

first quarter
+ second quarter
+ third quarter

= nine months 2001

TELENOR ASA THIRD QUARTER 2001

Telenor had an increase in revenues of 10.7% for the first three quarters of this year compared with the same period last year. Profit before taxes and minority interests was NOK 9.5 billion. Revenues and profits continued to show a strong growth in the Norwegian mobile business. The traditional fixed line business also had a positive underlying profit performance.

In the third quarter of this year, the market for IT-related business was adversely affected by a marked downturn in demand. Substantial measures were taken to adapt these businesses to the new market conditions, which includes manpower reductions. Telenor has decided to withdraw from the Internet business (CSP) in Germany and Switzerland and scale down the Internet business in other European countries.

As part of a broader program of cost-efficiency improvements, decisions have been taken to reduce the use of consultants and hired personnel, travelling, as well as the imposition of a recruitment freeze.

The table below shows the key figures from the profit and loss statement.

(NOK in millions)	First 3 quarters		3rd quarter	
	2001	2000	2001	2000
Total revenues	30,233	27,317	10,085	9,479
EBITDA	6,902	7,456	2,105	2,755
Operating profit	(1,235)	3,217	(1,912)	1,234
Profit/loss before taxes and min. int.	9,547	1,971	(2,547)	313

Due to the market developments within IT-related activities in the business market, including the Internet business and equipment sales, restructuring initiatives have been implemented which involve the downsizing and withdrawal from businesses. These decisions have necessitated provisions for extra costs. Telenor found it necessary in the third quarter to make write-downs, primarily goodwill.

The table below shows key figures that have been adjusted for special items (gains and losses, write-downs and provisions)*.

Adjusted for special items* (NOK in millions)	First 3 quarters		3rd quarter	
	2001	2000	2001	2000
Revenues, excluding gains	29,843	26,724	10,037	9,313
Adjusted EBITDA	7,085	6,833	2,539	2,594
Adjusted operating profit	1,812	2,615	696	1,078
Adjusted profit/loss before taxes and min. int.	(365)	908	60	187

* Refer to the table at the end of the report for more details.

Telenor's business for the first three quarters this year showed continued growth in revenues, particularly in the Norwegian mobile business, mNorway. In the fixed network business, Telenor has succeeded in maintaining its market share at the same level as at the year-end, and this business is still showing a stable development in revenues.

After adjustments for special items, EBITDA shows a growth for the first three quarters compared to the same period in 2000. The results are further affected by increased costs related to investments in the development of new business. Taking this into account, the underlying operations show a better profit performance.

The EBITDA growth for the Norwegian mobile business (mNorway) and Telecom Solutions for the first three quarters totalled NOK 584 million (9%), compared to the same period in 2000. mNorway has increased the EBITDA margin from 36% to 38% in the same period.

The growth in revenues, excluding gains, in the third quarter is lower than earlier period this year. This is due to the lower growth in IT-related business.

The Internet business area also made a negative contribution to EBITDA in the third quarter beyond the provisions for disposals and restructuring. This is due to the international activity and an increased focus in Norway, including ADSL (asynchronous digital subscriber line) and service development in the business market. The restructuring of the international Internet portfolio has continued in the third quarter. The decision has been made to withdraw from the business in Germany and Switzerland and scale down the business in other countries. In the third quarter this year there was also a decline in the market for other IT-related business including equipment sales. It was therefore decided to reduce the manpower in these areas by approximately 700. These measures have had little effect on the results for the third quarter this year, beyond the restructuring provisions and the write-downs. Cost reductions resulting from these measures will have a partial effect on the fourth quarter this year as well as in later periods.

Operating profit, adjusted for special items, was reduced by NOK 803 million for the first three quarters this year compared with the same period last year. This reduction is due to increased depreciation and amortization.

Telenor's balance sheet has strengthened considerably since the year-end as a result of the sale of VIAG Interkom and Esat Digifone. The net interest-bearing liabilities were NOK 16.4 billion at the end of the third quarter, which is a reduction of NOK 24.1 billion since the year-end. The acquisition of DiGi.com increased the group's net interest-bearing liabilities by NOK 4.6 billion (includes payment of Telenor's purchase price as well as interest bearing liabilities acquired including the minority's share) in the third quarter this year.

› IMPORTANT EVENTS IN THE THIRD QUARTER 2001

- Telenor signed an agreement for the sale of Telenor Media, which, based on preliminary calculations, will give Telenor cash proceeds of NOK 5.8 billion, and a gain of approximately NOK 5 billion in the fourth quarter.
- Telenor signed an agreement for the sale of its 12.74% holding in the Russian mobile company, North-West GSM, which will result in a gain in the fourth quarter of approximately USD 40 million before taxes, equal to approximately NOK 350 million.

- In July, Telenor signed a letter of intent for the acquisition of the remaining 74.2% of the Hungarian mobile company, Pannon GSM, for EURO 1,002 million.
- In July, Telenor signed an agreement with Canal+ for the acquisition of the remaining 50% of Canal Digital for NOK 2.4 billion (approximately EURO 300 million), half a billion NOK of which is dependent on future profits and will be paid within 2008.
- In September, Telenor completed the purchase of shares in DiGi.com thus increasing Telenor's holding from 32.9% to 61%. The total purchase price for this increase in ownership interest was NOK 3.2 billion.

Telenor has reorganized its organisation with effect from 1 July 2001. The operations are now organised in four business areas; Telenor Mobile, Telenor Networks, Telenor Plus and Telenor Business Solutions. The new organisation entails a stronger concentration of competence and resources in order to serve the business, consumer and operator markets respectively. Telenor Networks will still report revenues and expenses related to fixed telephony. Reporting in the new structure will begin in the fourth quarter.

› FINANCIAL REVIEW

› Revenues

- Revenues, excluding gains, increased by NOK 3,119 million (11.7%) for the first three quarters of this year compared with the same period last year. The growth in revenues, excluding gains, in the third quarter compared with the same quarter last year was 7.8%. The principal contribution to underlying growth in revenues came from the Mobile Communications business area. The increase in revenues in the third quarter this year was lower than earlier this year, and is marked by a declining market for IT-related business.

› EBITDA (Operating profit/loss before depreciation, amortization and write-downs)

- Special items (gains and losses and provisions for restructuring etc., see the table at the end of the report) reduced EBITDA by NOK 806 million in the first three quarters of this year compared with the same period last year (NOK 595 million in the third quarter). After adjustments for special items, the increase in EBITDA for the first three quarters this year is NOK 252 million (NOK 55 million loss) compared with the same period last year.
- The positive development in the Telecom and Mobile Communications areas has been offset by the increased loss in the Internet area. Furthermore, the greater focus on the development of new services in the business areas and group activities (Other units) has contributed to increased operating expenses.
- The market situation in the IT-related business in the third quarter this year has had a further negative effect on EBITDA.

› DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

(NOK in millions)	First 3 quarters		3rd quarter		Year
	2001	2000	2001	2000	2000
Depreciation of tangible fixed assets	4,563	3,847	1,601	1,346	5,201
Amortization of goodwill	458	288	160	137	496
Amortization of other intangible assets	252	84	82	33	124
Total depreciation and amortization	5,273	4,219	1,843	1,516	5,821
Write-downs of fixed assets	745	20	659	5	113
Write-downs of goodwill	2,119	-	1,515	-	-
Total write-downs	2,864	20	2,174	5	113
Total depreciation, amortization and write-downs	8,137	4,239	4,017	1,521	5,934

- Increased depreciation of tangible fixed assets is related to investments in new and existing businesses. This includes IT investments with a short economic life. Furthermore, with effect from 1 April this year, Telenor has reduced the depreciation periods for certain operating assets in the fixed and mobile networks in Norway. This has resulted in increased depreciation for the first three quarters this year totalling NOK 192 million (NOK 89 million in the third quarter), NOK 112 million of which relates to the Telecom business area (NOK 56 million) and NOK 80 million to the Mobile Communications business area (NOK 33 million). The effect for this year (the effect over three quarters) is estimated to NOK 280 million for investments made prior to 1 April this year.
- Amortization of goodwill relates to a large extent to the Internet Business area and EDB Business Partner. DiGi.com is included for part of the third quarter from the date of acquisition. The write-downs made in the second quarter this year have reduced the amortization in the third quarter.
- Amortization of intangible assets relates to software sales in the ASP (Application Service Provider) business in Business Solutions, as well as excess values linked to the acquisition of business.
- See the table of special items and discussions in the individual business areas for details relating to the write-downs. The depreciation and amortization linked to these fixed assets will be reduced in future periods as a result of the write-downs in the third quarter.

› Associated companies*

Telenor's share* (NOK in millions)	First 3 quarters		3rd quarter		Year
	2001	2000	2001	2000	2000
Revenues *	14,857	7,123	5,091	2,907	12,492
EBITDA *	2,566	643	1,011	308	1,213
Net income	(209)	(613)	5	(246)	(1,086)
Amortization of Telenor's net excess values	(1,174)	(399)	(367)	(250)	(776)
Write-downs of Telenors excess values	(8,165)	-	-	-	-
Gains/losses on disposal of ownership interests	21,450	245	13	-	1,170
Net results from associated companies	11,902	(767)	(349)	(496)	(692)

* The figures are partly based on the management's estimates in connection with the preparation of the consolidated financial statements. Telenor's share of the revenues and EBITDA is not included in the consolidated financial statements. The consolidated profit and loss statement contains only the line item "net results from associated companies". Sales between the associated companies and sales to group companies are included in revenues in the table.

- Increased revenues and EBITDA from associated companies relate mainly to foreign mobile companies and Bravida. Bravida has been accounted for as an associated company since November 2000, and contributed revenues and EBITDA of NOK 3,886 million and NOK 194 million respectively for the first three quarters for Telenor's share.
- The difference between EBITDA and the net income is due to high depreciation, amortization and financial expenses in the associated companies.
- The write-downs of Telenor's excess values relate to Sonofon (NOK 7,500 million) and Telenordia (NOK 665 million) in the second quarter this year. The write-downs have reduced amortization in the third quarter compared with previous quarters this year.
- Gains on the disposal of ownership interests relate primarily to the sale of VIAG Interkom and Esat Digifone for the first three quarters this year, and a reduction in ownership interests in Scandinavia Online the same period last year.

› Financial items

(NOK in millions)	First 3 quarters		3rd quarter		Year
	2001	2000	2001	2000	2000
Financial income	756	456	188	186	828
Financial expenses	(1,129)	(1,016)	(272)	(513)	(1,921)
Net foreign currency gain/loss	(421)	(134)	(190)	(68)	(64)
Net gain/loss and write-downs	(326)	215	(12)	(30)	223
Net financial items	(1,120)	(479)	(286)	(425)	(934)
Gross interest expenses	(1,316)	(1,052)	(367)	(552)	(1,965)
Net interest expenses	(697)	(750)	(190)	(392)	(1,392)

The development in the financial items is marked by the major increase in interest bearing liabilities throughout last year and the large transactions in connection with the sale of VIAG Interkom and Esat Digifone in 2001.

- The increase in financial income for the first three quarters compared with the same period last year relates mainly to temporary

investments in interest bearing financial assets of the proceeds from the large sales transactions. During the third quarter, these investments were reduced in connection with investments and repayments of liabilities, and thus the financial income is at the same level as the corresponding quarter last year.

- In the first three quarters this year, the gross interest-bearing liabilities were generally higher than they were in the same period last year, which has resulted in increased financial expenses this year. In the third quarter last year, Telenor had high borrowings relating to the major purchases that were undertaken during that time. The interest expenses in the third quarter this year are therefore lower than the same period last year.
- Net foreign currency losses so far this year relate primarily to the Esat Digifone and VIAG Interkom transactions in the first quarter, where a foreign currency loss is offset against an increased sales gain, and the DiGi.com transaction in the third quarter. In the third quarter, Telenor retained temporary investments in USD until payment for the shares in DiGi.com in September. The USD exchange rate fell in this period, which has given a currency loss of around NOK 200 million. The purchase price and thus the excess values linked to the purchase of DiGi.com are correspondingly reduced.
- The net gain/loss and write-downs at the end of the third quarter this year include NOK 229 million relating to the write-down of shares in Scandinavia Online AB. In the second quarter, the shares were written down to the market value as at 29 June 2001.

› Profit/loss before taxes and minority interests

- The profit before taxes and minority interests for the first three quarters was NOK 9,547 million, compared with NOK 1,971 million for the same period last year. After adjustments for special items, the loss before taxes and minority interests for the first three quarters was NOK 365 million, which is NOK 1,273 million lower than the correspondingly adjusted result last year. The adjusted result for the first three quarters this year includes a net foreign currency loss of NOK 421 million, which largely relates to the sales gains and the investment in DiGi.com. Amortization of Telenor's excess values in subsidiaries and associated companies increased by approximately NOK 1,000 million for the first three quarters compared with the same period last year.

› Taxes

- The income tax rate in Norway is 28%. The effective tax rate for the year 2001 is preliminarily estimated to be 43% of the profit before taxes and minority interests. The effective tax rate for Telenor is negatively affected by the losses in our associated companies and subsidiaries outside Norway, and by the amortization and write-downs of excess values that cannot be recognised as deferred tax assets. The calculated tax rate is lower than estimated after the first half of this year, which has contributed positively to the third quarter result. This is due to a low taxable gain on the sale of Telenor Media as a result of the high cost price for tax purposes established in connection with the formation of Telenor ASA in the autumn of 2000. Tax at the rate of 28% has been calculated on the gains from the sale of VIAG Interkom and Esat Digifone.
- The actual tax rate may differ from the estimated rate.

› Investments

(NOK in millions)	First 3 quarters		3rd quarter		Year
	2001	2000	2001	2000	2000
Tangible and intangible fixed assets	8,285	6,827	3,224	3,038	10,850
of which abroad*	1,424	582	560	155	1,200
Shares and participations (incl. purchase of subsidiaries)**	5,431	38,315	3,718	32,353	39,822
of which abroad***	4,653	34,191	3,511	31,303	35,655
Total investments	13,716	45,142	6,942	35,391	50,672

* Investments made in foreign subsidiaries.

** Includes purchase of long-term shares and associated companies, capital contributions in associated companies and payments to external parties for the purchase of subsidiaries.

*** Foreign companies.

NOK 7.6 million was invested in Norway for the first three quarters (NOK 10.4 billion last year), NOK 2.5 billion of which relates to the fixed networks (NOK 2.2 billion last year) and NOK 0.7 billion to the mobile network (NOK 0.6 billion last year). A further NOK 1.5 billion was invested in real estate (new head office etc). Other investments in Norway include investments in tangible and intangible fixed assets, which include investments in connection with the new head office and IT systems. The investment in DiGi.com was carried out in the third quarter this year.

› THE BALANCE SHEET

Telenor's balance sheet has strengthened considerably since the year-end as a result of the sales of VIAG Interkom and Esat Digifone. The net interest-bearing liabilities were NOK 16.4 billion at the end of the third quarter, which is a reduction of NOK 24.1 billion from the year-end, mainly as a result of the sale of VIAG Interkom and Esat Digifone (the total proceeds was NOK 31.9 billion). The acquisition of DiGi.com (includes payment of Telenor's purchase price as well as interest bearing liabilities acquired including the minority's share) increased the group's net interest-bearing liabilities were by NOK 4.6 billion at the end of the third quarter this year.

Amortization and the write-downs of excess values have reduced the values of associated companies in the balance sheet since the year-end. Short-term liabilities have increased with provisions for taxes. The equity has strengthened during the year. DiGi.com which was consolidated in the third quarter, has increased the value of tangible fixed assets and intangible assets, and reduced the value of associated companies. The minority interests have increased in this quarter as a result of the consolidation of DiGi.com, which was partly offset by the minority's share of the loss in EDB Business Partner.

› THE BUSINESS AREAS

› MOBILE COMMUNICATIONS

(NOK in millions)	First 3 quarters		3rd quarter		Year
	2001	2000	2001	2000	2000
External revenues					
Traffic	3,923	3,283	1,451	1,237	4,451
SMS/Mobilinfo/CPA	787	515	286	203	739
Subscription and connection	997	988	337	346	1,318
Other revenues	890	693	287	240	1,036
International operations/mFuture *	1,181	454	479	164	679
Total external revenues	7,778	5,933	2,840	2,190	8,223
Internal revenues	986	1,139	309	389	1,532
Gains on disposal of fixed assets and operations	259	23	-	-	23
Total revenues	9,023	7,095	3,149	2,579	9,778
EBITDA	3,056	2,105	1,154	857	2,720
EBITDA – excl. gains and losses	2,797	2,083	1,154	858	2,700
of which mNorway (incl. Zalto)	2,881	2,361	1,102	967	3,190
of which international operations/mFuture	(84)	(279)	52	(109)	(490)
Operating profit	2,001	1,270	746	570	1,594
Investments					
Tangible and intangible fixed assets	1,607	994	484	297	1,978
Shares and participations (incl. purchase of subsidiaries)	4,029	30,218	3,279	27,497	30,865
Total investments	5,636	31,212	3,763	27,794	32,843

* does not include associated companies and joint ventures (see table below)

The trend reflected in the first three quarters this year is still towards an increase in revenues and profit. Revenues (external and internal) in the Norwegian mobile business (mNorway) were up 15% compared to the corresponding period last year. In the same period, mNorway's EBITDA margin increased from 36% to 38%. The positive trend continued in the companies in the international mobile operations (mHorizon), with growth in subscriptions, revenues and EBITDA. During the third quarter the ownership interest in DiGi.com increased from 32.9% to 61% and the company has been consolidated in Telenor's accounts since the date of acquisition, with revenues of NOK 200 million and EBITDA of NOK 70 million.

- The average monthly revenue per GSM subscription in Norway (ARPU) has increased to NOK 342 so far this year, from NOK 334 in the same period last year. The increase is mainly due to a general increase in traffic, increased roaming and greater use of SMS and related services.
- The number of GSM subscriptions in Norway has increased by 12% compared with the third quarter in 2000 to 2.2 million subscriptions. This increase more than compensates for the decline in the number of NMT subscriptions that resulted from the closing of the NMT 900 network in March 2001.
- mNorway's total number of messages from SMS/Mobilinfo/CPA for the first three quarters increased by 60% compared with the same period last year.

- The increase in other revenues is due to increased revenues from external service providers from NOK 78 million for the first three quarters of last year to NOK 332 million in the same period this year. This increase more than compensates for the decline in customer equipment sales resulting from reduced PC equipment sales.
- The decrease in internal revenues is mainly attributed to reductions in the termination pricing.
- Our estimated market share in Norway for GSM at the end of the third quarter has decreased to 63% from 68% in the same period last year, as a result of more competition from an increasing number of service providers. In the same period, estimated mobile penetration in Norway increased from 68% to 80%.
- Consolidated revenues from DiGi.com (which can differ from the company's own figures) are accounted for at NOK 200 million. In addition, a growth in the number of subscriptions in Grameen Phone in Bangladesh has contributed to the increase in the revenues from international activities etc.
- The sales gain of NOK 259 million relates to the sale of the subsidiary Norcom Networks in the first quarter of 2001, in exchange for shares in the Canadian listed company Wireless Matrix Corporation.
- The increase in EBITDA for the first three quarters compared with the same period last year is due to the increased revenues. The increased operating expenses are mainly due to increased traffic costs resulting from increased traffic, higher commission charges in mNorway and expenses relating to international investments and the development of new business concepts. The consolidated EBITDA from DiGi.com (which can differ from the company's own figures) is accounted for at NOK 70 million. In the third quarter this year Grameen Phone sales had higher margins. The investments in Zalto and djuice amounted to a total EBITDA loss of NOK 259 million for the first three quarters this year compared with a loss of NOK 106 million in the corresponding period last year.
- Higher investments in recent years have contributed to higher depreciation. In addition, the depreciation periods for certain operating assets in the mobile networks in Norway were reduced from 1 April this year.

› Associated companies and joint ventures abroad (mHorizon)

Telenor's share* (NOK in millions)	First 3 quarters		3rd quarter		Year
	2001	2000	2001	2000	2000
Revenues*	8,648	5,459	2,885	2,186	8,915
EBITDA *	2,580	667	990	295	1,388
Net income	274	(477)	197	(192)	(690)
Amortization of Telenor's net excess values	(1,041)	(353)	(320)	(220)	(689)
Write-downs of Telenor's excess values	(7,500)	-	-	-	-
Gains/losses on disposal of ownership interests	21,432	-	(3)	-	920
Net results from associated companies	13,165	(830)	(126)	(412)	(459)

* The figures are partly based on the management's estimates in connection with the preparation of the consolidated financial statements. Telenor's share of the revenues and EBITDA is not included in the consolidated financial statements. The consolidated profit and loss statement only includes the line item "net results from associated companies". Sales between the associated companies and sales to group companies are included in revenues in the table.

- Telenor's share of the subscriptions in associated companies was 3.4 million at the end of the third quarter this year. After adjustments for DiGi.com, which is now a subsidiary, and the sale of VIAG Interkom and Esat Digifone, there was a growth in the number of subscriptions of 1.4 million (70%) since the end of the third quarter last year.
- In the first three quarters this year Telenor's increased share of the revenues, adjusted for the acquisition and disposal of companies, was NOK 1.1 billion (45 %) compared with the same period last year. The corresponding figure for the growth in EBITDA was NOK 0.7 billion (130%).
- The increase in depreciation, amortization and financial expenses in the associated companies explains why the net income does not show a similar increase as the EBITDA of those companies.
- Telenor wrote down the investment in Sonofon by NOK 7.5 billion in the second quarter this year. This write-down resulted in the excess value amortization linked to Sonofon being NOK 115 million lower in the third quarter this year compared with the previous quarter.
- Total gains before taxes from the sale of the ownership interests in VIAG Interkom and Esat Digifone were NOK 21.4 billion this year.

› TELECOM

(NOK in millions)	First 3 quarters		3rd quarter		Year
	2001	2000	2001	2000**	2000
External revenues *					
– Subscription and connection	3,194	3,242	1,056	1,053	4,353
– Traffic	4,668	4,910	1,499	1,506	6,466
Total end-user market fixed line telephony	7,862	8,152	2,555	2,559	10,819
Wholesale market fixed line telephony	1,609	1,335	554	475	1,819
Other revenues	1,728	1,740	592	661	2,331
Total Telecom Solutions	11,199	11,227	3,701	3,695	14,969
Business Solutions	1,169	806	334	298	1,184
Total external revenues	12,368	12,033	4,035	3,993	16,153
Internal revenues*	1,574	1,377	573	482	1,968
Gains on disposal of fixed assets and operations	-	320	-	11	320
Total revenues	13,942	13,730	4,608	4,486	18,441
EBITDA *	4,225	4,354	1,444	1,438	5,748
EBITDA – excl. gains and losses*	4,245	4,041	1,455	1,431	5,438
of which Telecom Solutions	4,241	4,174	1,462	1,467	5,470
of which Business Solutions	4	(133)	(7)	(36)	(42)
Operating profit	1,073	2,300	(41)	721	2,787
Investments					
Tangible and intangible fixed assets	2,886	3,584	1,045	1,942	4,911
Shares and participations (incl. purchase of subsidiaries)	45	-	45	-	125
Total investments	2,931	3,584	1,090	1,942	5,036

* The figures do not include itworks (reported under Other units). Furthermore, adjustments have been made for the transfer of operations between Business Solutions and Telecom Solutions.

** In the figures for the third quarter 2000, a reclassification has been made to the revenues between "subscription and connection" and "other revenues".

Since the year-end Telenor's market share in the end user market has remained stable. This has contributed to a lower decline in revenues from the end user market. Adjusted for gains on the sale of business, EBITDA increased in the first three quarters this year compared with the same period last year. In particular, the increased revenues in Business Solutions and cost reductions in Telecom Solutions have contributed to this development. In the third quarter Telecom wrote down its transatlantic fibre capacity by NOK 533 million, and the IT business, Eurocom, by NOK 74 million.

- The reduction in revenues from the end user market for the first three quarters compared with the same period last year can mainly be attributed to the reduction in traffic revenues. This reduction is a result of the traffic growth in the total market being insufficient to compensate for the reduction in the market share, so that the number of minutes was 8% less than for the first three quarters last year. The fact that Telenor managed to retain a 73% market share of the traffic so far this year (including Telenor Internett), plus changes in the composition of the traffic, have contributed to the revenues from the end user market for fixed line telephony in the third quarter being at approximately the same level as in the third quarter last year.
- The increase in external revenues from the wholesale business is due to increased interconnections in Norway resulting from the growth in the number of end users who have pre-selected competing companies or who use prefixes, and from the increase in transit traffic. The growth is partly offset by the reduction in revenues from foreign interconnections resulting from the reduction in the number of terminated traffic minutes from other countries and the decline in prices for this traffic.
- External revenues from leased lines have shown growth, but there is a decline in the sale of data services, co-location and operating and contract services.
- In Business Solutions, the revenues from the ASP business and software sales have increased for the first three quarters. A lower growth in the third quarter this year is a result of the decline in the market for ASP products.
- EBITDA, adjusted for gains from the disposal of business, increased for the first three quarters, compared with the same period last year. The increase in revenues in Business Solutions from the ASP business contributed positively to this increase, including software sales with no cost of materials. The increase in EBITDA in Telecom Solutions is attributed to increased revenues from the wholesale market and leased lines, as well as a reduction in costs. The EBITDA growth in the third quarter in Business Solutions is lower as a result of a declining growth in the ASP market.
- Surplus capacity and heavily falling prices in the market for the sale and leasing of transatlantic fibre capacity has resulted in Telenor finding it necessary to write down the investments in this capacity by NOK 533 million in the third quarter. The weak IT - market in Denmark and conditions within the company have necessitated write-downs in Business Solutions on the remaining goodwill relating to Eurocom of NOK 74 million. The increased investment level in previous periods and reduced depreciation periods from 1 April this year (for the fixed line network) have resulted in increased depreciation in the third quarter and for the year so far, as compared with last year.

› BROADBAND SERVICES

(NOK in millions)	First 3 quarters		3rd quarter		Year
	2001	2000	2001	2000	2000
External revenues*					
Broadcast	1,598	1,503	519	501	2,079
Content & Interactive	128	39	66	22	65
Satellite Mobile	881	563	329	181	779
Satellite Networks	256	239	86	93	347
Other revenues	13	29	3	8	38
Total external revenues	2,876	2,373	1,003	805	3,308
Internal revenues*	151	130	50	42	176
Gains on disposal of fixed assets and operations	10	13	6	-	13
Total revenues	3,037	2,516	1,059	847	3,497
EBITDA	340	523	116	161	644
EBITDA – excl. gains and losses *	379	510	135	161	631
Operating profit	(295)	64	(140)	(12)	4
Investments					
Tangible and intangible fixed assets	636	492	291	180	815
Shares and participations (incl. purchase of subsidiaries)	734	2,837	122	2,500	3,193
Total investments	1,370	3,329	413	2,680	4,008

* The figures are adjusted for the transfer of business from "Networks" to "Broadcast". Furthermore, revenues from sale of customer equipment is included in the respective units.

For the first three quarters, the Broadband Services business area showed a marked increase in revenues compared with the same period last year. The increase in revenues reflect in part the acquisition and disposal of businesses and non-recurring revenue. The increase in revenues from comparable activities was NOK 260 million, primarily from Broadcast and Content & Interactive. For the first three quarters, EBITDA, excluding gains and losses, was at the same level as the same period last year, taking account of a non-recurring revenue of NOK 50 million and the reversal of a provision of NOK 40 million last year, plus a provision of NOK 32 million for winding-up expenses in the second quarter this year. Adjusted for these effects the EBITDA margin is somewhat lower than in the same period last year, primarily as a result of expenses related to cable TV, higher development costs and the acquisition of businesses.

- Taking into account non-recurring revenues of NOK 50 million relating to the termination of a transponder contract in the first quarter last year and the effect of the acquisition and disposal of businesses, the Broadcast external revenues showed an increase of NOK 134 million for the first three quarters of this year. This growth can be attributed to the increased sales of satellite capacity and revenues from digital terrestrial broadcasting. Further an increase in the number of subscribers have increased revenues from Cable TV. Telenor Vision's hotel business was sold to Otrum ASA in the second quarter this year.
- The increase in external revenues for the first three quarters this year in Content & Interactive relates to the increased sales of Smart cards and CA modules for the digital TV market.
- External revenues in Satellite Mobile increased for the first three quarters this year as a result of the consolidation of SAIT (NOK 313 million).

- The growth in external revenues in Satellite Networks for the first three quarters comes from increased revenues from equipment sales as well as increased revenues from the business in Poland. The Satellite Tracking business is being wound up.
- The EBITDA margin, excluding gains and losses, was 14% for the first three quarters this year compared to 17% in the same period last year, after adjustments for non-recurring revenue and expenses. Expenditures for digitalization in the cable TV operator Avidi including increased marketing costs, development of content and interactive services, as well as the acquisition and disposal of companies reduced the EBITDA margin. SAIT had a smaller margin than the Norwegian maritime satellite mobile business, leading to a lower EBITDA margin in Satellite Mobile this year.
- A write down of NOK 59 million was made on equipment in the Networks business area in the third quarter this year. Furthermore, depreciation is higher partly due to the digitalization of the cable TV business, as well as the amortization of goodwill.

› Associated companies

Telenor's share* (NOK in millions)	First 3 quarters		3rd quarter		Year
	2001	2000	2001	2000	2000
Revenues*	1,284	546	438	184	955
EBITDA *	(113)	(76)	(38)	(28)	(91)
Net income	(334)	(147)	(132)	(55)	(231)
Amortization of Telenor's net excess values	(47)	(6)	(18)	(4)	(18)
Gains/losses on disposal of ownership interests	1	5	-	-	5
Net results from associated companies	(380)	(148)	(150)	(59)	(244)

* The figures are partly based on the management's estimates in connection with the preparation of the consolidated financial statements. Telenor's share of the revenues and EBITDA is not included in the consolidated financial statements. The consolidated profit and loss statement contains only the line item "net results from associated companies". Sales between the associated companies and sales to group companies are included in revenues in the table.

- The major associated companies are Canal Digital, A-Pressen ASA and Otrum ASA. Telenor's share of Canal Digital's revenues increased by 30% for the first three quarters compared with NOK 599 million in the same period last year. EBITDA for Canal Digital fell by NOK 78 million to a loss of NOK 133 million for the first three quarters compared with the same period last year. This is because the company is in a development phase, where analog services are being phased out and replaced by digital, resulting in increased customer-acquisition and marketing costs. The number of subscribers in Canal Digital (100%) at the end of the third quarter increased by 140,000 to 592,000 compared with the same period last year, of this the number of digital subscribers increased by 362,000 to 575,000. Telenor's share of the loss in Canal Digital was NOK 292 million for the first three quarters.

› INTERNET

(NOK in millions)	First 3 quarters		3rd quarter		Year
	2001	2000	2001	2000	2000
External revenues					
Telenor Internett					
(residential Norway)	326	228	119	83	309
Nextra business (Norway)	204	167	70	63	242
Nextra business (outside Norway)	590	210	198	85	363
Total external revenues	1,120	605	387	231	914
Internal revenues	186	158	58	43	212
Total revenues	1,306	763	445	274	1,126
EBITDA	(1,084)	(395)	(527)	(169)	(744)
Operating profit	(2,144)	(569)	(787)	(242)	(1,026)
Investments					
Tangible and intangible fixed assets	513	352	127	56	619
Shares and participations (incl. purchase of subsidiaries)	34	283	-	233	477
Total investments	547	635	127	289	1,096

In the interim report for the first half year the strategy for the international CSP business was discussed, as Telenor no longer has an ambition to develop a pan-European operation but instead will focus on developing profitable individual operations. The development in the third quarter is marked by costs linked to implementing this strategy. This has initially led to the decision to withdraw from the CSP positions in Germany and Switzerland. Furthermore, processes have been initiated to reduce the workforce in the businesses in Italy and the UK. Provisions for restructuring etc. totalling NOK 260 million in the third quarter have been made in relation to these measures. The continued fall in the market value of comparable companies in the third quarter, together with assessments of the profitability of individual companies, has led to further write-downs of goodwill and intangible assets of NOK 151 million in connection with the foreign CSP business.

- The launching of a separate prefix in the summer of 2000, and the introduction of ADSL at the beginning of 2001 resulted in higher external revenues for the first three quarters this year than in the same period last year for Telenor Internett (residential Norway).
- The increase in external revenues in Nextra business (Norway) is due to the increase in the number of hosting and access customers, and sales of increased access capacity and value-adding services to existing customers.
- The significant increase in external revenues in Nextra business (outside Norway) can mainly be attributed to the acquisition of companies in 2000.
- The revenues for Nextra business in the third quarter were at the same level as the second quarter this year. This was due to a declining market situation during the quarter, with a stagnating demand and increased price competition in individual markets, and the termination of certain contracts with particularly low profitability.
- The increased internal revenues were due to the increase in the number of traffic minutes generated. There was a reduction in internal revenues in the third quarter compared with the second quarter this year, which was due to the seasonal lower use of the Internet in the summer months, and the change over from priaks to prefix generated traffic.
- For the first three quarters this year, EBITDA was a loss of NOK

1,084 million, which is a fall of NOK 689 million compared with the corresponding period last year. NOK 260 million of the loss relates to provisions made in the third quarter as described above. The remainder is due to increased activity in the international operations compared with the same period last year, increased activity in developing services in the business market in Norway, and poorer results in Telenor Internett primarily resulting from the roll out of ADSL in the consumer market.

› TELENOR MEDIA

- In the third quarter, Telenor signed an agreement for the sale of Telenor Media. Gain from the sale is preliminarily estimated to be NOK 5 billion, and will be recognised as income in the fourth quarter this year.
- The increase in revenues for the first three quarters compared with the same period last year relates to business outside Norway that was acquired last year. The revenue from the business in Norway is lower, which is related to lower sales of listings and advertisements, and the timing of the distribution of directories. The reduction in revenues in the third quarter compared with the same quarter last year is mainly due to the timing of the distribution of directories in Norway.
- The reduction in EBITDA for the first three quarters compared with the same period last year is mainly due to new business in and outside Norway. There was an increase in EBITDA in the Directory business in Norway due to cost reductions.

› EDB BUSINESS PARTNER

- The business transferred to itworks AS has been removed from the figures for EDB Business Partner. Ephorma AS is accounted for in accordance with the equity method. This creates differences in relation to the figures presented by EDB Business Partner ASA itself.
- The increased revenues for the first three quarters compared with the same period last year relate to the acquisition of businesses, including Fellesdata (April last year), and good underlying growth. The revenues for this year include sales gains of NOK 32 million (none in the third quarter). In the Telecom area, the revenue growth rate was reduced in the third quarter this year, but the margins were better.
- After adjustments for gains and the acquisition of Fellesdata, EBITDA for the first three quarters showed a decrease of NOK 124 million compared with the same period last year. This reduction relates to provisions for restructuring and provision for losses and unforeseen costs in connection with work for customers in EDB Teamco totalling NOK 150 million in the third quarter this year, plus an underlying weaker profitability in the Operations area, which was accentuated in the third quarter. Weaker profitability is mainly related to lower volume, some changes in the mixture of products, and the fact that new outsourcing assignments are having a negative effect on the margin, since it will take some time before the synergies are realised. The uncertain economic trend gives reason to believe that the transaction volumes of central operating sites will show a lower growth than previously anticipated. This is the basis for the company's decision to restructure the operation area, with the aim of reducing the cost base in order to be better positioned to withstand the decline in volume. The effects of these measures are expected to be seen during the first half of 2002. Provisions have also been made for contracts that incur losses and costs relating to the phasing out of old technology.

- The Telecom business area improved its margins as a result of a high volume of license sales related to Mediation software. Furthermore, the Consultancy area has shown an improvement since the difficult start-up last year. The Banking/financing service showed a decline in its margin compared with last year, as a result of special deliveries with high margins last year. Moreover, a certain stagnation in the August and September sales may be attributed to the operational disruptions in August this year.
- A provision of NOK 42 million for social security tax relating to share options for employees (NOK 1 million in the third quarter) was made in the first three quarters last year. NOK 9 million of this provision was reversed during the same period this year (NOK 7 million in the third quarter).
- As a result of significant reductions in market value, which have adversely affected both EDB Business Partner and the remainder of the IT sector, the company has made evaluations and found it necessary to write down goodwill in the third quarter by NOK 1,182 million. This goodwill relates to the Consultancy, Operations and Banking/finance areas. The write down of goodwill so far this year is NOK 1,256 million.

› BRAVIDA

- With effect from 1 November 2000, Bravida became an associated company of Telenor, after merging with BPA AB. The figures for 2000 are still included in the tables for the business areas in order to illustrate the effect of Bravida.
- Bravida ASA has shown a positive development in its underlying operations compared with the same periods last year.

› OTHER UNITS AND ELIMINATIONS

- Other units comprise Telenor ASA, Telenor Communication AS (previously Telenor AS), Comincom/Combella, Teleservice, Venture, Norsk Data (UK), Innovasjon, itworks AS, and some smaller businesses.
- The increase in external revenues is related to the acquisition of new businesses, and the fact that sales to Bravida this year have been recorded as external revenues, which gives a corresponding reduction in internal revenues. Lower increase in external revenues in the third quarter relate to lower equipment sales in itworks and that Comincom/Combella was consolidated in August last year. Gains on disposals, which were primarily real estate this year, were NOK 82 million for the first three quarters (NOK 41 million in the third quarter), which is NOK 144 million (NOK 115 million) less than for the same period last year. The subsidiary, Telenor Inkasso AS, was sold with a gain of NOK 75 million in the third quarter last year.
- The acquisition and disposal of businesses (excluding gains) resulted in a net increase in total revenues of NOK 90 million for the first three quarters this year (a reduction of NOK 47 million in the third quarter). Lower sales of internal data services and equipment, and reduced sales to Bravida led to a reduction in total revenues compared to last year.
- The reduction in EBITDA, excluding gains and losses, was NOK 407 million for the first three quarters compared with the same period last year. This was due to increased costs relating to group activities (approximately NOK 200 million), including costs in connection with strategic projects, acquisitions and a higher activity level in group technological projects. Furthermore, the revenues were lower this year from the sale of services to companies that are no longer wholly owned by Telenor. Rent costs increased by NOK 44 million as a result of the sale and lease back of the head

office. So far this year, the net effect of the acquisition and sale of businesses has contributed to a reduction in EBITDA (excluding gains and losses) of NOK 93 million (a reduction of NOK 65 million in the third quarter).

- In the third quarter this year itworks AS experienced low demand, and the profit performance for the quarter is negative compared with the same period last year. For the first three quarters EBITDA is better than for the same period last year. itworks anticipates that the low demand in the market will persist and is downsizing its business. As a result of changes in expectations, write-downs and provisions totalling NOK 164 million have also been made, NOK 22 million of which affect EBITDA. The major part of the write-down is goodwill.
- In the group eliminations for the first three quarters last year, EBITDA was reduced by a reclassification from depreciation to operating expenses relating to the former subsidiary, Finans AS (finance leasing), by NOK 185 million. This was offset by the positive contribution made to EBITDA from Finans AS in Other units last year.
- Telenordia is reported as an associated company. From the fourth quarter this year Telenordia will be a wholly owned subsidiary of Telenor, after the business was divided with British Telecom. The share of the loss at the end of the third quarter this year, including depreciation and write-down of excess values of NOK 740 million, amounted to NOK 827 million. This includes a write-down of excess values of NOK 665 million in the second quarter.

› DISPUTES

See the annual report and the half-yearly report for a more detailed description of disputes etc. During the third quarter this year, the former minority shareholder in Telenor B-Invest started preparations for court proceedings in Oslo related to the case described in the half-yearly report.

› OUTLOOK

- After adjustments for special items (see table later in the report), improved underlying earnings measured by EBITDA are expected this year compared with last year. This applies before the effect of the acquisition of businesses in 2001 is realised. This improvement will however be somewhat lower than previously anticipated.
- The demand within IT-related business in the business market both in Norway and abroad decreased during the third quarter, which has affected a number of Telenor's business areas. This has continued into the fourth quarter. In order to compensate for a weaker market development and a general uncertainty, a number of cost-cutting measures have been implemented in the group, including manpower reductions, major reductions in the use of consultants and hired personnel, a recruitment freeze, travel restrictions and restrictions in investments. The market development is nevertheless expected to give weaker results in IT-related businesses this year than previously assumed.
- The fixed network business in Norway is expected to show a positive profit performance as a result of the continued focus on cost efficiency improvements. Activities to keep a high market share are also being pursued.
- Continued profit growth is expected in the mobile business in Norway, despite reductions in termination prices. The profit growth will primarily come from higher revenues per subscription combined with an increased focus on costs. The focus on the mobile Internet portal, djuce, is being directed towards serving companies in

Telenor's portfolio, as well as the portal being aimed more clearly at the mass market so that expenditure is limited. The acquisition of DiGi.com in Malaysia and Pannon GSM in Hungary means that these companies are consolidated in Telenor's accounts from the time of takeover, which will improve future EBITDA. The other companies in the international mobile portfolio will continue to show customer and profit growth.

- The Broadband Services business area continues to focus on increasing customer mass. Costs of digitalization and the development of interactive services are expected to exceed other profit improvements and have a negative effect on the result both this year and next year. In addition to the drop in revenues from analog TV distribution there is also uncertainty as to what extent available satellite capacity will be filled. The acquisition of Canal Digital means that the company will be consolidated in Telenor's accounts when the necessary approvals have been granted by the authorities, which may be at the earliest in the first quarter in 2002. This will further depress the profit performance until a critical customer mass has been achieved and digital services are commercialised. EBITDA is expected to be positive in 2003 for Canal Digital.
- In the Internet business area it has been decided to withdraw from the CPS position both in Germany and Switzerland. A considerable reduction in manpower is also being implemented throughout the entire Internet business. Nextra CSP is expected to show positive EBITDA results by the end of 2002. However, the EBITDA loss is expected to be greater this year than last year.
- Further reductions in manpower will be implemented in the fourth quarter in the new Telenor Business Solutions business area. This is expected to affect in the region of 150 employees.

The accounts submitted with the report have not been audited. This report contains forward looking statements with respect to certain growth initiatives, results of operations and certain strategies and objectives of Telenor. In particular, statements in the section, "Outlook" comprise forward looking statements. By their nature forward looking statements involve risk and uncertainty that could cause the actual results and developments to differ materially from those expressed or implied. The risk factors relating to Telenor's activities are described in Telenor's annual report on Form 20-F filed with the SEC (available at www.telenor.com/ir/annual_reports)

Oslo, 29 October, 2001

The Board of Directors of Telenor ASA

› PROFIT
AND LOSS
STATEMENT

Telenor Group (NOK in millions)	First three quarters		Third quarter		Year 2000
	2001	2000	2001	2000	
Revenues	29,843	26,724	10,037	9,313	36,602
Gains on disposal of fixed assets and operations	390	593	48	166	1,042
Total revenues	30,233	27,317	10,085	9,479	37,644
Costs of materials and traffic charges	7,614	6,971	2,488	2,485	9,847
Own work capitalized	(676)	(1,110)	(210)	(402)	(1,544)
Salaries and personnel costs	7,421	7,753	2,403	2,532	10,513
Other operating expenses	8,894	6,237	3,260	2,104	9,207
Losses on disposal of fixed assets and operations	78	10	39	5	58
Depreciation, amortization and write-downs	8,137	4,239	4,017	1,521	5,934
Total operating expenses	31,468	24,100	11,997	8,245	34,015
Operating profit	(1,235)	3,217	(1,912)	1,234	3,629
Associated companies	11,902	(767)	(349)	(496)	(692)
Net financial items	(1,120)	(479)	(286)	(425)	(934)
Profit before taxes and minority interests	9,547	1,971	(2,547)	313	2,003
Taxes	(4,105)	(1,380)	2,547	(617)	(861)
Minority interests	770	5	757	17	(66)
Net income	6,212	596	757	(287)	1,076
Profit margin (%)	31.6	7.2	(25.3)	3.3	5.3
EBITDA	6,902	7,456	2,105	2,755	9,563
EBITDA excl. gains and losses	6,590	6,873	2,096	2,594	8,579
EBITDA - margin (%)	22.8	27.3	20.9	29.1	25.4
Net income per share in NOK (basic and diluted)	3.505	0.426	0.427	(0.205)	0.754
US Gaap					
Net income	6,068	720	574	(262)	1,082
Net income per share in NOK (basic and diluted)	3.424	0.514	0.324	(0.188)	0.759

› BALANCE
SHEET

Telenor Group (NOK in millions)	30.09.2001	30.09.2000	31.12.2000
	Assets		
Intangible assets	10,983	6,051	7,209
Tangible assets	35,667	28,494	29,770
Associated companies	18,077	38,250	39,182
Other financial assets	4,341	5,746	4,720
Total fixed assets	69,068	78,541	80,881
Other current assets	11,182	10,415	10,488
Cash and interest bearing investments	2,364	2,207	2,316
Current assets	13,546	12,622	12,804
Total assets	82,614	91,163	93,685
Equity and liabilities			
Shareholders equity	41,691	20,723	35,474
Minority interests	3,821	2,847	2,706
Total equity and minority interests	45,512	23,570	38,180
Total interest bearing liabilities	18,722	53,926	42,812
Total non-interest bearing liabilities	18,380	13,667	12,693
Total equity and liabilities	82,614	91,163	93,685
US Gaap			
Shareholders equity	41,829	21,515	36,304

› SHARE-
HOLDERS
EQUITY

Telenor Group	(NOK in millions)
Balance as of 31 December. 2000	35,474
Net income	6,212
Translations adjustments	5
Balance as of 30 September. 2001	41,691

› CASH FLOW
STATEMENT

Telenor Group (NOK in millions)	First three quarters		Year
	2001	2000	2000
Net cash flow from operating activities	5,201	4,728	6,359
Net cash flow from investing activities	20,169	(44,218)	(47,752)
Net cash flow from financing activities	(25,475)	39,573	41,575
Net change in cash and cash equivalents	(105)	83	182
Cash and cash equivalents 01.01.	2,306	2,124	2,124
Cash and cash equivalents at the end of the period	2,201	2,207	2,306

> THE BUSINESS AREAS FIRST THREE QUARTERS

(NOK in millions)	¹⁾ Revenues		¹⁾ of which external		EBITDA		Operating profit/loss		Associated companies		Net financial items		Profit/loss before taxes and minority interests	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Mobile Communications	9,023	7,095	8,037	5,956	3,056	2,105	2,001	1,270	13,165	(830)	(755)	(513)	14,411	(73)
Telecom	13,942	13,730	12,368	12,353	4,225	4,354	1,073	2,300	(16)	9	(172)	(45)	885	2,264
Broadband Services ²⁾	3,037	2,516	2,886	2,386	340	523	(295)	64	(380)	(148)	(192)	36	(867)	(48)
Internet	1,306	763	1,120	605	(1,084)	(395)	(2,144)	(569)	(2)	254	(355)	(16)	(2,501)	(331)
Media	1,343	1,307	1,263	1,224	313	347	262	304	(12)	(8)	21	24	271	320
Bravida	–	3,735	–	1,613	–	62	–	(18)	33	–	–	(9)	33	(27)
EDB Business Partner	3,420	2,719	2,362	1,658	282	347	(1,266)	83	1	(12)	(50)	1	(1,315)	72
Other units	4,565	4,999	2,218	1,572	(95)	464	(734)	(47)	(880)	(31)	392	(3)	(1,222)	(81)
Elimination	(6,403)	(9,547)	(21)	(50)	(135)	(351)	(132)	(170)	(7)	(1)	(9)	46	(148)	(125)
Total	30,233	27,317	30,233	27,317	6,902	7,456	(1,235)	3,217	11,902	(767)	(1,120)	(479)	9,547	1,971

> THE BUSINESS AREAS THIRD QUARTER

(NOK in millions)	¹⁾ Revenues		¹⁾ of which external		EBITDA		Operating profit/loss		Associated companies		Net financial items		Profit/loss before taxes and minority interests	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Mobile Communications	3,149	2,579	2,840	2,190	1,154	857	746	570	(126)	(412)	(673)	(379)	(53)	(221)
Telecom	4,608	4,486	4,035	4,004	1,444	1,438	(41)	721	8	6	(65)	(13)	(98)	714
Broadband Services ²⁾	1,059	847	1,009	805	116	161	(140)	(12)	(150)	(59)	(135)	(3)	(425)	(74)
Internet	445	274	387	231	(527)	(169)	(787)	(242)	–	–	(84)	(7)	(871)	(249)
Media	385	496	367	473	78	150	63	135	8	(3)	(1)	8	70	140
Bravida	–	1,201	–	461	–	34	–	5	(11)	–	–	(4)	(11)	1
EDB Business Partner	1,148	1,021	820	673	(46)	151	(1,326)	52	1	(3)	(18)	(22)	(1,343)	27
Other units	1,394	1,768	648	665	(49)	255	(355)	63	(79)	(23)	695	(23)	261	17
Elimination	(2,103)	(3,193)	(21)	(23)	(65)	(122)	(72)	(58)	–	(2)	(5)	18	(77)	(42)
Total	10,085	9,479	10,085	9,479	2,105	2,755	(1,912)	1,234	(349)	(496)	(286)	(425)	(2,547)	313

¹⁾ Revenues include gains on disposal of fixed assets and operations.

²⁾ Revenues and cost of materials and traffic charges have been adjusted for gross recording of programming revenues and expenses.

› ANALYTICAL INFORMATION

	1999				2000				2001		
	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter
Revenues (NOK millions)	7,922	8,286	8,219	9,141	8,700	9,139	9,479	10,326	10,047	10,101	10,085
Operating profit/loss (NOK millions)	802	994	1,029	1,177	1,166	817	1,234	411	986	(309)	(1,912)
Profit/loss before taxes and minority interests (NOK millions)	521	827	587	1,379	908	749	314	32	10,666	1,428	(2,547)
Equity ratio incl. minority interests	-	-	-	44.3 %	44.5 %	41.6 %	25.9 %	40.8 %	51.9 %	51.5 %	55.1 %
Net interest bearing liabilities (NOK millions)	10,750	12,850	12,700	12,850	12,750	18,904	51,719	40,496	20,502	10,866	16,358
Net interest bearing liabilities/EBITDA last 12 months	1,3	1,5	1,5	1,4	1,3	2,0	5,2	4,2	2,1	1,1	1,8
No. of man-years	20,300	21,500	21,800	21,950	22,350	23,530	25,170	20,150	20,450	21,300	23,200
– of which abroad	2,900	3,200	3,000	3,150	3,300	3,550	4,580	5,050	5,300	5,900	7,600
Norway											
No. of PSTN subscriptions	2,093,000	2,044,000	1,985,000	1,908,000	1,826,000	1,773,000	1,724,000	1,680,000	1,646,000	1,600,000	1,554,000
No. of ISDN subscriptions (lines)	907,000	1,007,000	1,098,000	1,239,000	1,355,000	1,440,000	1,513,000	1,590,000	1,664,000	1,672,000	1,698,000
No. of ADSL subscriptions	-	-	-	-	-	-	-	-	3,000	5,000	11,000
PSTN/ISDN generated traffic (mill. minutes)	4,732	4,642	4,349	5,010	5,396	4,889	4,404	4,871	4,956	4,481	4,083
Fixed line market share of traffic minutes (incl. Internet)	95 %	94 %	91 %	87 %	83 %	79 %	78 %	73 %	73 %	73 %	73 %
No. of mobile subscriptions (NMT + GSM ^{1) 3)})	1,658,000	1,755,000	1,857,000	1,951,000	2,012,000	2,103,000	2,134,000	2,199,000	2,189,000	2,233,000	2,289,000
Number of GSM subscriptions	1,374,000	1,495,000	1,621,000	1,735,000	1,817,000	1,925,000	1,973,000	2,056,000	2,098,000	2,147,000	2,211,000
– of which prepaid	410,000	524,000	639,000	732,000	797,000	851,000	870,000	911,000	938,000	969,000	1,023,000
Traffic minutes per GSM subscription ³⁾											
per month, generated and terminated	168	168	175	165	166	170	184	174	171	175	182
Revenue per GSM subscription per month ³⁾	332	336	353	333	306	342	354	343	334	337	356
– of which contract	400	436	482	463	444	477	508	497	490	502	535
– of which prepaid	141	133	138	142	125	173	162	146	141	135	144
No. of SMS and content messages	52	74	98	137	166	205	254	277	315	323	359
No. of Internet subscriptions:											
– Business market	-	-	-	8,000	10,000	12,000	13,000	13,000	13,000	15,000	15,000
– Residential market	300,000	320,000	350,000	400,000	460,000	505,000	548,000	625,000	683,000	718,000	757,000
– of which frisure	-	-	-	45,000	110,000	150,000	188,000	248,000	305,000	343,000	386,000
Pay television subscribers in the Nordic region											
– Cable TV	272,000	273,000	276,000	282,000	288,000	312,000	350,000	357,000	362,000	362,000	367,000
– Small antenna networks (SMATV)	670,000	766,000	766,000	937,000	1,002,000	1,038,000	1,066,000	1,086,000	1,145,000	1,021,000	1,061,000
– Home satellite dish (DTH) ²⁾	368,000	380,000	382,000	405,000	417,000	418,000	452,000	506,000	531,000	569,000	592,000
Outside Norway (100 %)											
No. of mobile subscriptions	1,612,000	2,187,000	2,934,000	4,142,000	5,718,000	7,025,000	10,634,000	12,885,000	11,026,000	11,353,000	12,849,000
No. of Internet subscriptions (Nextra)	21,000	32,000	34,000	57,000	64,000	80,000	82,000	104,000	119,000	120,000	114,000

¹⁾ All GSM figures includes Zalto.

²⁾ Includes all subscribers in Canal Digital.

³⁾ The figures are changed to reflect the new principle for counting prepaid subscriptions.

› SPECIAL ITEMS

(NOK in millions)	First 3 quarters		3rd quarter	
	2001	2000	2001	2000
EBITDA	6,902	7,456	2,105	2,755
Gains on disposal of fixed assets and operations	(390)	(593)	(48)	(166)
Losses on disposal of fixed assets and operations	78	10	39	5
EBITDA excl. gains and losses on disposal of fixed assets and operations	6,590	6,873	2,096	2,594
Provisions for restructuring, exit costs, onerous contracts etc.				
Broadband Services	32	(40)	-	-
Internet	280	-	260	-
EDB Business Partner	150	-	150	-
Other units	33	-	33	-
Total provisions for restructuring etc.	495	(40)	443	-
Adjusted EBITDA	7,085	6,833	2,539	2,594
Write-downs				
Mobile Communications	6	12	-	-
Telecom	683	-	620	-
Broadband Services	59	8	59	5
Internet	695	-	151	-
EDB Business Partner	1,256	-	1,182	-
Other units (mainly itworks)	165	-	162	-
Total write-downs	2,864	20	2,174	5
Adjusted operating profit	1,812	2,614	696	1,078
Special items associated companies				
Gains/losses on disposal of ownership interests	(21,450)	(245)	(13)	-
Write-down of Sonofon	7,500	-	-	-
Write-down of Telenordia	665	-	-	-
Total special items associated companies	(13,285)	(245)	(13)	-
Special financial items				
Net gain/loss and write-downs	326	(215)	12	30
Total special financial items	326	(215)	12	30
Adjusted profit/loss before taxes and minority interests	(365)	908	60	187

› PRO FORMA FINANCIAL STATEMENTS

Telenor presents pro forma financial statements which include those acquisitions and the sale where pro forma financial information is required by the Oslo Stock Exchange regulation.

The pro forma financial information has been prepared by applying adjustments relating to the acquisition of the additional 50% ownership interest in Canal Digital, the additional 28.1% ownership interest in DiGi.com, the additional 74.2% ownership interest in Pannon GSM and the sale of 100% of Telenor Media to Telenor's consolidated financial statements. The pro forma financial information is provided for illustrative purposes only. The pro forma financial information does not purport to represent what our actual results of operations would have been had the acquisitions and sale occurred on the dates assumed, nor is it necessarily indicative of our future results.

The pro forma financial information gives effect to the following four transactions. The acquisition of additional 50% interest in Canal Digital for a consideration of NOK 2.4 billion, of which NOK 500 million will be paid at the latest in 2008 under certain conditions. The transaction is not yet completed. The purchase of the additional 28.1% in DiGi.com for a consideration of NOK 3.2 billion. DiGi.com was included in our financial statements from September 2001. The acquisition of 74.2% interest in Pannon GSM for a consideration of approximately NOK 8.2 billion. The transaction is not yet completed. The sale of 100% of Telenor Media for a consideration of approximately NOK 5.8 billion representing a gain of approximately NOK 5 billion. The transaction is expected to be completed in the fourth quarter.

The pro forma profit and loss statements for the year ended 31 December, 2000 and for the nine months period ended 30 September, 2001 reflects the acquisitions and sale as if they had occurred on 1 January, 2000. The profit and loss statements for the acquired entities have been adjusted to reflect the accounting principles of Telenor. The pro forma balance sheet as of 30 September 2001 illustrated the effects of the acquisitions of Canal Digital and Pannon GSM, and the sale of Telenor Media as if these transactions were completed as of 30 September 2001. The purchase price has been allocated to the assets and liabilities of the acquired entities based on our preliminary estimates of the fair values of assets and liabilities acquired. The actual allocation of the purchase price may differ from that reflected in the pro forma financial statements. The gain on the sale of Telenor Media is based on preliminary estimates of the consideration and the actual consideration may differ from that reflected in the pro forma financial statements. The estimated gain after tax is reflected in equity and has not been included in the pro forma profit and loss statements.

Pro forma profit and loss statement for 2000							
(NOK in millions)	Historical Telenor	Canal Digital	DiGi. com*	Pannon GSM	Media	Correc- tions	Proforma
Revenues	37,644	1,308	1,879	3,070	(1,655)	(188) ¹⁾	42,058
Operating expenses	28,081	1,468	1,198	2,099	(1,296)	(238) ¹⁾	31,311
EBITDA	9,563	(160)	681	972	(359)	50	10,748
Depreciation, amortization and write-downs	5,934	205	379	468	(58)	1,202 ²⁾	8,130
Operating profit	3,629	(365)	302	504	(301)	(1,152)	2,617
Associated companies	(692)	-	-	-	(6)	191 ³⁾	(507)
Net financial items	(934)	(15)	(82)	(171)	(33)	(562) ⁴⁾	(1,797)
Profit/loss before taxes and minority interests	2,003	(380)	220	333	(340)	(1,523)	313
Taxes	(861)	(6)	-	(29)	112	303 ⁵⁾	(481)
Minority interests	(66)	-	(86)	-	-	70	(82)
Net income	1,076	(386)	134	304	(228)	(1,150)	(250)
Net income per share in NOK	0.754						(0.175)

Pro forma profit and loss statement for the first three quarters 2001							
(NOK in millions)	Historical Telenor	Canal Digital	DiGi. com*	Pannon GSM	Media	Correc- tions	Proforma
Revenues	30,233	1,198	1,692	2,956	(1,343)	(304) ¹⁾	34,432
Operating expenses	23,331	1,463	1,125	1,869	(1,030)	(299) ¹⁾	26,459
EBITDA	6,902	(265)	567	1,087	(313)	(5)	7,973
Depreciation, amortization and write-downs	8,137	296	306	467	(51)	881 ²⁾	10,036
Operating profit	(1,235)	(561)	261	620	(262)	(886)	(2,063)
Associated companies	11,902	-	-	-	12	237 ³⁾	12,151
Net financial items	(1,120)	(22)	(74)	(159)	(21)	(403) ⁴⁾	(1,799)
Profit/loss before taxes and minority interests	9,547	(583)	187	461	(271)	(1,052)	8,289
Taxes	(4,105)	8	-	(33)	79	216 ⁵⁾	(3,835)
Minority interests	770	-	(73)	-	-	47	744
Net income	6,212	(575)	114	428	(192)	(789)	5,198
Net income per share in NOK	3.505						2.933

* Results for DiGi.com are based on the actual result reported for the period 1 January, 2001 to 30 July, 2001 adjusted to reflect Telenor's accounting principles. The results for the period 1 August to 30 September, 2001 are based on estimates as at present no financial figures have been made public for that period.

Pro forma balance sheets 30 September, 2001						
(NOK in millions)	Historical Telenor	Canal Digital	Pannon GSM	Media	Correc-tions	Proforma
Assets						
Intangible assets	10,983	338	723	(336)	10,620 ^{2,3)}	22,328
Tangible assets	35,667	721	2,404	(50)	-	38,742
Associated companies	18,077	-	-	(51)	(702)	17,324
Other financial assets	4,341	3	-	(37)	-	4,307
Total fixed assets	69,068	1,062	3,127	(474)	9,918	82,701
Other current assets	11,182	265	880	(712)	(50)	11,565
Cash and interest bearing investments	2,364	95	135	266	-	2,860
Total current assets	13,546	360	1,015	(446)	(50)	14,425
Total assets	82,614	1,422	4,142	(920)	9,868	97,126
Equity and liabilities						
Shareholder's equity	41,691	(53)	1,363	(227)	3,817 ^{2,3)}	46,591
Minority interests	3,821	-	-	-	-	3,821
Total equity and minority interests	45,512	(53)	1,363	(227)	3,817	50,412
Liabilities						
Interest bearing liabilities	18,722	648	2,100	(15)	5,396 ^{2,4)}	26,851
Non-interest bearing liabilities	18,380	827	679	(678)	655	19,863
Total liabilities	37,102	1,475	2,779	(693)	6,051	46,714
Total equity and liabilities	82,614	1,422	4,142	(920)	9,868	97,126

› NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

¹⁾ Represents elimination of internal transactions between the Telenor Group and the acquired/sold businesses in the periods presented.

²⁾ Represents adjustments for the amortization of excess values. The components of the allocation and the related amortization periods are as follows.

(NOK in millions)	Canal Digital	DiGi. com	Pannon GSM	Total	Amortization period
Excess values	2,856	5,170	7,764	15,790	5–20 year
Deferred tax	(280)	(584)	(280)	(1,144)	
Minority interest		(585)			

³⁾ Represents results and book value as associated companies for those entities consolidated in the pro forma statements.

⁴⁾ Represents indebtedness incurred in the transactions reduced with the proceeds from the sale of Telenor Media and the related estimated interest expenses on this indebtedness.

⁵⁾ Represents the tax effect on the pro forma adjustments.

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