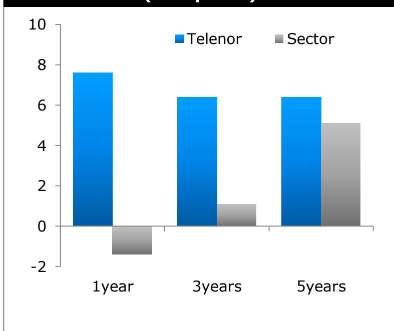
Financial priorities

Richard Aa, CFO Telenor Group

CFO approach to value creation in Telenor Group

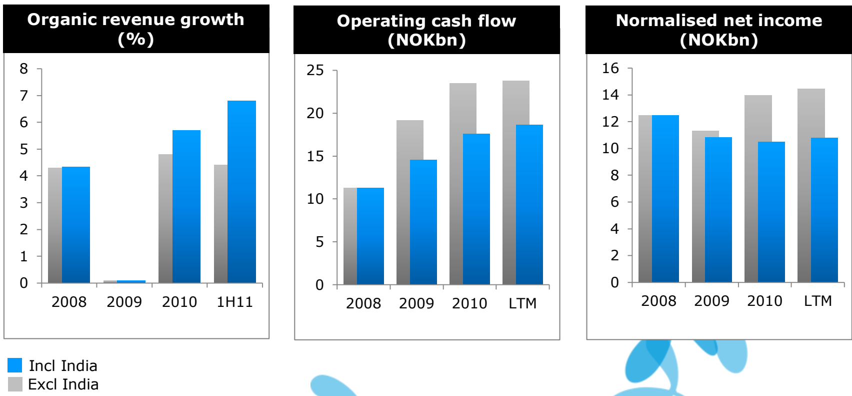
- Revenue growth above peers
- Operational excellence
- Manage risk vs reward in India
- Value creation from VimpelCom
- Shareholder remuneration

Telenor total return vs sector*
(USD p.a.%)



*Prices ending 9 Sept 2011. Sector defined as SXKGR (STOXX 600 Telecommunications Gross Return Index)

Solid financial performance



*) Operating cash flow defined as EBITDA before other items less capex, excl. spectrum fees.
LTM: Last twelve months (Q310-Q211).

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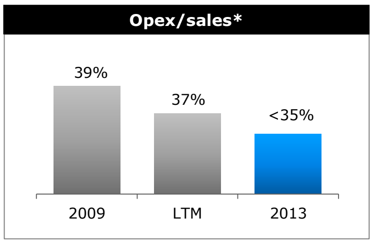
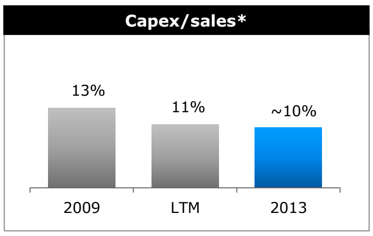
Making progress on operational excellence

- Network modernisation on track
- Implemented significant FTE reductions
- Group sourcing
- Substantial remaining potential within:
  - IT
  - Standardisation
  - Consolidation of functions
- Continuous improvement





*) Existing business not incl. Uninor and licence fees
LTM: Last twelve months (Q310-Q211)

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Leveraging on global benchmarks

- Detailed benchmarking vs peers for each business unit
- Efficiency gaps identified
- Dive deep within selected areas
  - Network
  - Sales
  - IT
- Target setting and tight follow up

Network	Access Layer Engineer	Access Layer Deploy	Access Layer Operate	Core
Sales	Direct Sales force	Own Shops	Sales Overheads	Mgd. Ind. Retail
Marketing and Pro Dev	Market Research	Prod & Brand Market	Develop New Products	Marketing Overheads
Customer Mgt.	Activation	Billing	Credit & Collection	Customer Service Centers
IT	Dev A CRM PRC & Add	Dev A SVC PRC & Add	Dev A SRP PRC & Add	Internal Infra Dept
Support and Overheads	Procurement	Finance & Accounting	Corp. Comm	Strategy

Illustrative: Telenor Pakistan

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Telenor Pakistan

Transforming benchmarks into action

- Project driven by local CEO
- Local hands-on experience combined with expertise across group in teams per selected cost area
- Action points resulted in significant improvements in each area
  - 7% cost gap reduction in 2010
  - 11% cost reduction target in power in 2011
  - 9% cost reduction target in care and maintenance in 2011
- Operational excellence as a continuous function

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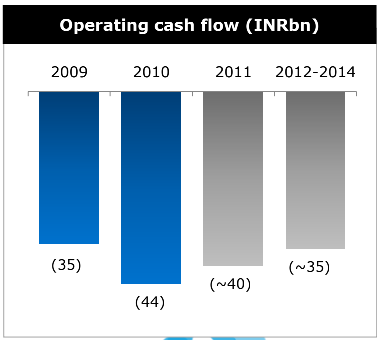
Managing risk vs reward in India

- Peak funding within INR 155 billion
- EBITDA breakeven in 1H 2013
- Develop an ultra low cost operation
- Ongoing process on funding



*) Operating cash flow defined as EBITDA before other items less capex. Actuals 2009-2010, outlook 2011 and forecast 2012-2014 Exchange rate INR/NOK = 0.116 end of Aug 2011.

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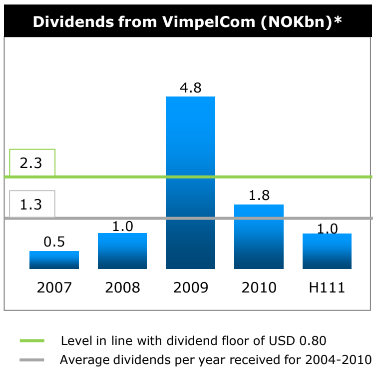
Value creation from VimpelCom

- Total dividends of NOK 9bn received for the years 2004-2010
- Dividend floor of USD 0.80 per share for 2011-2013
- Value creation potential through improving performance in Russia
- Support VimpelCom on operational excellence



*) Telenor's share of total dividends from OJSC VimpelCom and Kyivstar for 2004-2009 and from VimpelCom Ltd for 2010. The graph shows the year the dividends were received.

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Priorities for capital allocation

1	Maintain a solid balance sheet
2	Competitive shareholder remuneration
3	Disciplined and selective M&A

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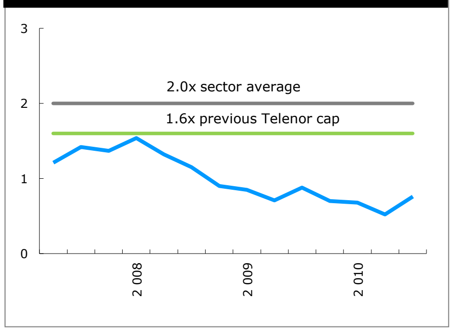
Increasing Net debt/EBITDA cap to 2.0x

Previous Net debt/EBITDA cap of 1.6x now overly restrictive:

- Approx. 2/3 of India peak funding is behind us
- Asian cash flows have increased significantly
- VimpelCom dividend floor equals min. USD 410 m annual payout to Telenor
- Cap of 2.0x more aligned with sector

Net debt/EBITDA 2007- Q2 2011



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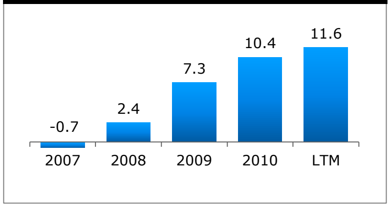
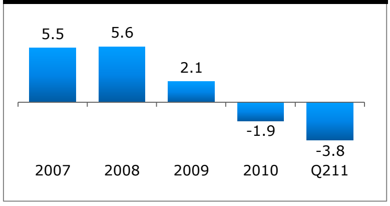
Optimising capital structure in subsidiaries

- Solid growth in cash flows reducing net debt in subsidiaries
- Clear dividend policies in all partly owned subsidiaries
- Targeting local debt in subsidiaries
- Evaluating further capital structure initiatives

OCF (NOK bn) from Asia excl India



Net debt (NOK bn) in partly owned subsidiaries



Operating cash flow defined as EBITDA before other items less capex, excl. spectrum fees.

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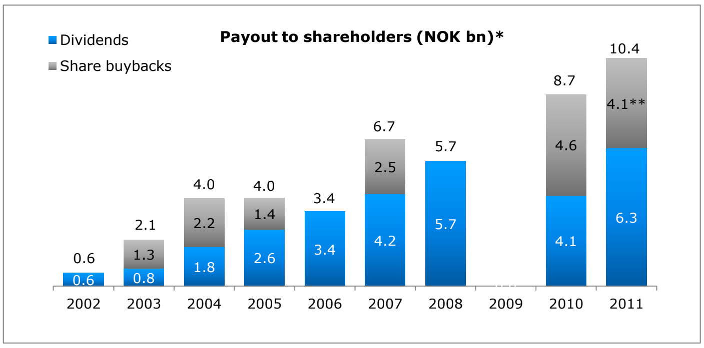
Growing shareholder remuneration



3% buyback programme launched in July 2011 - 50% completed by 21 September

*) Dividends based on pay-out year and to 100% of registered shares. Share buybacks from AGM in pay-out year to next AGM.
**) Assuming share price of NOK 85 and approx. 48 million shares

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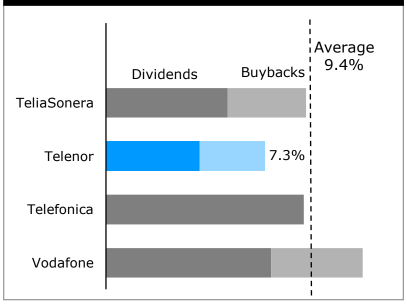
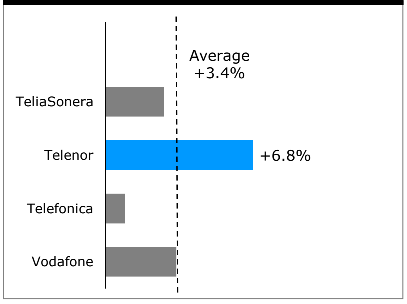
Combining growth and shareholder remuneration

Dividend + buyback yield (%), 2011A*



Organic revenue growth, 1H 2011



*Yield based on paid and committed dividends + carried out and committed share buybacks for 1 Jan – 31 Dec 2011, except Vodafone (1 Apr11- 31 Mar 12). Included GBP 3bn of Vodafone's GBP 4bn buyback programme. VWAP share price 1 Jan -13 Sep 2011. Company numbers on revenue growth.

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Revising dividend policy

- *Distribute **50-80%** of normalised annual net income (previously 40-60%)*
- *Aiming for an annual nominal growth in the ordinary dividend per share*

Share buybacks to supplement dividend to deliver a competitive yield

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Disciplined and selective approach to M&A

- Prioritising in-market opportunities
  - Spectrum acquisition
  - Consolidation
  - Network and spectrum sharing
- Selectively looking at new opportunities within core regions
- Selected disposal of non-core assets

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Priorities for capital allocation

1	**Maintain a solid balance sheet**	*Net debt/EBITDA cap revised from 1.6x to* ***2.0x***
2	**Competitive shareholder remuneration**	*Dividend policy revised from 40-60% to* ***50-80%*** *of normalised net income*
3	**Disciplined and selective M&A**	*Unchanged*

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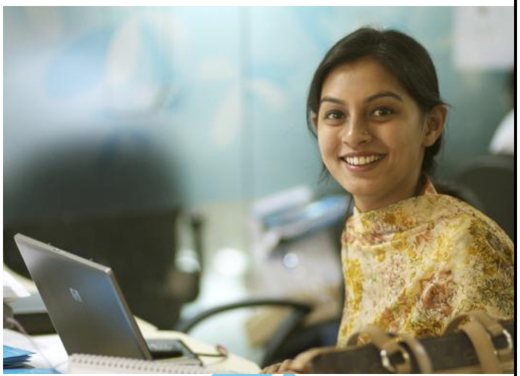
Growing shareholder return through strong operational performance

- Revenue growth above peers
- Bring Uninor to cash flow breakeven within INR 155 bn peak funding
- Value creation from VimpelCom
- Relentless work on operational excellence



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