian Taxation

Below is a summary of certain Norwegian tax matters related to the purchase, holding and disposal of the Notes. The summary is based on Norwegian Laws, rules and regulations applicable as of the date of this Base Prospectus, and is subject to any changes in law occurring after such date. Such changes could possibly be made on a retroactive basis. The summary does not address foreign tax laws.

The summary is of a general nature and does not purport to be a comprehensive description of all the Norwegian tax considerations that may be relevant for a decision to acquire, own or dispose of Notes. Specific tax consequences may occur for different categories of Noteholders, e.g. if the Noteholder ceases to be tax resident in Norway etc.

The summary is solely related to holders of Notes who are resident in Norway for tax purposes (**Norwegian Noteholders**). However, companies incorporated and resident abroad are liable to tax in Norway on distribution and gains from Notes in the same manner as Norwegian resident companies, if the Notes are effectively connected with a business carried out through a permanent establishment in Norway. 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.

Due to the general nature of this summary, potential investors are advised to consult with and rely on their own tax advisers.

#### *Taxation on distribution to the Noteholder*

Norwegian Noteholders, both physical persons and companies, are liable to tax in Norway on payments in respect of Coupons, interest or similar payments in respect of Notes. The tax rate is 27 per cent.

Norwegian Noteholders holding Notes issued with a discount (compared to the nominal value) will be taxed the year of realisation of the Note.

#### *Taxation on sale and redemption of Notes*

Norwegian Noteholders, both physical persons and companies, are taxable in Norway in respect of capital gains on the sale and redemption of Notes and have a corresponding right to deduct losses that arise from such redemption or realisation. The tax liability applies irrespective of how long the Notes have been owned and the number of Notes that have been redeemed or realised.

Gains or losses are calculated per Note as the consideration received in respect of the Note less the tax basis of the Note. The tax basis of each Note is generally the Norwegian Noteholder's purchase price for the Note. Costs incurred in connection with the acquisition, redemption or realisation of the Note may be deducted from the Norwegian Noteholder's taxable ordinary income in the year of redemption or realisation. Gains are taxable as ordinary income in the year of sale or redemption, and losses can be deducted from ordinary income in the year of sale or redemption. The tax rate for ordinary income is 27 per cent.

If the Norwegian Noteholder owns Notes acquired at different points in time, the Notes that were acquired first will be regarded as the first to be disposed of, on a first-in, first-out basis (the FIFO principle).

#### *Norwegian Withholding tax*

Norwegian withholding tax is not applicable to payments in respect of Coupons, interest or similar payments on Notes, or on capital gains on sale or redemption of Notes.



### *Net wealth tax*

Norwegian Noteholders that are limited liability companies and similar entities are not subject to net wealth taxation in Norway.

Norwegian Noteholders that are physical persons are subject to net wealth taxation in Norway. Notes are included as part of the taxable base for this purpose. Listed Notes will be valued at market value on 1 January in the year after the income year, while non-listed Notes will be valued at face value. The maximum aggregate rate of net wealth tax is currently 1 per cent.

### *Stamp duty*

There are no stamp duty or other charges in Norway on the purchase, redemption or realisation with cash settlement of Notes.

### *Foreign taxes*

Income taxes or capital gains taxes payable by Norwegian Noteholders in other jurisdictions, or withholding tax payable on redemption amounts in respect of the Notes, may be deducted when calculating the Norwegian tax payable on the same income. The deduction is limited, however, to the corresponding amount of Norwegian tax applicable. The right for both Norwegian and other jurisdictions to tax Norwegian Noteholders directly or through the application of withholding taxes may be limited by an applicable tax treaty.

### *Inheritance tax*

As of 1 January 2014 the Norwegian Inheritance Tax was abolished. However, the heir acquires the donor's tax input value of the notes based on principles of continuity. Thus, the heir will be taxable for any increase in value in the donor's ownership, at the time of the heir's realisation of the notes. However, in the case of gifts distributed to other persons than heirs according to law or testament, the recipient will be able to revalue the received notes to market value.

## **Luxembourg Taxation**

The following information is of a general nature only and 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. The information contained within this section is limited to Luxembourg withholding tax issues and 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.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

### *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 as amended (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 Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income 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 (within the meaning of the Laws) resident in, 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 competent Luxembourg fiscal authority in order for such information to be communicated to the competent tax authorities of the beneficiary's 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 will be subject to a withholding tax at a rate of 35 per cent.

In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

*(ii) Resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 as amended (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 an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meaning of the Laws) established in an EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of such individual beneficial owner 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 will be subject to a withholding tax at a rate 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 (**HMRC**) 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.

HMRC have powers to obtain information, including in relation to interest or payments treated as interest and payments derived from securities. This may include details of the beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information in connection with transactions relating to the Notes. Information obtained by HMRC may be provided to tax authorities in other countries.

## **EU Savings Directive**

Under Council Directive 2003/48/EC (the Directive) on the taxation of savings income, each EU Member State is required to provide to the tax authorities of another EU Member State details of certain payments of interest or similar income paid or secured by a person established within its jurisdiction to or for the benefit of an individual resident in that other EU Member State or certain limited types of entities established in that other EU Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. EU Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The amending Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in an EU Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or legal arrangement is established or effectively managed outside of the EU.

For a transitional period, the end of which is dependent upon the conclusion of certain other agreements relating to information exchange with certain non-EU countries, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those EU Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

## SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in an Amended and Restated Programme Agreement dated 17 June 2014 (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 for 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 (or Pricing Supplement, in the case of Exempt Notes) 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;
- (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.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, unless the Issuer has confirmed in writing to each Dealer that the Offering Circular has been filed with the Financial Supervisory Authority of Norway, it has not, directly or indirectly, offered or sold and will not directly or indirectly, offer or sell any Notes in Norway or to residents of Norway, other than:

- (a) in respect of an offer of Notes addressed to investors subject to a minimum purchase of Notes for a total consideration of not less than €100,000 per investor; or
- (b) to "professional investors" as defined in Section 7-1 cf. Sections 10-2 to 10-5 in the Norwegian Securities Regulation of 29 June 2007 no. 876; or
- (c) to fewer than 150 natural or legal persons (other than "professional investors") as defined in Section 7-1 in the Norwegian Securities Regulation of 29 June 2007 no. 876, subject to obtaining the prior consent of the relevant Dealer or Dealers for any such offer; or
- (d) in any other circumstances provided that no such offer of Notes shall result in a requirement for the registration, or the publication by the Issuer or the Dealer or Dealers of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007.

Further, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes will only be sold in Norway to investors who have sufficient knowledge and experience to understand the risks involved with investing in the Notes.

### **Japan**

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

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 or Pricing Supplement, 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 or Pricing Supplement 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 11 February 2014.
2. There has been no significant change in the financial or trading position of the Issuer or of the Telenor Group since 31 March 2014 and no material adverse change in the financial position or prospects of the Issuer or of the Telenor Group since 31 December 2013.
3. Except as disclosed on pages 120 to 124, 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, 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 (or Pricing Supplement, in the case of Exempt Notes). 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 (or Pricing Supplement, in the case of Exempt Notes). 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 6.2 to 6.6 (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 and the Talons) as amended or supplemented from time to time;
  - 6.2 the Certificate of Registration and Articles of Association of the Issuer;
  - 6.3 the consolidated published annual report of the Issuer for the last two years ended 31 December 2012 and 31 December 2013, 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 2014;



- 6.4 each Final Terms for Notes that are listed on the Luxembourg Stock Exchange or any other stock exchange;
- 6.5 a copy of this Base Prospectus together with any further Base Prospectus or Supplement to this Base Prospectus;
- 6.6 copies of the Previous Terms and Conditions; and
- 6.7 any reports (other than audit reports), letters, statement and valuations prepared at the Issuer's request and included in this Base Prospectus (if any).

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

7. The auditors of the Issuer are Ernst & Young AS state authorised public accountants (*statsautoriserete 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 2012 and 31 December 2013. 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.

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