

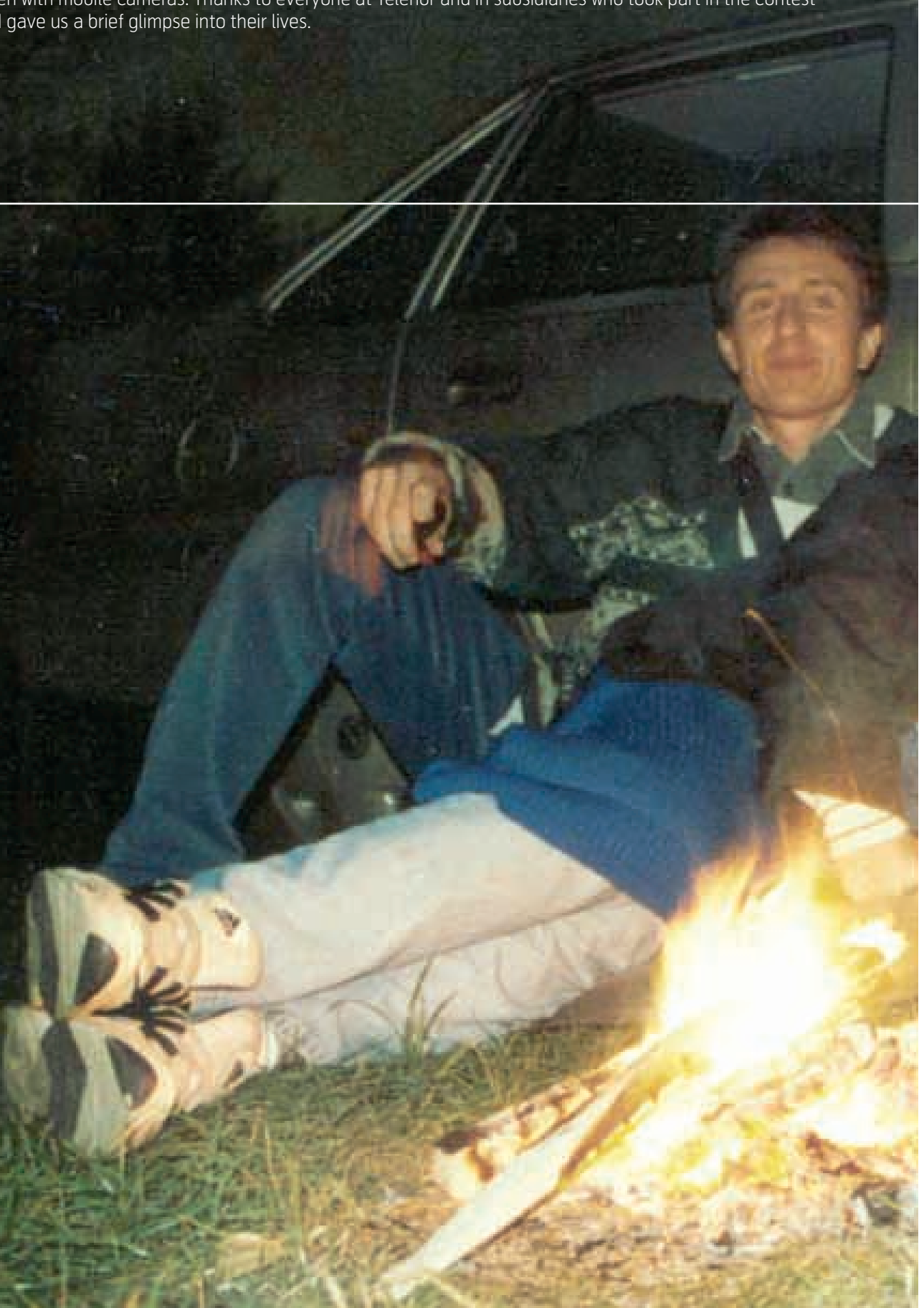
Through simplification and strategic focus Telenor will develop its strong international position.



Photo Messaging (MMS) generates an increasing part of Telenor's total mobile traffic. Employees in the Telenor family have drawn attention to this new way of communicating by submitting their digital images to our photo contest. Employees from all corners of the world participated, and the best photos now appear in Telenor's Annual Report 2003.

The photos have a spontaneous look, and the technical quality will vary, as most of them were taken with mobile cameras. In the photos you will see employees' friends, family members, colleagues, leisure activities or scenes from their work. The photos of the Telenor Group Management and Board of Directors were also taken with mobile cameras. Thanks to everyone at Telenor and in subsidiaries who took part in the contest and gave us a brief glimpse into their lives.

Photo cover: Oddvar Hesjedal, Telenor, Norway Photo this page: Dirmitsky Dmitry, Kyivstar GSM, Ukraine



KEY FIGURES

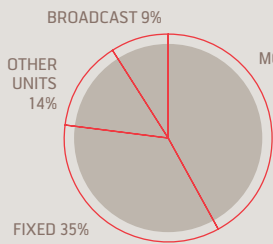
NOK in millions except net income per share

PROFIT AND LOSS	2003	2002	2001	2000	1999
Revenues	52,889	48,668	40,604	36,530	32,784
Gains on disposal of fixed assets and operations	232	158	5,436	1,042	783
Total revenues	53,121	48,826	46,040	37,572	33,567
Operating expenses	45,561	49,146	42,863	33,943	29,565
Operating profit (loss)	7,560	(320)	3,177	3,629	4,002
Associated companies	1,231	(2,450)	8,237	(692)	(1,239)
Net income (loss)	4,560	(4,298)	7,079	1,076	2,035
Net income (loss) per share in NOK – basic	2.57	(2.42)	3.99	0.75	1.45
US GAAP					
Revenues	52,826	47,879	40,581	36,481	32,716
Net income (loss)	5,036	(3,658)	7,004	1,082	2,188
Net income (loss) per share in NOK – basic	2.84	(2.06)	3.95	0.76	1.56
BALANCE AT 31 DECEMBER					
Total fixed assets	68,346	74,162	66,095	80,881	37,617
Total current assets	17,764	15,296	16,528	12,804	10,409
Total assets	86,110	89,458	82,623	93,685	48,026
Shareholder's equity	37,237	33,685	42,144	35,474	20,033
Minority interests	3,646	3,603	3,539	2,706	1,232
Total equity and minority interests	40,883	37,288	45,683	38,180	21,265
Total long-term liabilities and provisions	27,775	30,454	19,646	42,908	15,962
Total short-term liabilities	17,452	21,716	17,294	12,597	10,799
Total liabilities	45,227	52,170	36,940	55,505	26,761
Total liabilities	86,110	89,458	82,623	93,685	48,026
US GAAP					
Total assets	101,088	97,511	90,129	99,776	53,787
Total long-term interest-bearing liabilities	34,782	33,957	24,758	46,972	19,252
Shareholder's equity	42,535	35,799	42,944	36,304	21,035
CASH FLOW AND OTHER KEY FIGURES					
Net cash flow from operating activities	13,676	12,858	6,993	5,915	7,052
Net cash flow from investment activities	(3,454)	(21,727)	20,891	(47,308)	(8,887)
Net cash flow from financing activities	(7,887)	8,641	(24,366)	41,558	2,914
Investments:					
– Capex ¹⁾	6,454	8,889	11,634	10,421	6,415
– Investments in activities ²⁾	563	12,411	7,212	40,251	6,755
EBITDA ³⁾	18,302	13,469	14,250	9,563	9,049

¹⁾ Capex is investments in tangible and intangible assets

²⁾ Consists of acquisitions of shares and participations including acquisition of subsidiaries and businesses not organized as separate companies

³⁾ Operating profit before depreciation, amortization and write-downs



DISTRIBUTION EXTERNAL REVENUES 2003

NORDIC COUNTRIES

NORWAY
TELENOR MOBIL
FIXED
BROADCAST
OTHER UNITS

- EDB BUSINESS PARTNER (51.8%)
- SATELLITE SERVICES
- SATELLITE NETWORKS
- TELESERVICE
- BRAVIDA (47.1%)
- APR MEDIEHOLDING (44.8%)

SWEDEN
TELENOR MOBILE SVERIGE
TELENOR AB/UTFORS
BROADCAST (CANAL DIGITAL)
BRAVIDA (47.1%)
GLOCALNETT (37.0%)

DENMARK
SONOFON
BROADCAST (CANAL DIGITAL)
BRAVIDA (47.1%)

FINLAND
BROADCAST (CANAL DIGITAL)

EUROPE

HUNGARY
PANNON GSM

UKRAINE
KYIVSTAR G.S.M. JSC (55.35%)

RUSSIA
VIMPELCOM/VIMPEL-REGION (29.9%)
GOLDEN TELECOM (20.4%)

AUSTRIA
ONE (17.5%)

MONTENEGRO
PROMONTE GSM (44.1%)

ASIA/PACIFIC

MALAYSIA
DIGI.COM (61.0%)

BANGLADESH
GRAMEENPHONE (51.0%)

THAILAND
DTAC (40.3%)*

USA
WIRELESS MATRIX CORPORATION (25.3%)

* Includes Telenor's direct ownership in DTAC and Telenor's indirect ownership through Telenor's ownership in UCOM

During 2003, the international mobile portfolio has grown still more central to Telenor's total business operation. At the same time, a targeted effort is made to retain the strong position in the home market.



CONTENT:

This is Telenor	2
Goals, vision and values	3
Telenor in 2003	4
CEO Jon Fredrik Baksaas	6
Strength in Norway	8
Strategies for international growth	10
A commitment to growth markets	12
In pursuit of synergies and renewal	14

Analytical information	16
Information to shareholders	20
Social responsibility	22
Corporate governance	24
Group management	28
Business area – Mobile	30
Business area – Fixed	34
Business area – Broadcast	36
Other units	38

Report of the Board of Directors	40
Financial Review	48
Accounts Telenor Group	76
Accounts Telenor ASA	128
Auditor's report	141
Glossary	142
Elected officers and management	143

THIS IS TELENOR

Telenor is the largest provider of telecommunications services in Norway, and has substantial international mobile operations. Continued development of Telenor's mobile operations is essential to the Group's positioning as an international player in the telecommunications industry.

- Telenor was listed on Oslo Stock Exchange and Nasdaq on 4 December 2000.
- At the end of 2003, Telenor had 55,234 shareholders, whereof foreign investors owned 22.6% of the total shareholding. The Norwegian State is the largest single owner, holding 62.6% of the shares.
- Telenor's market value as at 31 December 2003 was NOK 78.5 billion – the third largest company listed on Oslo Stock Exchange.
- At the end of 2003, the Group had 20,190 employees, 12,706 of whom were employed in Norway.

MOBILE



Photo: Morten Lundal, Telenor, Norway

Mobile is Telenor's business area for development and management of mobile services within voice, data, Internet and content services in Norway and internationally.

Telenor Mobile has ownership interests in 12 mobile operations and is geographically concentrated in selected countries in Europe and South East Asia. In 2003, 42% of Telenor's external revenues were derived from the mobile operations.

Telenor Mobile's international commitments are based on Telenor's acquired experience and skills, and on products and services developed in the Norwegian market. The creation of synergies between the mobile operations, and preparations for further industrialisation will be central to Telenor's future strategy.

FIXED



Photo: Vidar Østmo, Telenor, Norway

Fixed is Telenor's business area for development, management and supply of communications solutions based on the fixed network.

In 2003, 35% of Telenor's external revenues were derived from its fixed network operations. Norway is the main point for this activity and contributes approximately 90% of the revenues generated in this business area.

Telenor has fixed network operations in Norway, Sweden, the Czech Republic and Slovakia. As of 2003, the Group's activities in Russia are run through an associated company.

BROADCAST

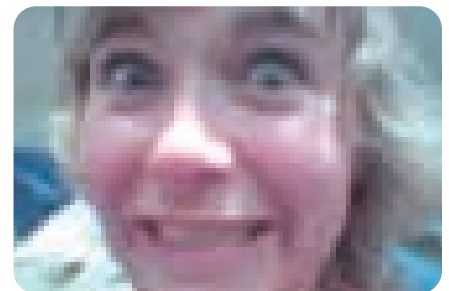


Photo: Kathrine Kleiven, Telenor, Norway

Broadcast is Telenor's business area for TV-distribution via cable and satellite.

In 2003, 9% of Telenor's external revenues were derived from its TV distribution activities. Broadcast is the largest provider of TV services to the residential market in the Nordic region, both via cable and satellite.

Telenor operates the Norwegian terrestrial network for radio and TV broadcasting and is the leading provider of satellite transmission to the Nordic region via three geostationary satellites.

GOALS, VISION AND VALUES

GOALS

Telenor's main goal is to create value for shareholders through the serving of customers, employees, partners and the general public interest.

In a long-term perspective, a strong market and customer focus, as well as a strong commitment to our employees and to society, will provide the best platform for creating incremental value.

Values shall be created through profitable and robust growth. Such growth shall be based on the development of solutions that simplify the use of, and strengthen the usefulness of, advanced communications technology. Telenor shall contribute to give customers greater freedom of choice and more options. Telenor's solutions shall simplify people's workday, make businesses and activities more efficient, and increase their competitive powers.

VISION

Telenor's vision is:

Telenor – ideas that simplify

Telenor shall be a driving force in renewing, developing and introducing new solutions that simplify our customers' workday. Telenor's vision is demanding, setting an ambitious goal for the organisation and its individual employees. Renewal and simplification of our own structures and routines is a prerequisite for attaining competitive power and added value.

VALUES

Telenor's three core values shall be at the heart of and governing the conduct of our employees – internally and externally:

Dynamic

Being dynamic means having insight and active involvement, coupled with a capacity for implementation

Innovative

Being innovative means continuously being on the lookout for new opportunities for development and growth

Responsible

Being responsible means raising realistic expectations, deliver as promised and stay committed to the society which our group is part of.

TELENOR IN 2003

Telenor's position in the home market for fixed and mobile services is strong. Telenor has solid international growth through a continued commitment to emerging markets, and synergies are created between activities in the Group. Telenor is also the leading supplier of TV services in the Nordic region, both via cable and satellite.



French football supporters celebrate victory. Place de Ville in Paris. France.

Photo: Oddvar Hesjedal, Telenor, Norway

Q1

In February, Telenor Mobil – Norway entered into an agreement with Visa in Norway for payment via the mobile phone. The agreement will enable subscribers to use their Visa cards as means of payment via mobile commerce.

Q2

In April, Telenor disposed of 9% of the shares in the Greek mobile operator Cosmote – with a NOK 1.5 billion gain before taxes. On 26 February 2004, Telenor entered into an agreement to sell its remaining shares in Cosmote for approximately NOK 3.1 billion, which will result in a gain before taxes of approximately NOK 2.6 billion in 2004.

In April, Telenor entered into an agreement with Norway's National Office for Social Insurance for an including working life that involves 10,000 Telenor employees in Norway. The aim of the agreement is to reduce sickness absence and to raise the average retirement age.

In May, Telenor Mobil – Norway simplified its pricing system and reduced its SMS and call rates. Telenor Mobil also launched a new "young at heart" subscription under the brand djuice® , replacing previous OYO subscriptions.

The towering shadow of Mount Kinabalu (4,093 m). Malaysia.



Photo: Liew Chie Bing, DiGi, Malaysia

Sonofon fills the night sky over Aalborg, Denmark.



Photo: Sonja Borg Andersen, Sonofon, Denmark

Enjoying a sleigh ride.



Photo: Timea Tallóné Szathmáry, Pannon GSM, Hungary

Q3

In July, the Kingdom of Norway reduced its ownership in Telenor from 77.6% to 62.6%. In March 2004 the Kingdom of Norway further reduced its ownership in Telenor. As of 30 March 2004, the share was 53.2%.

In July, Telenor entered into an agreement to provide wireless Internet at Statoil's 300 service stations in Norway. Statoil's chain of service stations is the first in Europe to offer its customers wireless Internet access.

In August, Telenor purchased the remaining 25% of the shares in telecommunications provider Comincom/Combella in Russia.

In September, Telenor Mobil – Norway started the work of substantially increasing GSM coverage along the Norwegian coast. Many areas will see a considerable increase in the range of coverage from land as new technology is introduced at existing and new base stations.

In September, Telenor announced that it would take steps on behalf of its customers to stop the pollution of the Internet, thereby taking a position as a leading supplier of IT safety for kids, families and for the business market.

Q4

In October, Telenor entered into an agreement with the Finnish operator Elisa to supply joint data and telecommunications solutions for the two companies' customers in the Nordic region and in the Baltics.

In October, Telenor Mobil and Pannon GSM formed an alliance (Starmap Alliance) with seven other European mobile operators. The alliance shall offer seamless voice and data solutions for businesses and private customers in Europe. From 1 April 2004, the alliance was expanded to include Sonofon.

In December, Telenor sold its shares in Comincom/Combella in exchange for a 19.5 per cent ownership share in Golden Telecom – a Russian stock-listed provider of voice and broadband services to business customers. As at 31 December 2003, Telenor's ownership share in Golden Telecom was 20.4%.

In December, Telenor entered into an agreement with BellSouth for Telenor's acquisition of the remaining 46.5 per cent of the shares in Danish mobile operator Sonofon at a price of DKK 3.050 million. The transaction was completed on 12 February 2004.

Telenor's customers in Norway sent 14.5 million MMS messages in 2003. A total of 1.6 million new mobile handsets were sold in Norway in 2003, and a majority of these were equipped with MMS functionalities.

For more news see Telenor's press release archive for 2003: http://press.telenor.com/press_archives_eng.html

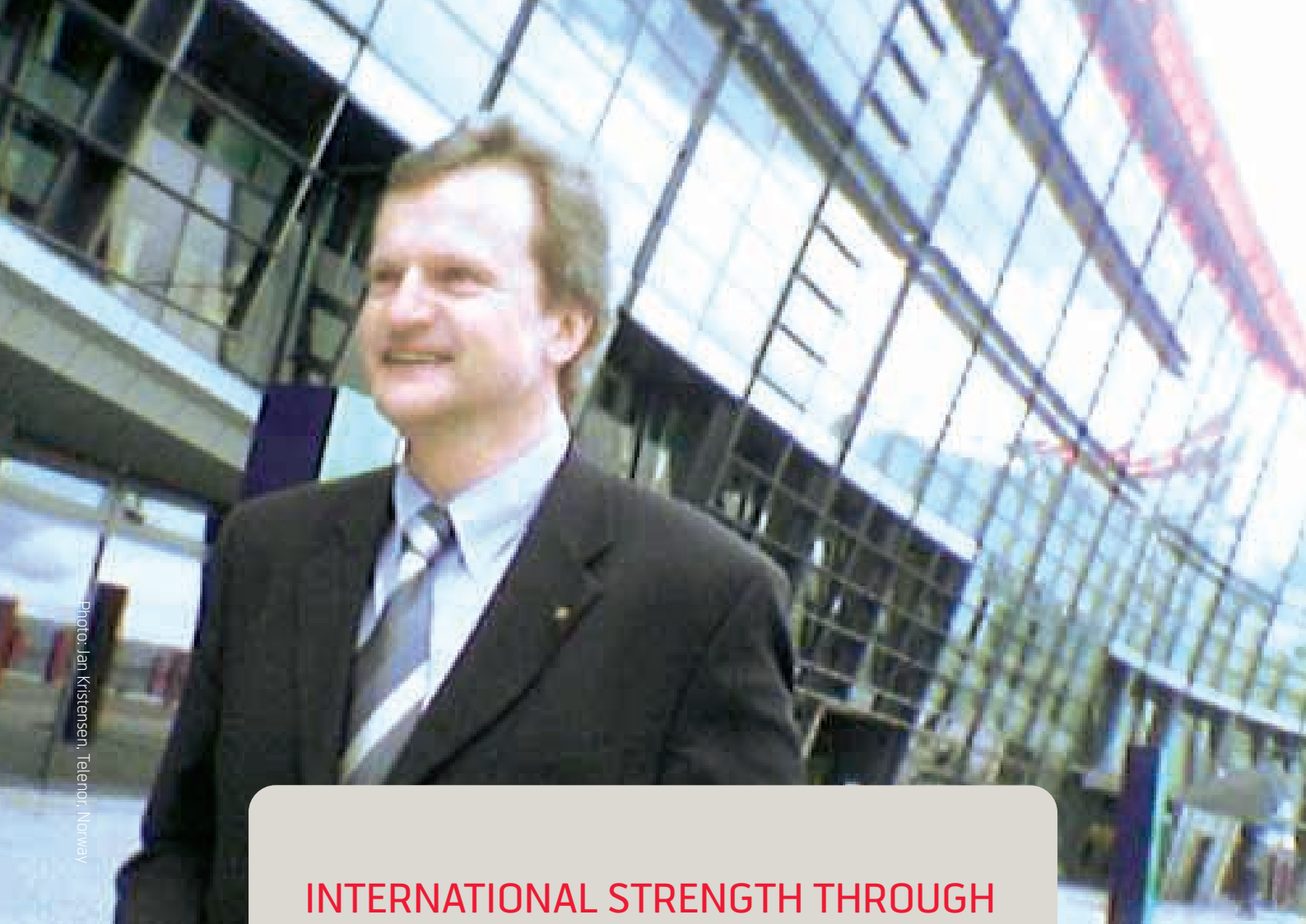
A photograph of a man in a dark suit, light blue shirt, and grey tie, smiling and looking slightly to the right. He is standing in front of a modern building with a glass facade. The building's structure is visible, with a grid of windows and a prominent red architectural element on the right side. The lighting is bright, suggesting an outdoor setting.

Photo: Jan Kristensen, Telenor, Norway

**INTERNATIONAL STRENGTH THROUGH
SIMPLIFICATION**

Telenor's vision is "Telenor - Ideas that simplify". Simplification is in demand in an increasingly complex world, and a simplified Telenor enhances our strength in a demanding home market as well as in our rapidly growing international activities.

Jon Fredrik Baksaas
CEO

Our industry is characterised by clear developments that we need to address and utilise to the optimal benefit of the Group: The largest potential for growth is in mobile communications. The competition for customers is hardening in the more mature markets, and the competition in telecommunications now resembles what has characterised the consumer goods industry for years. We still see growth in emerging markets, and it is important that Telenor is organised and directed to meet challenges in markets of different levels of maturity. The financial results to which the Group can refer – over years, but mainly during the last year – testify to the success of our strategic choices and the implementation of them.

When I, in the summer of 2002, took over as CEO of Telenor, we immediately started the job of bringing the various operations of Telenor closer together. Simplification along these lines presented clear financial improvements. Equally important was the strengthening of Telenor's commitment to our customers and the involvement of all of Telenor in improving customer-satisfaction levels. In the future, we will further continue the simplification of Telenor's services and our strong commitment to our mobile activities. This will be based on three strategic pillars: A strengthening of the domestic market, international growth, and the pursuit of synergies and continuous renewal. The following pages of our Annual Report set out in greater detail what we aim at.

I want to highlight the main operational activities which will ensure our aim of creating a more simplified Telenor for customers and stakeholders alike. We will concentrate our main efforts in winning customers. This means that customer satisfaction will be given high priority in all markets which are served by Telenor. We see that some operators are able to establish a certain customer growth in a relatively short time. We also see, however, that lasting strength and customer satisfaction is coming only to those thinking long-term in their customer relations.

The telecommunications industry has traditionally been closely tied in with technological innovation, and we must all the time remain in the vanguard of technological development. It should be noted, however, that technological know-how is no longer the only requisite for a company like Telenor, wishing to be a leader in launching new products and services. It is essential that innovation be at the core of all activities that are vital to our customers. Here, the telecommunications sector has much to learn from industries that have been exposed to competition over longer periods of time.

Equally important is that we run our operations efficiently. In 2002, we introduced our programme for operational efficiency Delta4, with the aim of reducing our cost base from 2001 by NOK 4 billion within 2004. Being

ahead of this substantial cost-efficiency schedule, we estimate that we, within the same time horizon, will be able to reduce our cost base by an additional NOK 0.5 billion before the expire of the year. It is even more important that we, through this programme, have established a permanent system for efficiency and a new awareness of our application of resources.

Additional to our focus on strategy and operative strength, our value-based management will have priority in order to take Telenor into the future. Our employees' job-satisfaction shall be furthered through good leadership. Internal surveys show that employee-satisfaction levels are high, but we will still maintain and further develop our performance on these levels. We have therefore presented our managers with binding leadership expectations for the future, and introduced a leadership development programme to secure continuous development of our management.

Strategic focus, operative strength and a value-based leadership will characterise Telenor in the future. We want our customers to feel this. To me, customer satisfaction will be the most important yardstick in an international group such as Telenor. This is the platform for our continued development – a platform that will be built through creating a simpler Telenor.

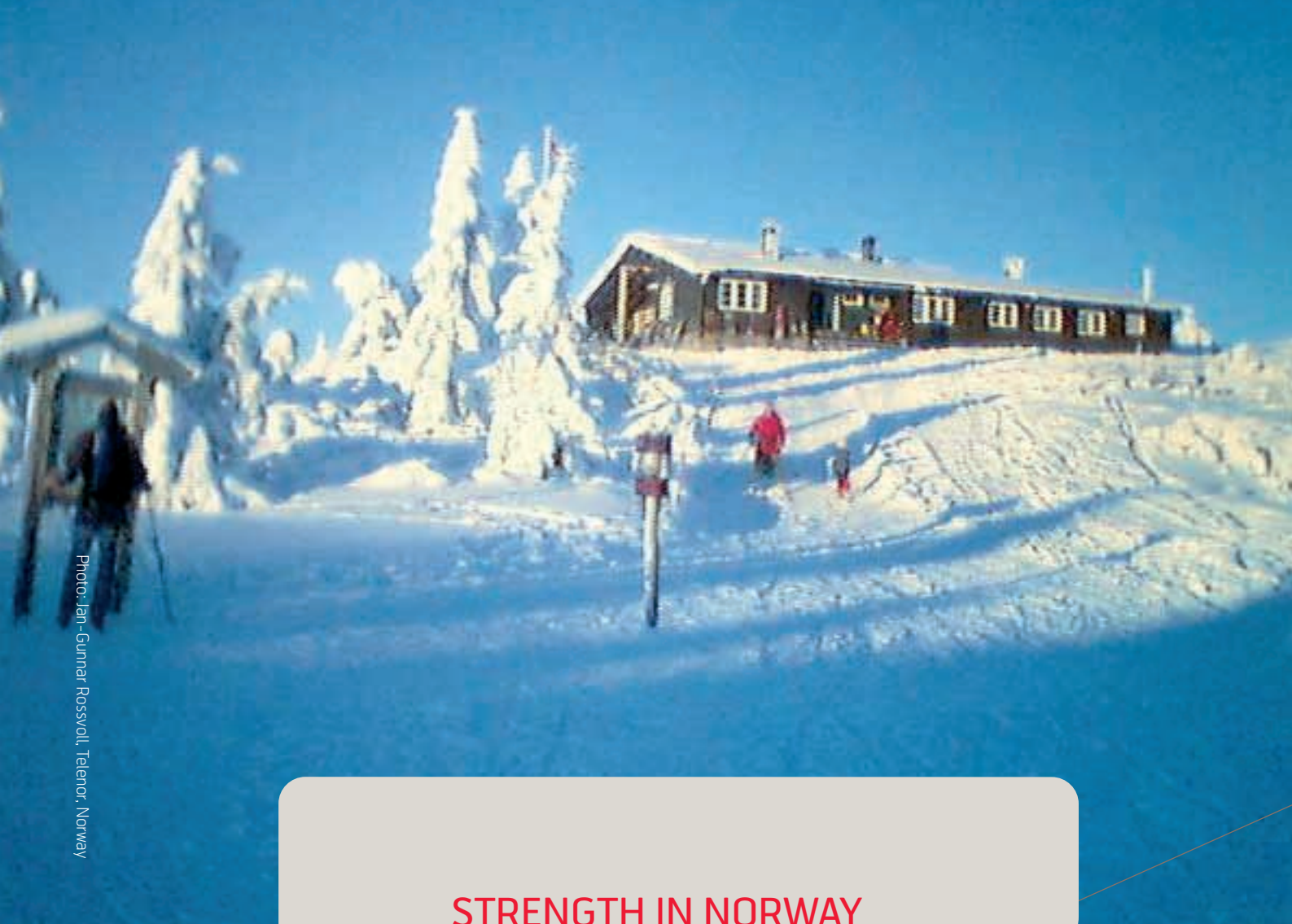


Photo: Jan-Gunnar Fossvoll, Telenor, Norway

STRENGTH IN NORWAY



Photo: Halvard Henriksen, Telenor, Norway

RETAINING A STRONG POSITION

Telenor's home market is technologically advanced. There is high penetration within all forms of communication, and customers are taking advantage of new solutions. Competition is fierce. It is easy to change provider. For Telenor, it is important to retain its position in this demanding market.



Photo: Vidar Østmo, Telenor, Norway

Telenor has managed to maintain high market shares in its home market despite an early deregulation of telecommunications services in Norway. The company is a market leader for both mobile and fixed telephony in the home market, as well as for broadband services.

Telenor's most important method of securing its leading position is to strengthen its customer focus in order to retain existing customers and capture new ones. Telenor is streamlining its product portfolio to continue the adaptation to the demands of an advanced market. The company also aims to increase effectiveness to become less complex to the customers and to further reduce costs.

At present, Telenor's organisation is more segment-oriented in order to ensure strength in both the business and residential

markets. Sales and marketing resources are now organised with a view to meet customers' needs for services related to both mobile and fixed telephony.

Telenor will provide solutions which are adapted to the customers' requirements at any given time.

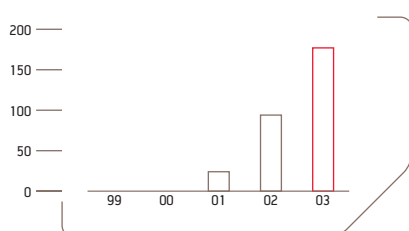
In the business market, Telenor's increased customer focus will result in:

- Further development of Norway's best qualified customer services for business customers
- A more effective service and delivery system
- IP technology and Virtual Private Networks as important supplements to established technologies
- Strengthening and developing of value-adding services
- Launching of high speed mobile services

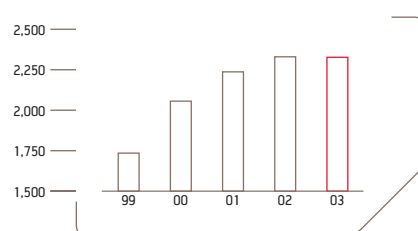
In the residential market Telenor's increased customer focus will result in:

- Further development of customer services to increase the level of service
- Strengthened sales and distribution
- Development of activities that enhance customer loyalty
- A strong commitment to the market for mobile and broadband services
- Early launch of high speed mobile services

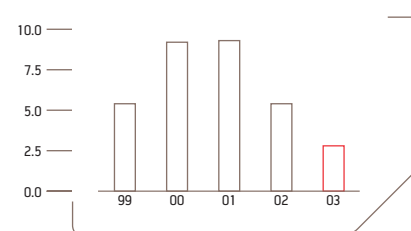
Telenor shall be seen as an efficient supplier of advanced services to demanding customers in its home market.



No. of ADSL subscriptions in Norway (in thousands)



No. of GSM subscriptions in Norway (in thousands)



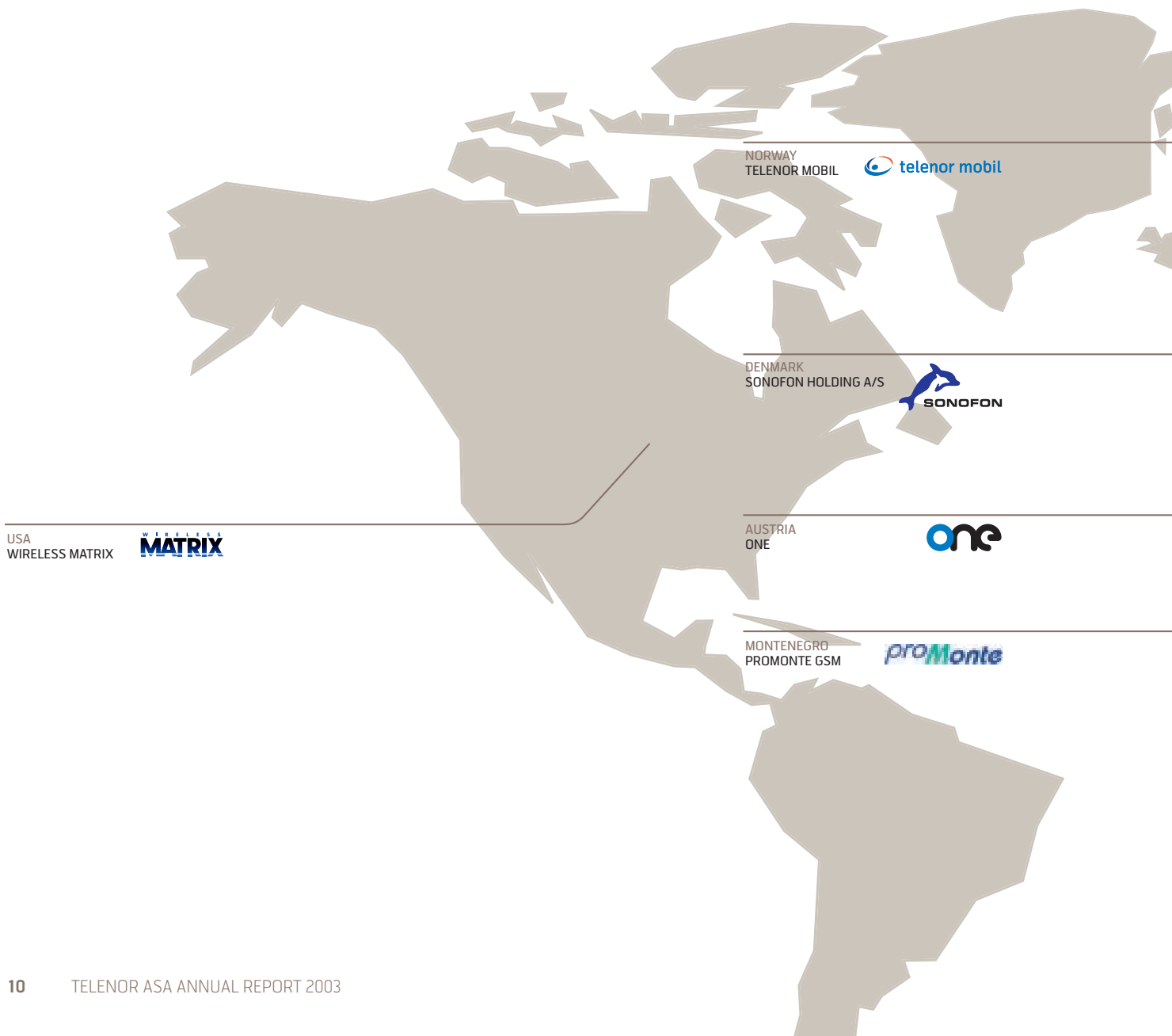
Capex in Norway (in NOK billions)

STRATEGIES FOR INTERNATIONAL GROWTH

Over the last decade, Telenor has developed its position as a mobile operator with substantial operations in 12 countries. At the end of 2003, the companies wherein Telenor has ownership interests had a total of 34.8 million mobile subscriptions. The mobile commitments outside Norway have become an increasingly important part of Telenor's activity, and contributed to 24 per cent of the Group's external revenues in 2003.

A COMMITMENT TO GROWTH MARKETS

Telenor considers its mobile operations to be the most important channel for international growth. The Group is well prepared for the emerging industrial phase of mobile communications.



NORWAY
TELENOR MOBIL



DENMARK
SONOFON HOLDING A/S



USA
WIRELESS MATRIX



AUSTRIA
ONE

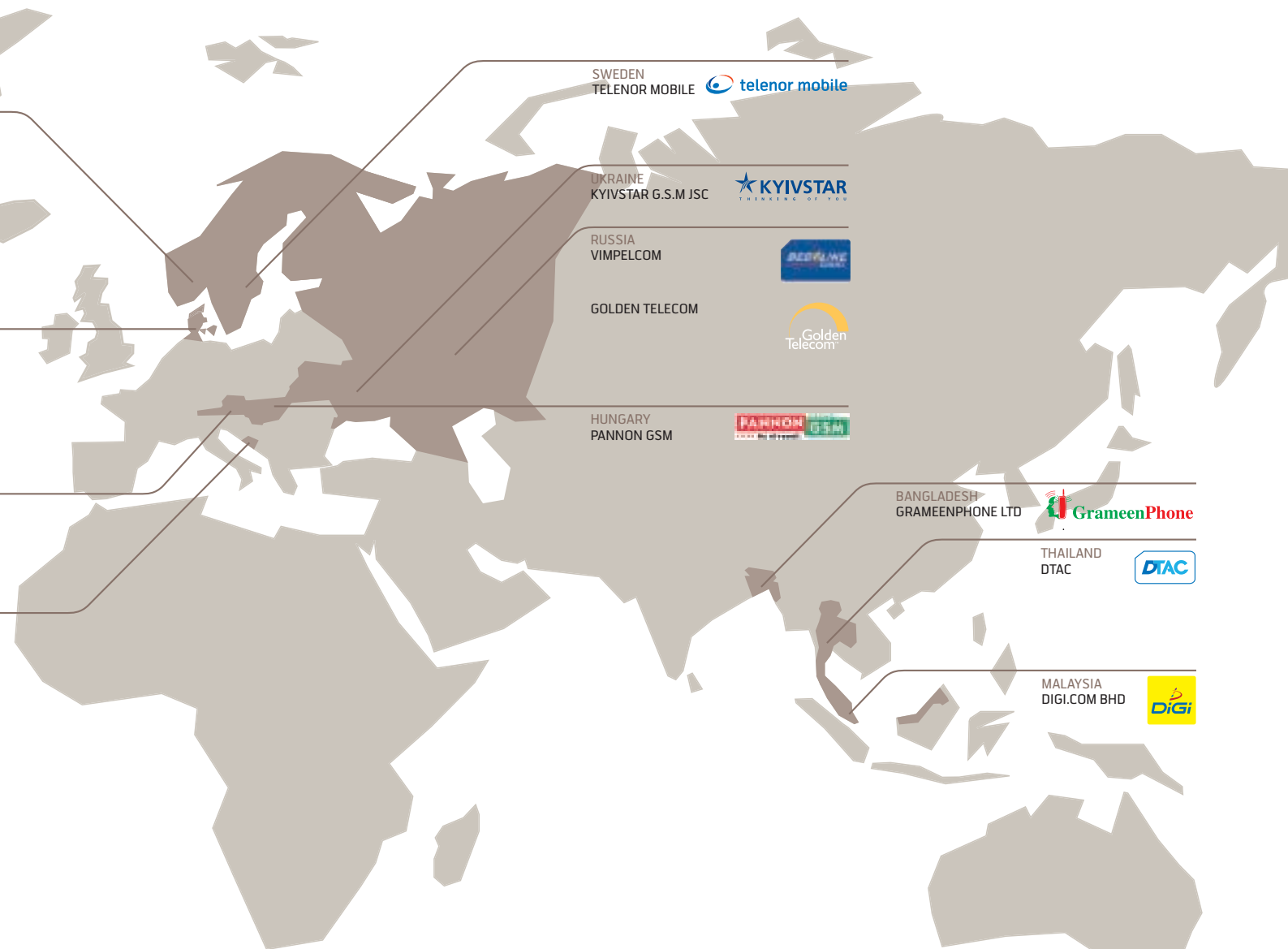


MONTENEGRO
PROMONTE GSM





IN PURSUIT OF SYNERGIES AND RENEWAL


Telenor continues to create synergies in its international mobile activities – both commercially and operationally. The acquisition of Sonofon in Denmark greatly improves Telenor’s capacity for creating synergies in the demanding Nordic market.




SWEDEN
TELENOR MOBILE 

UKRAINE
KYIVSTAR G.S.M JSC 

RUSSIA
VIMPELCOM 

GOLDEN TELECOM 

HUNGARY
PANNON GSM 

BANGLADESH
GRAMEENPHONE LTD 

THAILAND
DTAC 

MALAYSIA
DIGI.COM BHD 



Photo: Miroslava Primakova, Kyivstar, Ukraine

**A COMMITMENT TO
GROWTH MARKETS**



Photo: Ong Chau Hsi, Digi, Malaysia

THE WORLD WANTS WIRELESS COMMUNICATION

The international telecommunications industry is seeing stagnation within fixed telephony. In mature mobile markets, the growth has flattened out, but in other markets the rollout of mobile telephony is just about to start. Telenor has streamlined its commitments to this international competitive situation.

Companies owned by Telenor	Population 2002 (millions)	No. of subscriptions (millions)
Pannon (Hungary)	10.1	2.62
Digi.Com (Malaysia)	24.5	2.21
Kyivstar (Ukraine)	48.3	3.04
GrameenPhone (Bangladesh)	131.0	1.14
Telenor Mobile Sverige (Sweden)	8.9	0.01
Sonofon (Denmark)	5.4	1.11

In mature mobile markets, the growth has flattened out, whereas in other markets the rollout of mobile telephony is just starting. Telenor is streamlining its operations to this international competitive situation.

Our strategies in the GSM market have been successful. We only see the start, however, of the industrialisation in mobile telephony, which is presently the main growth area in international telecommunications. Telenor is prepared for continued growth and will continue to develop to secure further value creation in the years to come.

Control or "exit" is Telenor's strategy for its international mobile commitments. The objective is to achieve a controlling interest wherever possible. Following the acquisition of Sonofon in February 2004, Telenor now has a controlling interest in seven mobile companies outside Norway and the Group is

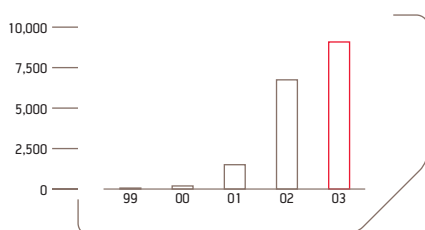
the twelfth largest GSM operator in the world. In mature markets, Telenor is concentrating on gaining a favourable market position combined with an increased cash flow. Our efforts are focused on customer orientation, establishment of new services, and synergy effects.

In growth markets, Telenor is focused on increasing its customer base combined with network development. Telenor is constantly looking for further growth opportunities and has, throughout the last decade, achieved international success by investing in emerging markets. When assessing new markets, the level of risk in the relevant country, the attractiveness of the market in question and the strength of potential local partners are all evaluated.

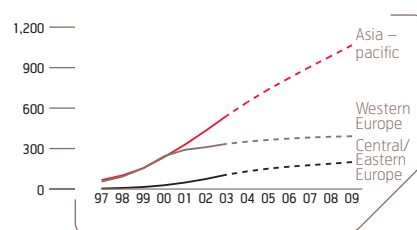
In October 2003, a new mobile alliance, the Starnap Alliance, was formed. Starnap now consists of nine members: Amena (Spain),

O2 (Germany, Great Britain and Ireland), One (Austria), Pannon GSM (Telenor's company in Hungary), Sunrise (Switzerland), Telenor Mobil (Norway) and Wind (Italy). From 1 April 2004, the alliance was expanded to include Sonofon (Denmark).

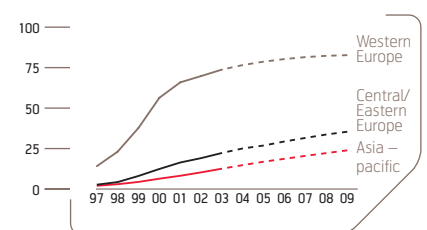
Based on the efforts the alliance has already made to overcome technical challenges and to establish commercial contracts between the operators, our customers are now benefiting from GPRS and MMS roaming. The customers have also gained access to such services as mobile message services and quick dial numbers when travelling in alliance countries. Fixed roaming rates for business customers have already been introduced in several countries. Operators in the alliance will also support a joint quality standard for services in the business market and collaborate on procurement, technology and sale to major business customers.



No. of mobile subscriptions outside Norway in consolidated companies (100% in thousands)



Actual and expected development in GSM subscriptions (in millions) (Source: Strategy Analytics, January 2004)



Actual and expected penetration (%) (Source: Strategy Analytics, January 2004)



Photo: Robert Tóth, Pannon GSM, Hungary

IN PURSUIT OF SYNERGIES AND RENEWAL

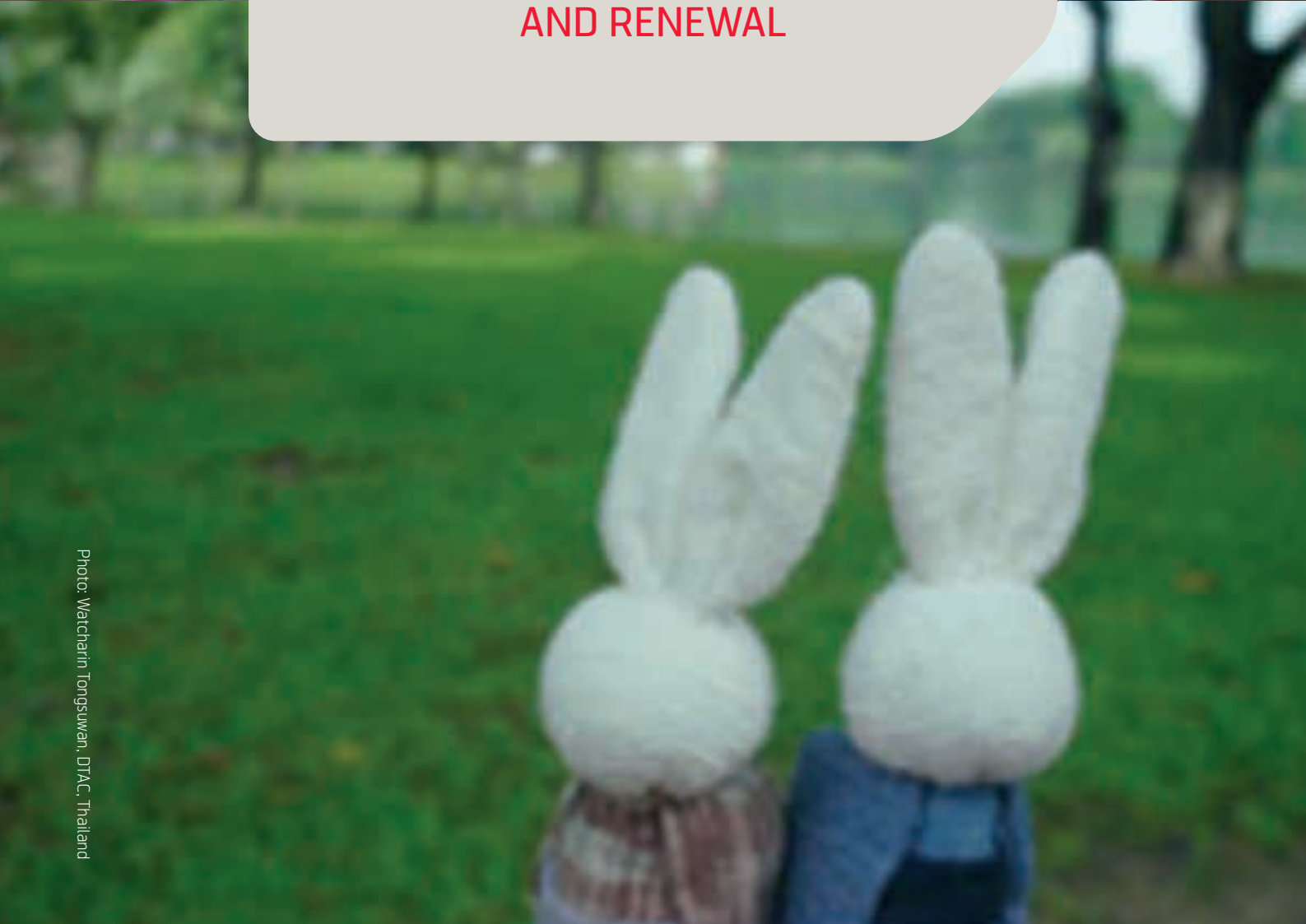


Photo: Watcharin Tongsuwan, DTAC, Thailand

LEARNING FROM EXPERIENCE

The search for synergies has been central to Telenor's international operations. Telenor has already achieved large gains through transfer of experience and joint procurement. The acquisition of Sonofon, coupled with existing activities in Norway and Sweden, allows for an intensified search for synergies in the demanding and closely integrated Nordic market.

Companies owned by Telenor	Estimated market share (%)	Penetration (%)
Pannon (Hungary)	36	79
Digi.Com (Malaysia)	20	44
Kyivstar (Ukraine)	47	14
GrameenPhone (Bangladesh)	62	1.3
Telenor Mobile Sverige (Sweden)	1	90
Sonofon (Denmark)	23	84

Through The Mobile Way programme, Telenor has developed its international mobile portfolio by means of a systematic transfer of learning and by comparison of best practice between the companies. Telenor has also sought to realise economies of scale, including negotiations on procurement contracts, and is harmonising technical infrastructure, products and branded goods between companies.

These opportunities have been further strengthened through participation in the Starmap mobile alliance.

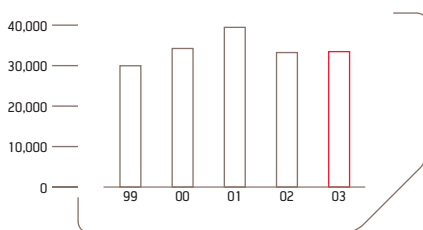
The increased competition in mature markets has highlighted the need for experience sharing between companies. Telenor's

market efforts are strengthened through so-called Fit for Fight programmes, allowing for maximum focus on the effort to satisfy customers in respect of sales and services. The transition from emerging to mature markets progresses much faster than before. Such programmes are therefore introduced at most mobile companies in an effort to retain positions and secure new opportunities.

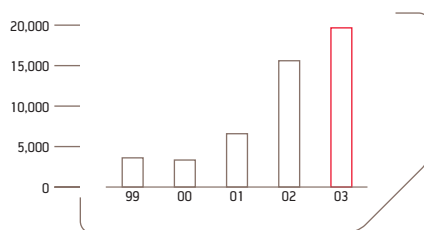
The acquisition of Sonofon creates new opportunities for synergy effects in the Nordic market when viewed together with the activities in the Norwegian home market and the mobile activities in Sweden. The aim has been to establish a Nordic mobile operation where basic functions such as management, IT and service platforms, networks

and pan-Nordic services are coordinated, while at the same time providing opportunities for economies of scale. Locally, in each of the countries, resources may be applied and adapted to local market conditions. However, there is also a growing market for pan-Nordic customers.

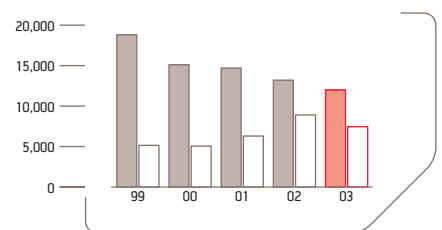
Telenor is one of the very first mobile companies in Europe to achieve such strong integration and synergy effects across national boundaries.



Revenues based on company location - in Norway (in NOK millions)



Revenues based on company location - outside Norway (in NOK millions)



No. of man-years
 ■ Norway
 □ Outside Norway

ANALYTICAL INFORMATION

NORWAY

Population (2002, in millions) ¹⁾	4.5	Inflation 2003 estimate (%) ¹⁾	2.4
Land Area (sq KM) ¹⁾	323,758	Telecom revenues (% of total GDP, 2001) ²⁾	3
Population per sq KM ¹⁾	14	Mobile revenues (% of total GDP, 2001) ²⁾	0.8
Population growth (% average 1998–2002) ¹⁾	0.6	Mobile penetration (%)	90
Population in Urban areas (2002, % of total) ¹⁾	76.1	Fixed line penetration (%)	73
GDP per head (US\$) 2003 estimate ¹⁾	47,737	TV Households (in millions)	2
GDP per head (US\$ PPP) – 2003 estimate ¹⁾	37,672	Satellite dish market share	73
Real GDP growth 2003 estimate (%) ¹⁾	0.3		

Source: ¹⁾ EIU (Economist Intelligence Unit)

²⁾ ITU (International Telecom Unit)

TELENOR MOBIL (NORWAY)	2003	2002	2001	2000	1999
No. of mobile subscriptions (NMT + GSM) (in thousands)	2,364	2,382	2,307	2,199	1,950
No. of GSM subscriptions (in thousands)	2,327	2,330	2,237	2,056	1,735
– of which prepaid (in thousands)	1,099	1,115	1,027	911	732
Traffic minutes per GSM subscription per month, generated and terminated	188	180	181	173	169
Average revenue per GSM subscription per month (ARPU):	339	346	340	338	341
No. of SMS and content messages (in millions)	1,926	1,692	1,373	902	361
Market share GSM (%)	57	61	61	66	-
Churn rates for contract subscriptions (%)	21.4	17.5	12.5	12.7	14.2

FIXED – NORWAY

Retail market					
No. of PSTN subscriptions (in thousands)	1,308	1,467	1,545	1,680	1,908
No. of ISDN subscriptions (lines in thousands)	1,682	1,828	1,766	1,590	1,228
PSTN/ISDN generated traffic (mill. minutes)	15,385	17,345	19,085	19,560	18,704
Market share of PSTN/ISDN generated traffic (%)	69	72	73	73	87
No. of internet subscriptions residential market Norway (in thousands)	1,031	960	831	625	400
– of which Frisurf (in thousands)	574	533	437	248	45
– of which ADSL (in thousands)	163	90	23	-	-
No. of ADSL subscriptions business market Norway (in thousands)	14	4	1	-	-

BROADCAST – NORWAY

Subscribers with satellite dish (in thousands)	274	261	212	171	148
Cable TV subscribers (in thousands)	382	371	360	357	282
Households in small antenna TV-networks (in thousands)	159	177	170	171	146

DENMARK

Population (2002, in millions) ¹⁾	5.4	Real GDP growth 2003 estimate (%) ¹⁾	(0.1)
Land Area (sq KM) ¹⁾	43,075	Inflation 2003 estimate (%) ¹⁾	2.3
Population per sq KM ¹⁾	125	Telecom revenues (% of total GDP, 2001) ²⁾	2.6
Population growth (% average 1998–2002) ¹⁾	0.4	Mobile revenues (% of total GDP, 2001) ²⁾	0.6
Population in Urban areas (2002, % of total) ¹⁾	85.5	Fixed line penetration (%)	69
GDP per head (US\$) 2003 estimate ¹⁾	39,104	No. of TV Households (in millions)	2.4
GDP per head (US\$ PPP) – 2003 estimate ¹⁾	30,350	Telenor market share Satellite dish	33

Source: ¹⁾ EIU (Economist Intelligence Unit)²⁾ ITU (International Telecom Unit)**SONOFON (DENMARK)**

	2003	2002	2001	2000	1999
No. of mobile subscriptions (in thousands)	1,112	-	-	-	-
– of which prepaid (in thousands)	285	-	-	-	-
Traffic minutes per GSM subscription per month, generated and terminated	149	-	-	-	-
Average revenue per GSM subscription per month (ARPU):	256	-	-	-	-
Market share GSM (%)	23	-	-	-	-
Mobile telephony penetration (%)	84	-	-	-	-

BROADCAST – DENMARK

Subscribers with satellite dish (in thousands)	109	99	84	42	18
Households in small antenna TV-networks (in thousands)	638	669	671	594	523

SWEDEN

Population (2002, in millions) ¹⁾	8.9	Real GDP growth 2003 estimate (%) ¹⁾	1.5
Land Area (sq KM) ¹⁾	449,964	Inflation 2003 estimate (%) ¹⁾	2.1
Population per sq KM ¹⁾	20	Telecom revenues (% of total GDP, 2001) ²⁾	3.3
Population growth (% average 1998–2002) ¹⁾	0.2	Mobile revenues (% of total GDP, 2001) ²⁾	0.8
Population in Urban areas (2002, % of total) ¹⁾	83.5	Fixed line penetration (%)	74
GDP per head (US\$) 2003 estimate ¹⁾	33,677	No. of TV Households (in millions)	4.3
GDP per head (US\$ PPP) – 2003 estimate ¹⁾	27,377	Telenor market share Satellite dish	50

Source: ¹⁾ EIU (Economist Intelligence Unit)²⁾ ITU (International Telecom Unit)**TELENOR MOBILE SVERIGE (SWEDEN)**

	2003	2002	2001	2000	1999
No. of mobile subscriptions (in thousands)	81	54	-	-	-
Mobile telephony penetration (%)	90	89	-	-	-

BROADCAST – SWEDEN

Subscribers with satellite dish (in thousands)	334	297	231	164	118
Cable TV subscribers (in thousands)	222	200	201	-	-
Households in small antenna TV-networks (in thousands)	251	285	337	286	275

FINLAND

Population (2002, in millions) ¹⁾	5.2	GDP per head (US\$ PPP) – 2003 estimate ¹⁾	27,554
Land Area (sq KM) ¹⁾	304,473	Real GDP growth 2003 estimate (%) ¹⁾	1.4
Population per sq KM ¹⁾	17	Inflation 2003 estimate (%) ¹⁾	0.9
Population growth (% average 1998–2002) ¹⁾	0.3	No. of TV Households (in millions)	2.2
Population in Urban areas (2002, % of total) ¹⁾	68.3	Telenor market share Satellite dish	38
GDP per head (US\$) 2003 estimate ¹⁾	31,093		

Source: ¹⁾ EIU (Economist Intelligence Unit)**BROADCAST – FINLAND**

	2003	2002	2001	2000	1999
Subscribers with satellite dish (in thousands)	46	44	42	35	26
Households in small antenna TV-networks (in thousands)	50	2	15	1	1

HUNGARY

Population (2002, in millions) ¹⁾	10.1	GDP per head (US\$ PPP) – 2003 estimate ¹⁾	14,260
Land Area (sq KM) ¹⁾	93,030	Real GDP growth 2003 estimate (%) ¹⁾	2.8
Population per sq KM ¹⁾	109	Inflation 2003 estimate (%) ¹⁾	4.7
Population growth (% average 1998–2002) ¹⁾	(-0.3)	Telecom revenues (% of total GDP, 2001) ²⁾	7.3
Population in Urban areas (2002, % of total) ¹⁾	64.5	Mobile revenues (% of total GDP, 2001) ²⁾	2.1
GDP per head (US\$) 2003 estimate ¹⁾	8,340	Fixed line penetration (%)	36

Source: ¹⁾ EIU (Economist Intelligence Unit)²⁾ ITU (International Telecom Unit)**PANNON (HUNGARY)**

	2003	2002	2001	2000	1999
No. of mobile subscriptions (in thousands)	2,618	2,450	-	-	-
– of which prepaid (in thousands)	2,023	1,910	-	-	-
Traffic minutes per GSM subscription per month, generated and terminated	111	113	-	-	-
Average revenue per GSM subscription per month (ARPU):	165	180	-	-	-
Market share GSM (%)	36	38	-	-	-
Mobile telephony penetration (%)	79	68	-	-	-

MALAYSIA

Population (2002, in millions) ¹⁾	24.5	GDP per head (US\$ PPP) – 2003 estimate ¹⁾	6,570
Land Area (sq KM) ¹⁾	330,113	Real GDP growth 2003 estimate (%) ¹⁾	4.8
Population per sq KM ¹⁾	74	Inflation 2003 estimate (%) ¹⁾	1.1
Population growth (% average 1998–2002) ¹⁾	2.5	Telecom revenues (% of total GDP, 2001) ²⁾	5.1
Population in Urban areas (2002, % of total) ¹⁾	58.7	Mobile revenues (% of total GDP, 2001) ²⁾	2.4
GDP per head (US\$) 2003 estimate ¹⁾	4,080	Fixed line penetration (%)	19

Source: ¹⁾ EIU (Economist Intelligence Unit)²⁾ ITU (International Telecom Unit)**DIGI.COM (MALAYSIA)**

	2003	2002	2001	2000	1999
No. of mobile subscriptions (100% in thousands)	2,207	1,616	1,039	-	-
– of which prepaid (100% in thousands)	2,101	1,519	902	-	-
Traffic minutes per GSM subscription per month, generated and terminated	176	189	211	-	-
Average revenue per GSM subscription per month (ARPU):	117	152	180	-	-
Market share GSM (%)	20	19	17	-	-
Mobile telephony penetration (%)	44	36	31	-	-

UKRAINE

Population (2002, in millions) ¹⁾	48.3	GDP per head (US\$ PPP) – 2003 estimate ¹⁾	5,190
Land Area (sq KM) ¹⁾	603,700	Real GDP growth 2003 estimate (%) ¹⁾	7.8
Population per sq KM ¹⁾	80	Inflation 2003 estimate (%) ¹⁾	5.2
Population growth (% average 1998–2002) ¹⁾	(-0.8)	Telecom revenues (% of total GDP, 2001) ²⁾	4.1
Population in Urban areas (2002, % of total) ¹⁾	68	Mobile revenues (% of total GDP, 2001) ²⁾	1.3
GDP per head (US\$) 2003 estimate ¹⁾	1,030	Fixed line penetration (%)	22

Source: ¹⁾ EIU (Economist Intelligence Unit)

²⁾ ITU (International Telecom Unit)

KYIVSTAR (UKRAINE)	2003	2002	2001	2000	1999
No. of mobile subscriptions (100% in thousands)	3,037	1,856	-	-	-
– of which prepaid (100% in thousands)	2,503	1,472	-	-	-
Traffic minutes per GSM subscription per month, generated and terminated	57	49	-	-	-
Average revenue per GSM subscription per month (ARPU):	94	107	-	-	-
Market share GSM (%)	47	49	-	-	-
Mobile telephony penetration (%)	14	8	-	-	-

BANGLADESH

Population (2002, in millions) ¹⁾	131	GDP per head (US\$ PPP) – 2003 estimate ¹⁾	1,490
Land Area (sq KM) ¹⁾	147,570	Real GDP growth 2003 estimate (%) ¹⁾	5.3
Population per sq KM ¹⁾	888	Inflation 2003 estimate (%) ¹⁾	5.4
Population growth (% average 1998–2002) ¹⁾	1.4	Telecom revenues (% of total GDP, 2001) ²⁾	0.7
Population in Urban areas (2002, % of total) ¹⁾	23.4	Mobile revenues (% of total GDP, 2001) ²⁾	0.2
GDP per head (US\$) 2003 estimate ¹⁾	360	Fixed line penetration (%)	0.5

Kilde: ¹⁾ EIU (Economist Intelligence Unit)

²⁾ ITU (International Telecom Unit)

GRAMEEN PHONE (BANGLADESH)	2003	2002	2001	2000	1999
No. of mobile subscriptions (100% in thousands)	1,141	769	464	191	61
– of which prepaid (100% in thousands)	899	563	279	49	6
Traffic minutes per GSM subscription per month, generated and terminated	317	298	316	256	-
Average revenue per GSM subscription per month (ARPU):	136	172	190	260	-
Market share GSM (%)	62	69	70	69	-
Mobile telephony penetration (%)	1.3	0.9	0.5	0.2	-

INFORMATION TO SHAREHOLDERS

Telenor seeks to have a close and trusting relationship with its shareholders. Through substantial information via several channels the stock market shall be kept informed of significant developments in the Group.

SHAREHOLDER POLICY

Telenor's long-term primary objective is to give its shareholders a return on their investment that is at least equal to alternative investments with a comparable risk profile. The return shall be made in the form of a cash dividend in addition to the added value of the shares. The Telenor share shall appear as a liquid and attractive investment opportunity.

OWNERSHIP STRUCTURE

At year-end 2003, Telenor had 55,234 shareholders. Of these, 53,234 were private shareholders. Non-Norwegian investors (not holding Norwegian citizenship) owned approximately 22.6% of the total stock. There has been a significant increase in foreign ownership, which was 9.4% at year-end 2002. The Norwegian State, through the Ministry of Trade and Industry, is the largest single owner with 62.6% of the shares. In March 2004 the Kingdom of Norway further reduced its ownership in Telenor As of 30 March 2004, the share was 53.2%.

AUTHORISATION TO ISSUE NEW SHARES

Until 1 July 2004, the Board of Directors is authorised to increase the share capital with an amount up to NOK 1,065,193,800, through issuance of up to 177,532,300 shares. The Board may waive the pre-emptive rights of shareholders to such shares. From these shares, 471,504 new shares were issued as part of the Share Programme for employees in December 2003.

SHARE PROGRAMME FOR EMPLOYEES

To encourage long-term shareholding among Telenor employees, all permanent employees in Telenor ASA and in Norwegian subsidiaries in which Telenor ASA's ownership share directly or indirectly is greater than 90%, were given the opportunity to buy shares, with a 20% cash discount, for up to NOK 7,500. Should the average share price during the last 30 days of trade, up to and including 15 December 2004 (share

quotation NOK 46.02), be at least 12% higher than a corresponding average price during the last 30 days of trade up to and including 15 December 2003 (share quotation NOK 41.09), those having subscribed for shares on the terms of this offer will be allocated "profit bonus shares" for NOK 2,500, provided, however, that they still hold the allocated shares and are still permanent employees of Telenor.

Around 25% of the employees who were offered shares took advantage of the offer. They were allocated 176 shares each at a price of NOK 42.40 per share, which was the closing price on 15 December 2003. After taking account of the discount, the effective price is NOK 33.92 per share.

On 16 December 2003, 2,095 of the employees having taken part in the share programme for employees in 2002 were each allocated 59 bonus shares.

SHARE CAPITAL AND TREASURY

As of 31 December 2003, Telenor ASA had a share capital of NOK 10.8 billion, divided into 1,804,021,281 shares, each with a nominal value of NOK 6. The Group holds 28,103,172 shares. As part of the stock dividend issue decided at the General Meeting of 10 November 2000, Telenor received 30 million shares to be allocated as bonus shares to private individuals who bought shares in connection with the stock exchange introduction in December 2000. 1,896,828 bonus shares were allocated on 4 December 2001 to those private individuals who still held the shares they were allocated at the time of the stock exchange introduction, with one bonus share for every tenth share held. At the General Meeting in May 2001, the company was authorised to dispose of any remaining shares in a manner decided by the Board.

DIVIDENDS

On the basis of Telenor's financial situation

and expected capital requirements, the Board of Directors has decided that Telenor's objective is to distribute a dividend to its shareholders which is equal to 40-60% of normalised annual profits, and that the Group will be aiming for a relatively even annual growth in the ordinary dividend per share. The Board of Directors proposes that a dividend of NOK 1 per share be distributed for 2003.

Such dividend as will be determined at the General Meeting will be paid on 25 May 2004 to the shareholders on the date of the General Meeting. The shares will be traded exclusive of dividends on the Oslo Stock Exchange from Friday 7 May 2004.

Telenor has also established a programme for repurchase of own shares, authorised by Telenor's General Meeting of 8 May 2003. Up to 19 March 2004, the Group has purchased 12,810,000 shares in the market. The Norwegian State, which is Telenor's largest owner, has undertaken to participate in the programme by cancelling a proportionate share of its own shareholding for the purpose of keeping its ownership share unchanged.

At the next General Meeting on 6 May 2004, the Board of Directors will propose that a new authorisation to repurchase own shares be given.

SHARE PRICE PERFORMANCE

At the outset of 2003, the Telenor share was quoted at NOK 27.00. The highest quotation during the year was NOK 44.50, and the lowest was NOK 22.80. At year-end, the quotation price was NOK 43.50 and the price quoted on Nasdaq was USD 19.550 per ADR (each ADR corresponds to 3 shares). The market value as at 31 December 2003 was NOK 78.5 billion, which makes Telenor ASA the third largest company quoted on the Oslo Stock Exchange.

DISTRIBUTION OF SHARES AS OF 31.12.03

Interval	Number of shareholders	Share of all shareholders	Number of shares	Ownership share
1-1,000	47,785	86.5%	18,826,971	1.0%
1,001-1,00,000	7,066	12.8%	41,390,989	2.3%
100,001-1,000,000	279	0.5%	103,896,465	5.8%
1,000,001-10,000,000	92	0.2%	250,024,388	13.9%
10,000,001-1,129,842,400	12	0.0%	1,389,882,468	77.0%
Total	55,234	100.0%	1,804,021,281	100.0%

TRADE

The Telenor share is listed on the Oslo Stock Exchange under the ticker code TEL. The share is also listed on Nasdaq in the US under the ticker code TELN, where it is traded through Telenor's ADR programme. One ADR share corresponds to three Norwegian shares. The custodian bank is Morgan Guaranty Trust Company of New York.

In 2003, 1.9 billion Telenor shares at a total value of NOK 62.4 billion were traded on the Oslo Stock Exchange. The average trading volume for Telenor shares on the Oslo Stock Exchange for the year was 7.6 million shares per day of trading. A round lot for the Telenor share on the Oslo Stock Exchange is 200 shares.

VOTING RIGHTS AND OWNERSHIP

Telenor has one class of shares and each share carries one vote. The Group does not have any ownership restrictions beyond those stipulated in the Norwegian concession laws. The Norwegian Public Limited Companies Act regulates the exercising of shareholder rights. Pursuant to Norwegian law, only shares registered in the owner's name can be used for voting. Voting rights can be exercised no earlier than two weeks after the shareholding has been reported to the Norwegian Central Securities Depository (VPS).

INFORMATION TO THE STOCK MARKET

Contact with the Norwegian and international stock markets has high priority at Telenor, and the company wishes to have an open dialogue with its shareholders and other players in the stock market. The reason being that the financial markets at any given time shall have sufficient information about the company in order to form the basis for an accurate share valuation. Information that may be important to shareholders and other players in the Norwegian and international markets is provided in the form of notices to the Oslo Stock Exchange and through press releases. Telenor presents its results at its headquarters at Fornebu outside Oslo every quarter. In addition, regular meetings are held with investors in Europe and in the US. Leading stockbrokers in Norway and abroad closely monitor Telenor's activities.

RISK ADJUSTMENT

In accordance with Norwegian tax regulations, such shareholders as are subject to taxation in Norway must, when calculating sales gains, make a downward or upward adjustment of the cost price of the shares with a "RISK" amount (adjustment of original cost of shares

by taxed profits). The RISK amount is calculated annually based on the change in Telenor's retained, assessed capital, divided by the number of issued Telenor shares. The RISK amount for 2002 was NOK - 0.38 per share, and the preliminary corresponding figure for 2003 has been calculated at NOK -0.99 per share. The final RISK amount for 2003 will not be published until 1 January 2005. Shareholders who are not subject to taxation in Norway are not affected by the Norwegian RISK regulations.

RATING

In March 2003, Telenor was rated by Moody's at A2/P1 for long and short-term financing respectively. Also in March 2003, Telenor was rated by Standard & Poor at A-/A2 for corresponding long and short-term financing. More information – continuously updated – on shareholder related matters can be found on the Telenor IR web site: www.telenor.com/ir

20 LARGEST SHAREHOLDERS

Name of shareholder	Nominees	Number of shares		Citizenship	Ownership share
		31.12.03	31.12.03		
Nærings- og Handelsdepartementet		1,129,842,400		NOR	62.63%
State Street Bank & Trust & Co.	*	70,761,238		USA	3.92%
Folketrygdfondet		49,754,000		NOR	2.76%
Telenor ASA		28,103,172		NOR	1.56%
Morgan Stanley & Co. INC.	*	24,020,822		GBR	1.33%
Skandinaviska Enskilda Banken	*	14,169,980		SWE	0.79%
JPMorgan Chase Bank	*	14,073,624		USA	0.78%
Mellon Bank AS Agent for clients	*	13,338,152		USA	0.74%
Orkla ASA		12,000,000		NOR	0.67%
The Northern Trust Co.	*	11,911,725		GBR	0.66%
JPMorgan Chase Bank	*	11,041,411		GBR	0.61%
Deutsche Bank AG (GCS) London	*	10,865,944		ARE	0.60%
Vital Forsikring ASA		9,250,950		NOR	0.51%
Skandinaviska Enskilda Banken		8,309,893		NOR	0.46%
Mellon Bank AS Agent for Abn Amro	*	7,160,384		USA	0.40%
JPMorgan Chase Bank		7,102,500		USA	0.39%
State Street Bank & Trust & Co.	*	7,044,314		USA	0.39%
The Northern Trust Co.	*	6,900,158		GBR	0.38%
Investors Bank & Trust Company	*	6,820,259		USA	0.38%
Deutsche Bank AG	*	6,625,066		DEU	0.37%
Total		1,449,095,992			80.33%
Total other		354,925,289			19.67%
Total number of shares		1,804,021,281			100.00%
Total number of shareholders (31.12.03)		55,234			

	Number of shares	Ownership share
Private Norwegian	40,764,239	2.3%
Institutional Norwegian	1,356,337,956	75.2%
Private foreign	409,928	0.0%
Institutional foreign	406,509,158	22.5%
Total	1,804,021,281	100.0%

GEOGRAPHIC DISTRIBUTION OF FREE-FLOATING SHARES AS OF 31.12.03

Country	Number of shares	Share of free floating shares
Norway	239,157,473	37%
USA	159,264,713	25%
UK	100,468,434	15%
Europe (outside the Nordic region)	94,924,688	15%
The Nordic region (outside Norway)	33,462,591	5%
The rest of the world	18,797,810	3%
Total	646,075,709	100%

SOCIAL RESPONSIBILITY

Accountability and trust are closely related. It is essential for Telenor to maintain a trusting relationship with its customers, owners, employees and society in general. We are therefore making a consistent effort to attend to the Group's corporate social responsibilities in a comprehensive way.

SOCIAL RESPONSIBILITY AT TELENOR

Telenor's ambition is to be a leading company in the way of handling its social responsibilities and including them in its business development. Telenor's social responsibilities are founded on the Group's core values; dynamic, innovative and responsible. Telenor will be responsible in its innovation, and innovative in the way it handles its responsibility, both nationally as well as internationally. The effort to reach these objectives requires a broad approach.

Telenor's main focus in managing its social responsibilities has in 2003 been to ensure safe and positive working conditions, protect nature and the environment and exert good business practice in all parts of its operations. It is essential for Telenor that individual employees and managers make the right choices when faced with ethical dilemmas and that

they always consider Telenor's reputation when in contact with customers, authorities and the market. Telenor will be a driving force in creating, simplifying and bringing communications solutions and content solutions to the market. Innovation and business development comprises the entertaining and the useful as well as the absolutely essential. Telenor is committed to its responsibilities in respect of this development and will closely consider the environmental, social and health-related impacts of Telenor's products. In 2003, the main focus has been on Internet security, and an extensive safety campaign was launched, along with a new version of KidSurf, offering safe Internet surfing for children. To ensure the success of our strategy, Telenor has focused on building close ties with its partners. Through dialogue and cooperation, Telenor has gained a better insight into society's expectations of the Group.

TELENOR'S THREE OVERRIDING OBJECTIVES ARE:

- Telenor's customers shall be assured that the Group conducts its operations in an ethically responsible manner
- Investors with strict demands for social responsibility shall prefer Telenor
- Telenor's employees shall be proud of the way the Group is handling its social responsibilities

RANKING ON ETHICAL INDEXES

Based on evaluations of its social, ethical and environmental performance, Telenor is listed and highly ranked on prestigious international indexes. The most important of these indexes are the Dow Jones Sustainability Indexes, FTSE4Good and Storebrand's "Best in Class".



The "Dow Jones Sustainability Indexes" family follows a best-in-class approach comprising the sustainability leaders in the investable universe from each industry. Since launch, 51 licenses have been sold to asset managers in 14 countries.



The "FTSE4Good Index Series" has been designed to measure the performance of companies that meet globally recognised corporate responsibility standards, and to facilitate investment in those companies.



The "Best in Class" designation from Storebrand Investments is awarded to companies that meet the highest environmental and social standards from each industry.

Colourful culture in Dhaka. Bangladesh.



Photo: Morten Lundal, Telenor, Norway

Best Friends.

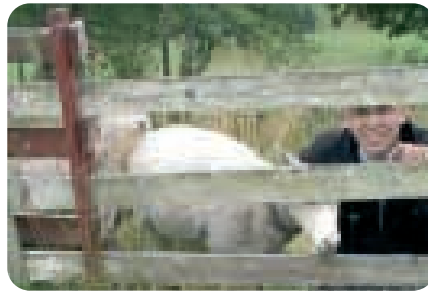


Photo: Vidar Østmo, Telenor, Norway

Children playing with water.



Photo: Farooq Shahriyar Amin, GrameenPhone, Bangladesh

IMPORTANT EVENTS IN 2003

TELENOR UPGRADED AND EXPANDED THE GROUP'S CODES OF CONDUCT

In May 2003, the Board of Directors adopted new codes of conduct for the entire Telenor Group, including international activities. These codes of conduct apply to Board members, managers, employees and hired staff at Telenor and all others acting on behalf of the Group.

The codes of conduct have been drawn up to make everyone at Telenor understand and comply with the company's standards for good business practice and ethics. It is first and foremost essential to ensure compliance with all prevailing laws in the countries where Telenor has activities. Furthermore, it is important to represent Telenor in an ethically responsible manner, thereby safeguarding Telenor's values and reputation.

AN AGREEMENT FOR AN INCLUDING WORKING LIFE

In April, Telenor entered into an agreement with the Norwegian National Office for Social Insurance to promote an including working life. The basis for the agreement is to prevent needless sickness absence and expulsion from working life. For Telenor, the agreement comprises more than 10,000 full-time employees in Norway. The strategies include extended use of active sick leave, improved routines for follow-up of employees on sick leave, better adaptation for employees with reduced functional capacities and initiatives aimed at recruiting and retaining older employees.

AGREEMENT FOR ENVIRONMENTALLY-FRIENDLY CAR PURCHASES

In 2003, Telenor signed new framework agreements for the procurement of passenger cars and delivery trucks. The framework agreements comprise delivery of up to 2,400 service and company cars. Emissions from its car fleet are a significant part of Telenor's impact on the environment. When choosing suppliers, special emphasis was therefore placed on reducing the environmental impact and on reducing emissions from the company's vehicles.

TELENOR IS FINDING NEW WAYS OF SAVING ENERGY

During the year, energy-saving measures were implemented for 72 buildings, resulting in total annual savings of 5 million kWh. Large gains have been achieved with only modest investments. The measures will continue throughout 2004. When the measures have been implemented for all buildings, an annual energy reduction of about 6% is expected compared to the current level (200 GWh). This equals annual savings of approximately NOK 6 million. In addition, it also strengthens our knowledge and awareness of efficient energy consumption.

Telenor's environmental accounts are an important element in Telenor's environmental management system. The accounts show that Telenor's energy consumption in Norway was reduced by 6.2% in 2003.

MAKING THE INTERNET SAFE FOR CHILDREN

Telenor and Save the Children have since March 2002 cooperated with regard to

making the Internet safer for children. As a part of an agreement with Telenor, Save the Children arranged a number of events in 2003 to make schoolchildren, teachers and parents more aware of the challenges related to Internet use.

A SAFER INTERNET

Telenor met new Internet safety challenges, such as virus attacks and spam, with a special safety campaign in the autumn of 2003. At the same time all customers were given an anti-virus programme at no extra charge. Telenor also launched new KidSurf, a child filter designed to give parents greater control over their children's Internet use. This was offered to customers as a free additional service with Internet subscriptions. The new KidSurf was developed in consultation with Save the Children, among others.

COOPERATION WITH THE RED CROSS TO HELP INTEGRATE REFUGEES

In 2003 Telenor took the initiative to recruit so-called refugee guides among its employees at Fornebu. The guides will help refugees get to know Norwegian culture and customs. The idea has been to prepare for mutually enriching companionship, and as far as possible, refugees and guides have been matched on the basis of age, education and shared interests. The guides commit themselves to stay in contact with the refugees for at least a nine-month period.

www.telenor.com/csr/

CORPORATE GOVERNANCE

Telenor's principles of corporate governance shall secure shareholder values, a positive and robust corporate culture and a good reputation. Telenor has clearly set out its value base through the vision "Telenor – ideas that simplify", in combination with the core values dynamic, innovative and responsible. In accordance with these core values, Telenor has devised new Codes of Conduct.

Telenor's principles of corporate governance are primarily based on the various public regulations and guidelines that Telenor is subject to. As a Norwegian and international group, Telenor is subject to Norwegian law and the legislation of the countries in which operations are carried out. Furthermore, as Telenor is listed on the Oslo Stock Exchange it is also subject to regulations relating to the stock exchange. Being listed on Nasdaq entails an obligation to uphold legislation relating to stocks and shares in the US, including the Sarbanes-Oxley Act and Nasdaq's own regulations.

The complete body of public regulations also contains more general requirements for operations, as well as a number of rules relating to good corporate governance. Special references are made to company, accounting and stock exchange regulations and guidelines that include requirements for the organisation of the operations, management principles, financial reporting, company law responsibilities and information to the market etc.

Telenor's principles of corporate governance are further inspired by the national Norwegian recommendation for good corporate governance of 11 December 2003.

Additionally, Telenor has drawn up internal regulations for corporate governance and created functions to ensure that Telenor's values and objectives are upheld in line with these principles. The internal regulations are not intended to provide exhaustive regulation of Telenor's requirements and principles of corporate governance, but to supplement the prevailing legal framework.

The external and internal regulations and guidelines combined provide Telenor with a solid foundation for the proper management of the company and for developing a positive and robust corporate culture.

EQUALITY AND TRANSFERRAL RIGHTS

All shareholders of Telenor have the same status whereby the company only has one class of share. Telenor strictly adheres to the principle of equal treatment of all shareholders. This is also reflected in Telenor's acquisitions of own shares which are carried out via the stock exchange. Telenor shares are freely transferable without any sales restrictions in the form of consent from the Board, owner restrictions or similar.

COMPANY CAPITAL AND DIVIDENDS

Telenor's objective is to create value for its owners. The company maintains a continuous focus on ensuring that the equity is adapted to the objectives, strategy and risk profile of the activities. A recent equity increase and improved cash flow have enabled Telenor to return value to the owners in the form of increased dividends and the repurchase of shares. In 2003, the Annual General Meeting (AGM) granted limited authorisation for the repurchase of shares and a share issue authorisation for a period up to the next AGM in May 2004.

ANNUAL GENERAL MEETING

The shareholders exert the highest authority in the company through the AGM. Norwegian law dictates that certain issues must be dealt with and decided by the AGM, including approval of the financial statements, annual

report, distribution of dividends, choice of auditor and the auditor's remuneration.

Telenor encourages as many shareholders as possible to take part at the AGM. The shareholders receive agenda papers for the AGM at least two weeks before the meeting is held. The deadline for registration for attending the AGM is three days before the AGM. Shareholders who are unable to attend can vote by proxy.

THE CORPORATE ASSEMBLY AND BOARD OF DIRECTORS, COMPOSITION AND INDEPENDENCE

Pursuant to Norwegian law, Telenor has a Corporate Assembly, which is a distinctly Norwegian body, and a Board of Directors.

The Corporate Assembly is mainly a supervisory body which supervises the Board's management of company business. The Corporate Assembly also has decision-making powers in limited, but important areas.

Further stipulations concerning the composition of the Corporate Assembly and of the Board are laid down by the AGM and included in the company's Articles of Association.

The Corporate Assembly has a total of 15 members who are appointed for a period of two years. The shareholders elect ten of these members, with alternates, and five are selected from and by the employees.

The Board of Directors has a total of ten members who are elected for a period of two years. Seven of these members are elected by the shareholders and three are elected

Attention from above.



Photo: Jorunn Renee Olsen, Telenor, Norway

from and by the employees. Telenor's CEO is not a member of the Board.

The Corporate Assembly and the Board shall be made up to ensure a broad representation of Telenor's shareholders. When appointing Telenor's Corporate Assembly and Board, emphasis is also placed on meeting Telenor's needs for expertise, capacity and balanced decisions. Six of the fifteen members of the Corporate Assembly and four of the ten Board members are women.

The shareholder-elected members of the Corporate Assembly and of the Board are independent of the company's management. Furthermore, the shareholder-elected members a) do not receive extra remuneration from the company beyond the fees for Corporate Assembly members and Board members or fees for participation in sub-committees, b) have not been employed by the company in recent years and c) do not receive fees that are linked to profit performance or share options in the company.

When electing shareholder-elected members, emphasis is placed on the relevant candidate not having cross-relations with other members or the CEO, close family ties to the CEO or having or representing substantial business relations with the company. Furthermore, it is also the intention when selecting shareholder-elected members that these members must, for all material respects, be independent of the company's main shareholder.

Should vested interests or associated interest situations arise, the company's provisions

Look what I've found! Taj Mahal, India.



Photo: Anwar Hossain, GrameenPhone, Bangladesh

for vested interests and conflict of interests shall be applied.

The company does not provide loans to Board members or Group Management.

THE NOMINATION COMMITTEE

It is not a requirement of Norwegian law for the company to have a nomination committee, but a nomination committee is set up in accordance with resolutions determined by the AGM. Further stipulations regarding the Nomination Committee are included in the Articles of Association.

The Nomination Committee consists of four members who are shareholders or who represent the shareholders. The Chairman of the Corporate Assembly is a member and chairs the Nomination Committee. Two members are elected by the AGM and one member is elected by and from the Corporate Assembly's shareholder-elected members and alternates. Members are elected for a two-year period.

When appointing the Nomination Committee, consideration is given to broad shareholder interests being represented and to the need for independence in relation to the company management and those that are elected.

The Nomination Committee works in accordance with instructions that are laid down by the Corporate Assembly's shareholder-elected members, in line with proposals from the Board's shareholder-elected members. The Nomination Committee is responsible for submitting to the AGM recommendations on

Christmas lunch.



Photo: Maria Louise Lee Moustén, Sonofon, Denmark

the choice of shareholder-elected members and alternates to the Corporate Assembly, and recommends to the Corporate Assembly the choice of shareholder-elected Board members. The Nomination Committee forwards these proposals to the Chairman of the Board.

The Board's evaluation report for 2003 is dealt with separately by the Nomination Committee.

THE BOARD OF DIRECTORS

Pursuant to Norwegian law, the Board is responsible for the management of the company and the proper organisation of the operation, including a responsibility to supervise the company management. In addition to statutory requirements, the Board works in accordance with special regulations for the Board, as well as guidelines and procedures for Telenor ASA.

The guidelines and procedures that apply to the Board include regulations for the preparation of agendas, privacy and confidentiality, competence, responsibility to establish a management system that ensures that activities are run in accordance with the company's core values, ethical guidelines and generally accepted principles of corporate governance, information on the use of steering committees and evaluation of the Board's activity and competence.

In accordance with the said guidelines and procedures, the Board is responsible, to the degree necessary, for determining strategies, business plans and budgets for the company. The Board is also responsible for ensuring that

Proud telecoms traditions in London.



Photo: Vidar Østmo, Telenor, Norway

Sparkling emotions.



Photo: Balazs Illes, Pannon GSM, Hungary

Young fishermen's luck. Near Aalborg, Denmark.



Photo: Niels Mikkelsen, Sonofon, Denmark

the company has a competent management with clear internal apportionment of responsibility and work.

The Board can choose to prepare issues in subcommittees which have been set up in order to process specific issues. Two such subcommittees have been set up.

Telenor's Remuneration Committee consists of three shareholder-elected Board members. The Chairman of the Board is also the Chairman of the Committee. The Vice Chairman of the Board is also a Committee member. The Committee's third member shall be elected by the Board's shareholder-elected members for a period of two years. The Committee shall meet as required, normally twice annually. On behalf of the Board, the Committee evaluates the total remuneration to the CEO and the policy for remuneration to managers.

Telenor established its Audit Committee in 2003. The Committee consists of two members from the Board, one of which having been approved by the Board to meet the requirements of being a Financial Expert in accordance with US standards. The Audit Committee shall meet at least three times per year, for the purpose of identifying, understanding and evaluating operational and financial risks. This shall include a thorough evaluation of the company's financial reporting, auditing, and established procedures for advance approval of the auditor's remuneration, and also the handling of complaints from the employees in respect of accounts, control and audits.

These committees do not have any independent decision-making powers other than those assigned to them by the Board.

THE CEO

The CEO is in charge of the day-to-day

management of operations in Telenor ASA and the Telenor Group. The CEO is responsible for ensuring that the company and Group are organised, run and developed in accordance with current legislation, regulations and resolutions passed by the Board, the Corporate Assembly and the AGM.

The Board has devised guidelines and procedures for the CEO, covering the management of the Telenor Group, the management of ownership interests, the powers of the CEO, the CEO's submission of issues to be determined by the Board and the CEO's obligation to report to the Board.

Guidelines on the exercise of authority in the Telenor Group have been drawn up pursuant to the guidelines and procedures for the CEO.

As a part of the day-to-day management and running of the company, the CEO will be an owner representative in subsidiaries, provided that the issues in question do not require that they are handled by the Board, Corporate Assembly or the AGM.

At the election to the boards of Telenor's subsidiaries, such election of the board, and its functions, shall be made in accordance with Telenor's principles of corporate governance. Standard guidelines and procedures for the Board were approved in 2003 for Norwegian subsidiaries in the Telenor Group. The management and culture development in international subsidiaries is implemented according to principles that are set down under the common term "The Mobile Way".

THE GROUP MANAGEMENT

The Group Management consists of the heads of the key business areas and functions at Telenor. Issues of an important strategic, financial or fundamental matter to the company are dealt with in the Group

Management's weekly meetings, including the preparation of items for the Board, the Corporate Assembly and AGM, and also including strategy, ongoing follow-up of activities and coordination between the company's senior managers etc.

MANAGEMENT MODEL

Telenor has established a management model whereby goals are set, and results followed up in a systematic way. This applies to a number of vital financial matters, such as operational results, capital return and cash flow, and is also applicable to a number of non-financial matters relating to Telenor's position in the market, including its capacity for innovation, internal routines and responsibilities as an employer. These financial management matters are followed up in the financial management Business Review, at Board meetings and through the company's incentive system.

ACCOUNTING AND FINANCIAL REPORTING

In accordance with Norwegian law, strict accounting and financial reporting requirements must be met. Telenor is also subject to further accounting and financial reporting requirements according to US regulations.

The compilation of quarterly reports, annual reports and 20-F shall be in accordance with Norwegian and US principles and regulations for accounting. Routines have been established to ensure that such information is accurate and complete. In addition, a Business Review and Financial Review are also conducted.

Business Review is the Group's quarterly results follow-up, additional to the follow-up of the boards in the business units. The purpose is the strategic control and follow-up of results based on the prevailing strategic objectives and value drivers.

As a supplement to Business Review, a Financial Review is held in each of the Group's business areas. The purpose is to analyse the economic and financial situations in such a way as to form the basis for external reporting and analyst presentations.

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk management and internal controls is one of several topics that are included in the company's 20-F reporting to the Securities Exchange Commission (SEC) under US legislation.

In connection with the annual reporting to the SEC (20-F), Telenor's CEO and CFO must personally certify that the information given in 20-F is a correct and accurate reflection of the company's activity, and that effective control routines are adhered to throughout the year.

The Disclosure Committee supports the company's efforts to meet requirements for financial reporting. The Committee issues guidelines for reporting, provides follow-up and helps to ensure that requirements are met. The Committee is chaired by the CFO, and consists of members who have relevant expertise.

The Compliance Officer shall give quality assurance that the company acts in accordance with applicable law, regulations and legally binding directions issued by public authorities, and furthermore, that internal conduct in the organisation does not conflict with Telenor's own regulations and guidelines. The Compliance Officer reports to the CEO.

The Investment Committee shall give quality assurance of the company's investments, including acquisitions and sales of activities. Investments of a certain size are dealt with by the Investment Committee, the evaluation of such investments shall subsequently be

returned to the Investment Committee for a final analysis. The Committee, which functions in an advisory capacity to the CEO and Group Management, is chaired by the CFO and consists of members who have relevant expertise. The company has devised a policy for the investment criteria to be used in the processing of such issues.

In order to ensure overall financial steering and control, the company has established a central finance function, Telenor Finance. Telenor Finance works in accordance with the guidelines of Telenor's Finance Policy, which determines rules for capital structure, debt structure, profit liquidity and counter risks, as well as the capital structure and financing of subsidiaries and financial investments.

The Group Auditor helps to ensure good risk management and provides follow-up of general steering and control functions through random testing, hereunder ensuring compliance with internal steering directions. The Group Internal Auditor reports to the CEO and in some cases to the Audit Committee and the Board.

Based on Telenor's values and its Codes of Conduct, the Ethical Council helps to ensure a high level of ethical awareness at Telenor. The Council is an independent forum where issues related to ethics and the reputation of the company can be discussed. The Council has no decision-making powers, but makes recommendations to the management of Telenor. The Council is chaired by the CEO and is made up to enable attitudes from various parts of the operation to be reflected.

REMUNERATION TO THE CORPORATE ASSEMBLY, BOARD AND NOMINATION COMMITTEE

Remuneration to the Corporate Assembly is fixed by the AGM. Remuneration to Board members that are elected by the Corporate

Assembly is fixed by the Corporate Assembly. Remuneration to the Nomination Committee is fixed by the shareholder-elected members of the Corporate Assembly. In all such cases, remuneration is based on the Corporate Assembly's, the Nomination Committee's and the Board's responsibilities, expertise, time spent and the complexity of the activity.

AUDITOR

In accordance with Norwegian and US regulations, Telenor is subject to strict requirements for auditing, including restrictions on the type of work the auditor can undertake and prior approval from the Audit Committee of all services carried out by the auditor. Partner rotation is a further requirement, and the auditor cannot be employed by the company for a period of one year after having carried out auditing work for the company.

The auditor provides the Board with an annual written confirmation that he meets a number of requirements, including independence and objectivity requirements.

The company's auditor presented the main features in a plan for the execution of the auditing work to the Audit Committee in 2003. The auditor attends meetings of the Audit Committee and Board meetings that deal with the Financial Statements. In addition to this, the auditor attends Board meetings at least once a year to review the report on the auditor's view of the company's accounting principles, risk areas, internal control routines etc.

At the AGM, the Board gives an account of the auditor's remuneration divided into statutory auditing work and remuneration linked to other defined work.

GROUP MANAGEMENT

Telenor's Group Management consists of eight members: Group CEO, CFO, CTO and the heads of the business and market areas.

JON FREDRIK BAKSAAS

has been President and CEO of Telenor since 21 June 2002. He joined Telenor in 1989 and was made Deputy CEO in 1997. Baksaaas has held positions as Finance Director, Executive Vice President and CEO of TBK AS. Before joining Telenor, Baksaaas held finance-related positions in Aker AS, Stolt-Nielsen Seaway and Det norske Veritas. He is a board member of Svenska Handelsbanken AB. Baksaaas holds a Master of Science in Business Administration from the Norwegian School of Economics and Business Administration in Bergen and has additional qualifications from IMD in Lausanne, Switzerland.

ARVE JOHANSEN

has been Senior Executive Vice President since 1999 and CEO of Telenor Mobile since 2000. He joined Telenor in 1989 and has held several positions, including CEO of Telenor International AS. Before joining Telenor, he was Executive Vice President of EB Telecom, Research Engineer at the Norwegian Institute of Technology, and has also worked at ELAB. Johansen graduated as an electronics engineer (telecommunications) from the Norwegian Institute of Technology in Trondheim and has participated in the Program for Management Development at Harvard Business School, Harvard.

TORSTEIN MOLAND

joined Telenor as Executive Vice President with responsibility for finance (CFO) in 1997. He has been Senior Executive Vice President of Telenor since 2000. Prior to taking up this post, he was Governor of Norges Bank and President of Norske Skog. He also served at the Norwegian Ministry of Finance where he developed economic policies. He was later appointed State Secretary to the Prime Minister. Moland is a graduate economist with additional qualifications from Massachusetts Institute of Technology.



From left: Morten Karlsen Sørby, Jan Edvard Thygesen, Åsmund Løset, Jon Fredrik Baksaaas, Torstein Moland, Berit Svendsen, Stig Eide Sivertsen, Arve Johansen.

The photos of the Group Management were taken with a mobile camera.



Åsmund Løset photographing Torstein Moland.



Arve Johansen, Stig Eide Sivertsen and Jon Fredrik Baksaas photographed by Torstein Moland.



Stig Eide Sivertsen photographing Morten Karlsen Sørby, Berit Svendsen and Jan Edvard Thygesen.

BERIT SVENDSEN

has been Executive Vice President for Technology (CTO) since 2000. She joined Telenor in 1988 and has held a number of different positions, most recently as Project Director for FMC (Fixed Mobile Convergence) and as CEO of data services before she was appointed Executive Vice President and CTO in 2000. Svendsen has a Master of Science in Electrical Engineering from the Norwegian University of Science and Technology and a Master of Technology Management from the Norwegian School of Economics and Business Administration in Bergen and Massachusetts Institute of Technology.

JAN EDVARD THYGESEN

has served as Executive Vice President and CEO of Telenor Networks Services AS since 1998. Since 6 January 2004 he has been Executive Vice President and CEO of Nordic Mobile. He joined Telenor in 1979 and has held several positions including Executive Vice President of Telenor Mobil, CEO of Telenor Invest AS, Executive Vice President of Telenor Bedrift AS and CEO of Telenor Nett AS. He has also previously been CEO of Esat Digifone. Thygesen graduated in electronics and telecommunications at the Norwegian Institute of Technology in Trondheim.

ÅSMUND LØSET

became Executive Vice President and CEO of Telenor Networks on 6 January 2004. He joined Telenor in 1996 as Executive Vice President of Telenor Nett, having previously held the position of Director of Shared Services with Uni Storebrand, with responsibility for IT, economy and legal services. At Telenor, Åsmund Løset's responsibilities have included Telenor's Stock Exchange introduction, Telenor's efficiency programme Delta4, and in 2003 he was Deputy CEO of Telenor Networks. Løset holds a Master of Science in Business Administration from the Norwegian School of Economics and Business Administration in Bergen.

MORTEN KARLSEN SØRBY

has been Executive Vice President and CEO of Telenor Norge since 1 January 2003. He joined Telenor in 1993 and has held a number of different positions in the group, including Executive Vice President of Telenor Mobile and Finance Director and CEO of Telenor International. He has previously worked at Arthur Andersen & Co in Oslo, primarily in IT, telecommunications and media. Sørby holds a Master of Science in Business Administration and is a state authorised public accountant (Norway). He also has qualifications from IMD in Lausanne, Switzerland.

STIG EIDE SIVERTSEN

is Executive Vice President and CEO of Telenor Broadcast. He joined Telenor in 1997 as Finance Director for Telenor Link AS. He has previously held positions as CEO of Nettavisen and Finance Director at Petroleum Geo-Services ASA and Schibsted ASA. Stig Eide Sivertsen studied law at the University of Bergen and has an MBA from Durham University.

MOBILE

In 2003, 42 per cent of Telenor's external revenues were derived from its mobile operations. Mobile is Telenor's principal focus area for future growth. Continued development of the mobile activities is vital to the Group's positioning as an international telecommunications player.



Photo: Ong Chau Hsi, DiGi, Malaysia

Curious about new technology.

INTRODUCTION

Mobile is Telenor's business area for development and operation of mobile services for voice, data, Internet, content services and electronic commerce in the Norwegian, Nordic and international markets. As at 31 December 2003, Mobile had ownership interests in 12 mobile operations in 12 countries. Six of these were consolidated in Telenor's accounts as at 31 December 2003, and Sonofon was consolidated as from 12 February 2004. Four companies in the mobile portfolio are associated companies, whereas Telenor disposed of its financial ownership share in Cosmote on 26 February 2004. The international commitments are geographically concentrated in selected countries in Europe and South East Asia.

In 2003, Mobile defined and emphasised its strategy known as "The Mobile Way" where the aim is to put greater focus on creating synergy effects between the mobile operations and to encourage increased industrialisation.

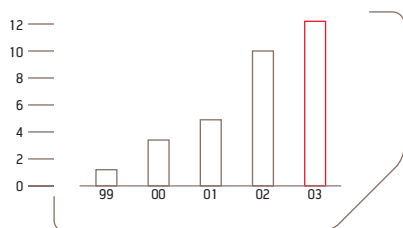
CONSOLIDATED SUBSIDIARIES:

Telenor Mobil AS is Norway's leading provider of mobile services. The company provides services to both the private and business markets, spanning from text and image messaging to mobile exchange solutions. Telenor Mobil launched sound and image messaging (MMS) in 2002, and is strongly committed to mobile Internet, m-Commerce and mobile data services. When Telenor Mobil opens its third genera-

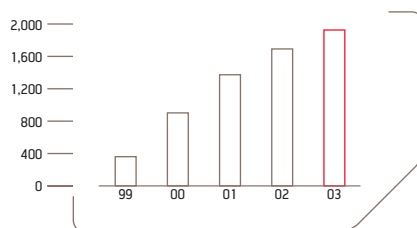
tion mobile network (UMTS) for commercial use, the current services will be extended, faster and more advanced.

Telenor Mobil was established in 1993 and provides services in both the GSM and NMT networks. The NMT 450 network will be operational only throughout 2004. GSM covers 99.2% of the population in their homes, and coverage is continuously expanded.

Pannon GSM, Hungary was established in 1993 and is the second largest of three mobile operators in Hungary. Telenor was involved in founding the company, and as from February 2002 it has held a 100% ownership share, after increasing its share by 74.22%. Pannon launched commercial



Mobile subscriptions outside Norway 1999–2003, (based on Telenor’s proportional ownership interests in millions)



SMS and content messages in Norway 1999–2003 (millions)

Key figures Mobile 2001–2003

(in NOK millions)	2003	2002	2001
Revenues	23,810	20,346	12,558
EBITDA	9,567	7,482	4,067
Operating profit	5,224	1,414	2,495
Associated companies	1,639	(2,030)	9,677
Investments	3,762	12,625	7,211
No. of man-years	6,924	6,551	4,217

Opening a new store.



Photo: Patricia Brinkbo, Sonofon, Denmark

My wedding dance.



Photo: Oksana Vitchenko, Kyivstar, Ukraine

Self-portrait in mirror at fancy-dress ball.



Photo: Finn-Gunnar Frostad, Telenor Mobile, Norway

operations for its GSM 900 network in 1994, and opened its GSM 1800 network early in 2001. GPRS was launched in 2001, and Pannon was the first operator in Hungary to offer national coverage. The company plans to participate in the auction bidding for UMTS licences if the conditions are right. Penetration in Hungary at year-end 2003 was 79%. Also during the course of 2003, Pannon had solid growth in the business sector, plus a solid increase in contract subscriptions. The company launched the “young at heart” subscription djuice in November 2003. Pannon was the first company in Europe to accomplish an EDGE call in 2003. Number portability for mobile communications will be introduced in the Hungarian market during 2004.

DiGi.com Berhad, Malaysia was established in 1995 and is one of three mobile operators in Malaysia. Telenor became part owner in 1999 and as at 31 December 2003 holds an ownership share of 61.0%. DiGi.Com has been listed on the stock exchange in Kuala Lumpur since 1997. The company operates a GSM 1800 network and launched GPRS in 2002. DiGi.com has a special focus on younger subscribers. The company made a strategic decision in 2002 not to apply for a UMTS licence, and aims to offer its customers 3G access through partnerships with other network operators. The Malaysian mobile industry has seen a number of consolidations and takeovers in 2003, which have reduced the number of operators from five to three. DiGi.com increased its market share in 2003.

Kyivstar GSM, Ukraine was established in 1997. Telenor became part owner in 1998, and as at 31 December 2003 holds an ownership share of 55.35%. The company operates a national GSM 900 network and a GSM 1800 network. In September 2003, an amendment to the 1995 telecommunications legislation took effect, preventing operators from charging their own subscribers for incoming calls. This has contributed to increased use and an increase in the number of customers.

Even with a 64% increase in the number of subscriptions from 2002, plus an increased share of prepaid card subscriptions, Kyivstar managed to increase ARPU during 2003 as a result of increased average use per subscriber. The penetration in the Ukraine increased in the same period from 8% to 14%.

GrameenPhone Ltd., Bangladesh was established in 1997 and is the largest of four mobile operators in Bangladesh. Telenor became part owner in 1997, and as at 31 December 2003 it holds an ownership share of 51%. GrameenPhone launched its GSM 900 network in 1997 and the company is the only one in Bangladesh with nationwide service coverage. GrameenPhone has developed a rural network with a special Village Phone programme. The company had more than one million subscribers in 2003.

Telenor Mobile Sverige, Sweden was, in 2001, by means of an agreement with Europolitan AB (Vodafone SE), established as a service provider through the brand

Welcome to DTAC. Thailand.



Photo: Morten Lundal, Telenor, Norway

Excursion day at work.



Photo: Róbert Tóth, Pannon GSM, Hungary

Close friends on Lake Balaton. Hungary.



Photo: Balázs Illés, Pannon GSM, Hungary

name djuice.se. In 2002, Telenor signed an MVNO agreement with Tele2. This agreement gives Telenor the capability to provide GSM and UMTS services via Tele2's network in Sweden. djuice was re-launched through this MVNO agreement in the first quarter of 2003. djuice has a purely web-based sales outlet, and provides both prepaid cards and subscriptions through its web site. Telenor Mobile Sverige provides its corporate customers with a combined mobile/fixed network solution via Telenor AB in Sweden. Telenor Mobile Sverige was integrated with Nordic Mobile on 6 January 2004.

ASSOCIATED COMPANIES AND JOINT VENTURES:

Sonofon Holding A/S, Denmark was established in 1991 and is the second largest of four mobile operators in Denmark. Telenor became part owner in 2000 with an ownership share of 53.5%, and signed an agreement in December 2003 to purchase the remaining 46.5% of the shares. Sonofon operates GSM 900 and 1800 networks; GPRS was launched in 2000, and broadband

via Fixed Wireless Access in 2001. MMS services were introduced in 2002. In 2003, the company launched a web-based product known as "Selvhenter" in order to meet the competition from such operators as Telmore. The company was consolidated as a subsidiary of Telenor from 12 February 2004, and was integrated with Nordic Mobile, on 6 January 2004.

VimpelCom, Russia was established in 1992 and is Russia's second largest mobile operator, and the market leader in the Moscow region. Telenor became part owner in 1999, and was as at 31 December 2003 holding an ownership share of 28.98%. The company is listed on the New York Stock Exchange. VimpelCom operates a D-AMPS network in addition to GSM 900 and 1800 networks. It launched GPRS in 2001. The company's operations outside the Moscow region are managed by the subsidiary VimpelCom-Region. It was decided at an extraordinary general meeting held in October 2003 to merge VimpelCom and the subsidiary VimpelCom-Region. After the merger, Telenor will hold an ownership

share of 29.9% in VimpelCom. At the end of 2003, VimpelCom held licences covering 92% of the Russian population. In February 2004, the company had operations in 55 regions, from the Baltic Sea to Siberia.

Total Access Communication Company PCL (DTAC), Thailand was established in 1989 and is Thailand's second largest mobile operator. Telenor became part owner in 2000, and was as at 31 December 2003 holding a total ownership share, directly or indirectly, of 40.3%, with 29.90% in DTAC and an indirect ownership share of 24.9% through its former parent company, United Communication Industry PCL (UCOM). DTAC is listed on the Singapore stock exchange and UCOM on the stock exchange in Thailand. DTAC operates an AMPS 800 mobile service and a GSM 1800 service. GPRS was launched in 2002. In 2003, the company positioned itself as the most innovative mobile operator in Thailand.

ONE, Austria (formerly Connect Austria) was established in 1997 and is the third largest

of four mobile operators in Austria. Telenor became part owner in 1997, and was as at 31 December 2003 holding an ownership share of 17.45%. ONE operates a nationwide GSM 1800 network and provides Internet and fixed line solutions to the market. GPRS was launched in 2002. In 2000, the company was awarded a UMTS licence through auction.

ProMonte GSM, Montenegro was established in 1996 and is Montenegro's first mobile operator. Telenor became part owner in 1996, and was as at 31 December 2003 holding an indirect ownership share of 44.1% through its shareholding in ETL Luxembourg.

THE YEAR 2003

In 2003, Mobile defined and reinforced "The Mobile Way" strategy, with emphasis on strengthening the hold on the company through industrialisation and synergies. Additionally, the investment strategy remains firm, namely by buying stakes in companies which are attractive and hold possibilities for gaining operational control, and further exit companies which are not attractive and which offer no possibilities for gaining operational control. Where the conditions are right, "greenfields" may also be of interest in regions in which Mobile already has a presence.

Telenor sold part of its shareholding in Cosmote in 2003, at a price of approximately NOK 2.1 billion, giving Telenor a gain before taxes of NOK 1.5 billion. Telenor sold its remaining Cosmote shares in 2004, at a price of approximately NOK 3.1 billion, giving Telenor a gain before taxes of approximately NOK 2.6 billion.

Focus in 2003 and in 2004 has been, and will continue to be implementing ARPU-

increasing measures, rather than look for new pioneering technical innovations.

On 18 February 2004, the GSM Association (GSMA) ranked Telenor Mobile as the twelfth largest GSM operator in the world, which earned Senior Executive Vice President Arve Johansen a seat on the GSMA Board of Directors.

On October 1, Telenor Mobil and Pannon GSM, together with seven other mobile operators, formed a European mobile alliance where the Telenor-associated company ONE is also a member. The new alliance will cover the individual companies' areas in Europe. The aim of the alliance is to be quick to implement new, innovative products and services across country borders, and to seek collaborations in such areas as technology and sales. From 1 April 2004, the alliance was expanded to include Sonofon.

In the Ukraine, an amendment to the telecommunications legislation took effect in September 2003, prohibiting operators from charging their own subscribers for incoming calls. As a result, Kyivstar registered an increase in both its number of subscriptions and use per subscriber.

The "young at heart" subscription juice was launched in three countries in 2003, first in Telenor Mobil in Norway, then in Telenor Mobile Sverige in Sweden and finally in Pannon GSM in Hungary.

In 2003, a considerable effort was put into handling of the large customer growth successfully, not least through ensuring the quality of the networks.

In December, Telenor entered into an agreement with BellSouth, for the acquisition of

BellSouth's remaining ownership share of 46.5 per cent in the Danish mobile operator Sonofon, against DKK 3.050 million. The transaction was completed on 12 February 2004. Nordic Mobile was established on 6 January 2004 to secure comprehensive services and create synergies.

VALUE CREATION

Throughout 2003, Telenor strengthened its position as a mobile operator, primarily through continued growth in the international markets. At year-end 2003, the total number of subscriptions in Telenor's portfolio of mobile companies was 34.8 million, compared with 25.2 million the previous year – on a 100% basis. The number of subscriptions in consolidated companies was 11.4 million, whilst the pro rata figure was 15.5 million. Kyivstar had a substantial increase and exceeded three million subscriptions in 2003.

In 2003, Telenor continued its work of further developing the mobile companies. Part of "The Mobile Way" strategy is to maximise the cash flow in mature markets, ensure organic growth in other markets, seek to gain control over companies, or else exit them, and finally to evaluate new possibilities for growth. Under the motto "10 Cents a day", Telenor is seeking to increase ARPU in its mobile operations. This means that if each customer sends two extra text messages every day, makes one extra call, sends two extra images per week, downloads one extra Java game, or browses through an extra news item every day, ARPU will increase dramatically. It is therefore not through the pioneering technical innovations that Telenor envisages the growth being secured.

FIXED

In 2003, 35 per cent of Telenor's external revenues were derived from its fixed network activities. Stable revenues, reduced costs and moderate capital expenditure resulted in a solid cash flow in 2003. Revenues from fixed telephony have seen a slight drop, but are compensated through increased revenues from ADSL and wholesale. The operations in Sweden are showing growth.



Barefooted best friends. Norway.

Photo: Beate Brun, Telenor, Norway

INTRODUCTION

Telenor has fixed network activities in Norway, Sweden, the Czech Republic and Slovakia. As from December 2003, the activities in Russia are run through an associated company. Norway accounts, however, for the main part of the activity and is responsible for approximately 90% of the revenues generated in the Fixed business area.

Through Fixed Norway, Telenor is the leading supplier of fixed network services to the Norwegian market. The business and residential markets provide communications solutions within analogue (PSTN) and digital telephony (ISDN), ADSL, Internet access, data services, value-adding services and leased lines. A broad range of services is provided to operators and service providers

in the wholesale market, from access to basic infrastructure, to more comprehensive network services that are re-sold through other companies. Solutions such as direct dialling and capacity are provided on an international basis.

Fixed Sweden consists of Telenor AB/Utfors AB, which provides the business market with telephony and data services. Telephony, ADSL and IP-based services are offered in the wholesale market. Fixed Sverige also holds an ownership share of 37.5% in Glocalnet AB, a listed company providing fixed network services to the Swedish residential market.

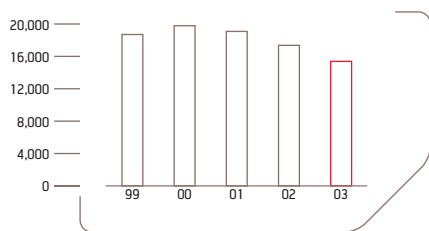
Internet access and data communication services are provided to the business and

wholesale markets in the Czech Republic and Slovakia. As at 31 December 2003, Telenor also had a 20.4% ownership share in the Russian listed company Golden Telecom.

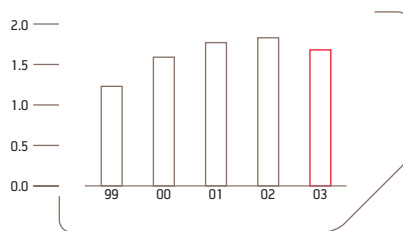
THE YEAR 2003

Telenor has provided the resale of subscriptions to other operators in the Norwegian market since 1 January 2003. From November the operators could also choose between several IP wholesale services.

Telenor is committed to the supply of mobile business solutions, and has entered into an agreement to provide wireless WLAN zones at 300 service stations in Norway.



PSTN/ISDN generated traffic in Norway 1999–2003 (Minutes in millions)



ISDN subscriptions (lines) in Norway 1999–2003 (Lines in millions)

Key Figures Fixed 2001–2003

(in NOK million)	2003	2002	2001
Revenues	20,509	20,022	19,691
EBITDA	6,665	5,597	5,546
Operating profit (loss)	2,531	731	1,035
Associated companies	8	(5)	(874)
Investments	2,161	3,530	5,528
No. of man-years	6,087	7,215	7,766

Egg-and-spoon-race on Constitution Day, Norway.



Photo: Bjornar Aarnes, Telenor, Norway

The sky, the sea and a glimmer of hope. The Azores. Portugal.



Photo: Ludmila Tugarina, Telenor, Russland

Round dance in the yard. Norway.



Photo: Karin Laukøy, Telenor, Norway

As at 31 December 2003, Telenor held an ownership share of 90% in Utfors. In December 2003, Telenor implemented a redemption process to enable the acquisition of the remaining shares in the company. The operation is marketed under the name Telenor AB.

In December, Telenor exchanged 100% of the shares in Comincom/Combella against an ownership share in the Russian listed company Golden Telecom. As at 31 December 2003, Telenor's ownership share was 20.4%.

VALUE CREATION

Despite the increasing competition, migration of voice traffic to the mobile network and fewer active lines, Revenues in 2003 were stable in the Norwegian fixed network market. Systematic market efforts and increased revenues from ADSL and wholesale have compensated for lower telephony revenues. Revenues per access line also increased.

Reduced annual capital expenditure since 2001 show that Fixed can now reap the rewards from early digitalisation and improvements to the network. The tempo of the

ADSL rollout is determined by customer demand. A total of 80% of the investments in infrastructure are customer driven, whilst 20% are steered by operational requirements. This is mainly related to systematic efforts to increase the efficiency of processes and operations.

The broadband market is experiencing strong growth. In 2003, Telenor's market penetration increased by an average of 10,000 accesses per month. At year-end 2003, preparations had been made whereby 67% of the households in Norway were able to use ADSL. 75% of all installed ADSL lines are supplied on Telenor's platform. The remaining 25% are based on operator access, which at year-end was 80,000. Telenor had 177,000 online ADSL subscriptions and 56,000 on re-sales. Telenor's market share in the end user market for ADSL dropped from 63% at the end of 2002 to 58% at the end of 2003.

Our subscribers generated 15,385 million traffic minutes in 2003, which is a drop of 11% from 2002. The reduction was 10% in the residential market and 13% in the business market. Telenor's market share for

PSTN/ISDN generated traffic in the end user market was 70% in 2003 compared with 72% in 2002. The market shares in 2003 in the residential and business markets were 67% and 74% respectively, compared with 70% and 76% in 2002. At year-end 2003, Fixed Norge had 1,308,000 telephony subscriptions (PSTN), in addition to 1,682,000 ISDN subscriptions (lines). Compared to the situation at year-end 2002, this entailed a reduction of 159,000 telephony subscriptions and 146,000 ISDN subscriptions (lines) respectively. The ISDN penetration is 35%, one of the highest in the world.

The integration between TBS and Utfors AB in Telenor AB was completed in 2003. Costs have been reduced and the underlying business activity shows stable growth and increased volumes. Telenor is the strongest challenger to TeliaSonera in the Swedish business market.

As at 31 December 2003, Telenor held an ownership share of 20.4% in Golden Telecom. The company is the largest alternative supplier of voice, data and Internet services in Russia and can refer to a positive development in revenues and results.

BROADCAST

In 2003, 9 per cent of Telenor's external revenues were derived from Broadcast. The acquisition of Canal Digital and cost reductions through the Delta4 programme have created synergies and increased profitability. Our primary objective for Broadcast is to strengthen our position as the leading TV distributor in the Nordic region.



Photo: Andreas Enersen, Telenor Mobil, Norway

INTRODUCTION

Telenor is the largest Nordic distributor of TV services to the residential market in the Nordic region, both via cable and satellite. Broadcast also operates the Norwegian terrestrial network for radio and TV broadcasting. Through utilising three geostationary satellites, Broadcast is the leading provider of satellite transmission to the Nordic region. Broadcast's position as the leading player within TV distribution in the Norwegian and Nordic markets was further developed in 2003.

In 2003, Broadcast consisted of the following areas of activity:

Distribution is the largest provider of TV services to the residential market in the Nordic region, offering basic TV services, Pay-TV and interactive services in the Nordic region to subscribers with satellite dishes and cable TV, as well as operators and households in small antenna TV networks. The cable TV activity also provides Internet connection via cable TV in certain areas. We provide TV distribution to more than 2.5 million households and businesses.

Transmission provides transmission services to broadcasters via Satellite Broadcasting and Norkring.

Other activities include Conax, which provides access control technology, business

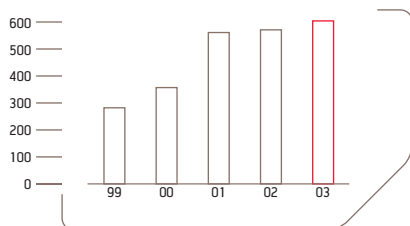
Powdered snow, two meters deep, awaits in Val d'Isere. France.

area functions in Broadcast and associated services.

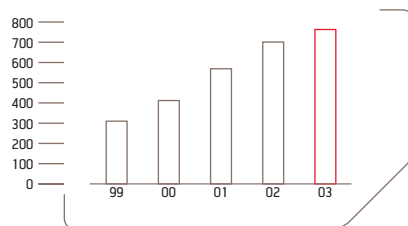
THE YEAR 2003

The EU Commission approved the agreement between Canal + and Telenor Broadcast for the purchase of Canal Digital. The year 2003 was the first full year of operation for Canal Digital in Broadcast. Cost reductions via the Delta4 programme and streamlining and synergies created in Canal Digital all contributed significantly to Telenor Broadcast's positive financial results.

Broadcast can refer to an increase in the number of TV customers and in market shares in 2003. This, together with increased average revenue per user (ARPU) and cost reductions



Cable-TV subscribers in the Nordic region 1999–2003 (thousands)



Subscribers with satellite dish in the Nordic region 1999–2003 (thousands)

Key Figures Broadcast 2001–2003

In NOK millions	2003	2002	2001
Revenues	4,820	3,605	2,626
EBITDA	1,229	499	344
Operating profit (loss)	181	(475)	(726)
Associated companies	(84)	(264)	(546)
Investments	266	2,769	1,711
No. of man-years	809	972	943

Finally reaching the summit. Norway.



Photo: Morten Djuvik, Telenor, Norway

Mirror, mirror on the wall... Norway.



Photo: Julius E. Støback, Telenor Mobil, Norway

Winter wonderland. Norway.



Photo: Julius E. Støback, Telenor, Norway

by means of manpower reductions and restructuring etc., is the main reason for Broadcast posting good results. Revenues and the operating profit margin have both increased compared to the previous year.

VALUE CREATION

In 2003, Telenor consolidated its position as the largest supplier of TV services to the Nordic private market, both with regard to the number of paying subscribers and to the extent of coverage. The company is also the Nordic region's largest provider of transmission services to broadcasters. At the end of 2003, Telenor distributed TV, directly or indirectly, to more than 3 million households in the Nordic region.

As at 31 December 2003, Telenor had a total of 2,465,000 TV subscribers in the Nordic region, which is an increase of 2.5% compared with 31 December 2002. As at 31 December 2003, the number of subscribers with satellite dishes was 763,000, which is an increase of 8.8% compared with 31 December 2002. The market share of Pay-TV in the satellite market in the Nordic region increased from 61% in 2002 to 63% in 2003. The number of cable TV subscribers increased by 33,000 to 604,000 at year-end 2003. The number of households in smaller closed cable TV networks was 1,098,000, which is a reduction of 3.1% compared to 31 December 2002. These figures reinforce Broadcast's leading position in the Nordic market.

Increased revenues and positive results from cost reductions have contributed to improved margins, and customer churn dropped from 19% in 2002 to 16% in 2003.

Transmission also had a strong year, with improved margins in 2003 despite revenues being somewhat lower than the previous year as a result of the shutdown of analogue transmissions and overcapacity in the market.

In 2003, Broadcast acquired 44.8% of the shares in APR Media Holding AS in exchange of shares Telenor held in A-pressen ASA.

OTHER UNITS

Telenor has substantial activities in addition to the three business areas, also including various staff and support functions: EDB Business Partner, Telenor Satellite Services, Telenor Satellite Networks, Teleservice, Telenor R&D, Telenor Key Partner, Telenor Venture and Telenor Eiendom.

At your service.



Photo: Timea Berkiné Terenyei, Pannon GSM, Hungary

EDB BUSINESS PARTNER ASA

At year-end 2003, Telenor held an ownership share of 51.8% in EDB Business Partner ASA. EDB Business Partner ASA is one of the Nordic region's leading IT groups, with revenues in 2003 of NOK 4.3 billion and around 2,500 employees. EDB Business Partner is a supplier of software solutions and offers management services with special expertise in telecommunications, banking and finance. EDB Business Partner has a strong presence in the Norwegian market, as well as in the US, Sweden, the UK, Switzerland and Spain.

SATELLITE SERVICES

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

SATELLITE NETWORKS

Satellite Networks is wholly owned by Telenor, and supplies satellite-based communication solutions and VSAT technology to the business market and national and international organisations. The company's complete communications solutions encompass network design, implementation,

Mascot on my desk.



Photo: Eli Nilsen, Telenor, Norway

management and service. The services are supplied through subsidiaries in Norway, the Netherlands, Slovakia and the Czech Republic.

TELESERVICE

Teleservice is wholly owned by Telenor, and responsible for Directory Enquiries 1881, International Directory Enquiries 1882, MeetAt 07777 (telephone and data conferences) as well as other Contact Centre services. The company aims at making information and communications services easily accessible to users. In February 2002, the market for directory enquiries was opened to competition in Norway, but Directory Inquiries 1881 still has a dominant position in the Norwegian market with 70% of the traffic.

RESEARCH AND DEVELOPMENT

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

TELENOR KEY PARTNER

Telenor Key Partner is wholly owned by Telenor, and supplies technology-based

On people-friendly street. Denmark.



Photo: Halvard Henriksen, Telenor, Norway

administrative services to the group's business areas and subsidiaries. Telenor Key Partner is a driving force in achieving standardisation and quality improvements in the administrative running of the whole Group. The company's services are based on viable business principles and market-oriented prices.

VENTURE

Telenor Venture is seeking to create value through active ownership by investing in companies in the fields of telecommunications and IT. Telenor Venture II ASA was established in 2000 with the purpose of continuing and expanding the investment activities, and in December 2002, Telenor Venture III was established to continue activities formerly organised under Telenor Innovasjon AS and other parts of the Telenor Group. Telenor's ownership share in Telenor Venture AS was sold at the end of 2003. The ownership share in Telenor Venture II ASA is 50.1% and 100% in Telenor Venture III AS. The Telenor Venture companies are managed and administered by TeleVenture Management AS in which Telenor has an ownership share of 23.9%.

EIENDOM HOLDING

Eiendom Holding is wholly owned by Telenor. At the end of 2003, the company managed approximately 1 million square metres of owned and leased floor space spread out over approximately 4,500 buildings. The company's main task is to ensure that the Telenor Group has at its disposal sufficient premises to allow its main activities to be performed in a cost effective manner.