

Annual review 2005



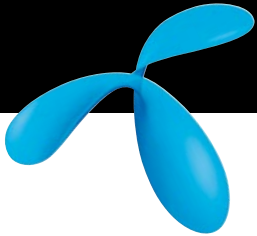
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2005 was Telenor's best year ever. During the year Telenor reinforced its position as an international mobile communications provider and strengthened its position within Nordic mobile, fixed-line and TV distribution.

Telenor is one of the largest mobile operators worldwide with ownership interests in 12 mobile operators across Europe and Asia, constituting a total subscriber base of 82.7 million at year-end 2005.



Telenor is Norway's largest telecommunications company and one of the fastest growing providers of mobile communications services worldwide. Telenor is also the largest provider of TV services in the Nordic region. In 2005, 57% of the Group's revenues were derived from the mobile operations. Telenor has mobile operations in some of the world's fastest growing markets, and the home market, Norway, is one of the most advanced in the world today.

Telenor has controlling interests in the following mobile operations: Telenor in Norway; Sonofon in Denmark; Vodafone Sweden in Sweden; Kyivstar in Ukraine; Pannon in Hungary; ProMonte in Montenegro; DTAC in Thailand; DiGi in Malaysia; GrameenPhone in Bangladesh and Telenor Pakistan in Pakistan.

Telenor also has substantial ownership interests in mobile providers VimpelCom in Russia (29.9 per cent) and ONE in Austria (17.5 per cent).

Group revenues for 2005 reached NOK 68.9 billion – a growth of 14 per cent compared to 2004. At year-end 2005, Telenor employed 27,600 people (man-years) – 16,700 of whom were employed outside Norway.

More information: www.telenor.com



Combining local strengths – achieving global excellence

JON FREDRIK BAKSAAS

President and CEO

2005 was Telenor's best year ever. We have seen significant growth both in revenues and net additions in mobile. We have continued to develop our company, ensuring that Telenor remains one of the fastest-growing providers of mobile communications worldwide, and we have put industrial ownership at the top of our agenda. As we move forward, we continue to build strong ties between all our international operations, developing a common mindset and a global corporate culture.

Our Global Coordination programme enables us to develop and promote best practice in all our operations, and as a result we are able to extract synergies. The programme is progressing well, and we are starting to see the results of our renewed efforts in this field. As we grow our company, we will continue to work as one collaborative international telecommunications group, drawing on local expertise and exploiting to the full our group processes and knowledge. We want to leverage what is common between all our markets and combine this with the local edge our companies already excel at.

To help us provide real customer satisfaction we have developed a new Telenor brand, with a new vision, new values and a renewed visual identity. The brand focuses and guides us for the future by making us stand out from the competition in a positive, distinct and relevant way and helps us deliver a tangible difference to our customers.

During 2005, we made several new acquisitions, strengthening our position both with in mobile and broadband. In March, we launched our greenfield mobile operation in Pakistan, which at year-end 2005 had 1.9 million subscriptions. In the Nordic region, we greatly enhanced our overall position through the acquisitions of the mobile operator Vodafone Sweden, and the broadband suppliers Cybercity in Denmark, and Bredbandsbolaget in Sweden. We also increased our economic exposure in DTAC in Thailand, and this allowed us to consolidate the company. While we continue to look for new opportunities in emerging markets, we will pursue the same relentless customer focus across all our operations.

Working with colleagues from regions as far apart as Scandinavia, Central and Eastern Europe and Asia is both inspiring and highly rewarding. As we expand Telenor's international footprint, we must all ensure that we are respectful of prevailing mindsets, cultures and religious beliefs in all the countries where we operate. Mobile communication is a key driver of economic growth, especially in financially constrained societies, but it can also contribute to bridge cultural gaps. At Telenor, we are working to become one company with one vision, but with local flavours and local competitiveness.

Going forward, we aim to build a unique group of companies in mature and emerging markets with more than 100 million customers making use of our services by 2008. Together we will continue to work towards our common goal: To help customers get the full benefit of communications services in their daily lives.

Jon Fredrik Baksaas
President and CEO



Goals, vision and strategy

GOALS AND VISION

Telenor's primary goal is to create greater value for our shareholders, customers, employees and partners, and for society in general. We strive to be a driving force in creating, simplifying and introducing communication and content solutions to the marketplace.

In order to achieve this goal, Telenor base its strategy on its customer oriented vision, "Here to Help" as well as its core values, "Make it easy, Keep promises, Be inspiring, and Be respectful".

STRATEGY

Telenor's strategy is to strengthen the performance of the local mobile operations in the Nordic region, Eastern and Central Europe and Asia by combining Group industrialisation with local drive and responsiveness. Further, to develop its leading position in the Nordic region with a broad range of communication services.

This strategy implies the following focus areas:

To strengthen the position as an international mobile operator.

Telenor intends to continue to strengthen its industrialization of the mobile operations by obtaining control over selected mobile companies. Control is essential to benefit from cross-borders synergies, such as scale in procurement, to develop new services and implement best practices, to improve operational efficiency and to increase the overall profitability. Telenor intends to manage the non-strategic investments as financial investments and to exit from international mobile operations where the company can not obtain control over time.

To strengthen the position in the Nordic region.

Telenor intends to continue to streamline its mobile and fixed operations in the Nordic region by exploiting the benefits resulting from economies of scale and cross-border synergies. The company believes its Nordic presence will improve support to the customers by building upon expertise in, and the range of, both mobile and fixed services.

To be the leading provider of communications services in Norway.

Being the leader in a broad range of services in both the residential and business markets in Norway, Telenor will seek to improve profit performance in the mobile and fixed areas by introducing new services and through a wide range of cost-cutting initiatives.

To continue to be the leading distributor of TV services to consumers in the Nordic region.

Telenor will continue to develop new opportunities to strengthen our strategic position as a leading distributor of subscription-based television in the Nordic region. The company will focus on attracting new subscribers and increasing revenue per user by providing attractive content and new interactive services.

Non strategic companies.

Telenor will enhance the value of those companies which are not strategic for our main business areas and dispose of all or part of our interest in such companies.

Operations



MOBILE

Telenor is a leading provider of communications services and one of the fastest growing mobile operators worldwide. At year-end 2005, Telenor held controlling interests in mobile operations in Norway, Denmark, Sweden, Ukraine, Hungary, Montenegro, Thailand, Malaysia, Bangladesh and Pakistan. Telenor also holds minority interests in mobile operations in Russia and Austria.

In accordance with Telenor's strategy of consolidating its position in international mobile by obtaining control of selected international mobile operations, and in order to maximize the benefit of cross-border synergies and increase overall profitability, Telenor also made new acquisitions in 2005.

In October, Telenor entered into an agreement with Vodafone Group for the acquisition of subsidiary Vodafone Sweden for a consideration of NOK 8,170 million, including assumption of debt.

Effective from 26 October 2005, Telenor increased its economic stake in Total Access Communication (DTAC) in Thailand to 56.9 per cent. Following further transactions based on mandatory tender offers, Telenor's economic stake was raised to 69.3 per cent by year-end 2005.

Telenor's mobile commitments in Asia and Eastern and Central Europe are becoming increasingly important and to ensure optimal follow-up, Telenor has appointed dedicated Executive Vice Presidents for these regions. Telenor has also strengthened the co-ordination of operational and human resources across all the countries in which the group has operations through

the appointment of two new Executive Vice Presidents to the Group Executive Management.

During 2005, Telenor successfully extracted a number of cross-border synergies across the group. Common technologies for optimal spectrum and network utilisation have been successfully implemented at each of the group's operations, and Telenor maintains its focus on adopting new technologies to improve service quality and reduce costs.

In order to harmonise the group's customer orientation across all markets, Telenor has developed a common segmentation model that enables more effective targeting, while also providing greater insight into the global markets. Telenor has developed a framework that provides affiliates with a proven concept of developing target segmented offerings and optimised go-to-market strategies.

Revenues from voice services include traffic charges, interconnection fees, and roaming charges. All of Telenor's mobile operations derive the greatest share of their total revenues from voice services, and Telenor continues to focus on developing new products, services and initiatives to increase Telenor's customer base and encourage higher usage.

Data services

All of Telenor's mobile operations offer Short Messaging Services (SMS), which enable customers to send and receive short text messages using their mobile phones, and with the exception of GrameenPhone, all operations also offer Multimedia Messaging Services (MMS), which enable customers to transmit graphics, video clips,

sound files and short text messages over wireless networks using the Wireless Application Protocol (WAP).

Content services

Telenor's mobile operations have all implemented Telenor's Content Provider Access (CPA) platform, which enables external content providers to supply content to the group's customers. Such content includes ring-tones and music, logos, pictures, Java-based games and directory enquiries. The content providers are responsible for the quality, pricing and marketing of such content.

Internet/intranet access

All the international mobile operations, with the exception of GrameenPhone, have launched WAP portals that enable customers to access a number of web-based services such as news and weather reports. Pannon, VimpelCom and Telenor in Norway offer software for easy connection to the Internet via PC cards. A common mobile e-mail solution was introduced across the group in 2005, with commercial launch at VimpelCom, Pannon, DTAC, DiGi and Telenor in Norway. The solution allows customers to access their business e-mail from their mobile terminals.

mCommerce

Several of Telenor's operations offer mCommerce services to their customers. Utilising a Public Key Infrastructure (PKI) secure payment system, mCommerce allows direct access to bank accounts from mobile terminals. Customers may use mCommerce to top-up their prepaid subscriptions or purchase products, goods and services from companies and vendors providing mobile commerce.



International Roaming

All of Telenor's mobile operations have entered into international roaming agreements with a large number of telecommunications operators. These agreements enable our companies' subscribers to place and receive calls through other operators' networks when travelling abroad. International visitors are offered similar access to Telenor's networks when they visit countries where Telenor companies offer their services.

Wholesale

In Norway, Telenor sells network capacity to both Mobile Virtual Network Operators (MVNOs) and service providers, whereas in Denmark such network capacity is only sold to service providers. Both MVNOs and service providers offer services under their own brand name without controlling radio spectrum or radio network facilities. MVNOs purchase radio spectrum and access to core network components, but retain control over all other aspects of the service, including traffic routing and SIM card production. Service providers, however, buy a wider range of products and services, including SIM cards. Both MVNOs and service providers are responsible for their own customer service, marketing, invoicing and sales.

FIXED-LINE

Telenor is Norway's leading provider of fixed-line telecommunications services, and is strongly positioned in the rapidly growing Nordic market for broadband services. In Norway, Telenor provides communications solutions on a retail basis to both residential and business customers. Offers include analogue (PSTN) and digital (ISDN) fixed-line telephony, as well as broadband voice services over Internet Protocol (VoIP),

Internet access via PSTN/ISDN and digital subscriber lines (xDSL), value-added services and leased lines.

Through the acquisitions of Bredbandsbolaget and Cybercity, made in July 2005 for NOK 4.5 billion and NOK 1.3 billion, respectively, Telenor has gained a strong position in the fast-growing broadband markets in Sweden and Denmark. Bredbandsbolaget is Sweden's second largest provider of broadband services, offering full "triple-play" with high-speed Internet, VoIP and Internet Protocol (IP) television services on an all-IP fibre and xDSL network. Cybercity is Denmark's third largest broadband supplier, providing xDSL-based Internet access and voice services to both residential and business customers.

On 8 February 2006, Telenor increased its shareholding in the Swedish residential voice and broadband provider Glocalnet AB by 13.5 per cent, for a consideration of SEK 136 million (NOK 118 million), to secure a 50.1 per cent ownership interest. The acquisition triggered a mandatory offer for all outstanding shares in Glocalnet AB. This offer is valid until 21 April 2006. As at 28 March 2006, Telenor holds a 96.6 per cent ownership interest in Glocalnet.

In the fourth quarter of 2005, Telenor disposed of its operations in the Czech Republic and Slovakia with a loss of NOK 63 million.

Telenor holds a 20.3 per cent ownership interest in the listed Russian fixed-line operator Golden Telecom.

BROADCAST

Telenor is the leading provider of television and broadcasting services to consumers and enterprises in the Nordic region. Telenor also operates the national terrestrial broadcast network in Norway and is the leading provider of satellite broadcasting services in the Nordic region, utilising three geostationary satellites. Telenor's key objective is to further strengthen Broadcast's position in the Nordic region.

Telenor Broadcast provides TV distribution services to more than three million households and businesses in the Nordic region, offering basic tier, "minipay" and premium pay-TV services to subscribers with Direct To Home (DTH) satellite dishes. In Norway and Sweden, Telenor also offers basic tier TV services, pay-TV and Internet services to cable TV subscribers, and in Denmark, the same services are marketed through a cable network; OE Kabel TV, acquired in November 2005. In Finland, Telenor offers premium pay-TV services to subscribers with access to digital terrestrial television (DTT). Telenor also offers TV services through privately owned satellite master antenna TV networks (SMATV), which serve multiple dwellings such as housing associations and antenna unions.

Telenor's wholly owned subsidiary Canal Digital is the leading TV content distributor in the Nordic region, offering a wide range of national and international TV channels to households that rely on DTH, cable, DTT or SMATV for their reception of television services.



Markets

THE NORDIC REGION

THE MOBILE MARKET

Telenor in Norway

Telenor's wholly owned Norwegian mobile operation is the country's leading provider of mobile communications services. Telenor offers a broad range of digital services to the Norwegian corporate and consumer markets and has extensive experience from providing mobile services and operating mobile communication networks in Norway.

Telenor currently holds three GSM licenses in Norway (two GSM 900 licenses and one GSM 1800 license). As Nordic Mobile Telephone - 450 (NMT-450) was shut down on 31 December 2004, Telenor increased its GSM coverage along the Norwegian coast and in certain mountainous regions by utilising extended cell technology, which more than doubles the range of coverage. Telenor's GSM network currently covers 99.8 per cent of Norway's population.

Telenor first launched UMTS services in Norway on 1 December 2004. As from 1 March 2006, Telenor's UMTS coverage extended to approximately 70.6 per cent of the population. Pursuant to instructions from the Norwegian regulator, Telenor is required to provide UMTS services to approximately 3.75 million people (approximately 80.9 per cent of the population) in Norway by 1 March 2007.

Telenor is Norway's leading provider of digital mobile telephony services, and although Telenor will continue to develop its non-voice services, it is anticipated that the bulk of Telenor's revenues will continue to come from voice services. Telenor is therefore committed to improve the quality of existing services as well as develop new

voice services to meet the needs of retail customers in all segments.

The Norwegian mobile market is highly developed and competitive. Following the introduction of mobile number portability in November 2001, the mobile market has seen increased levels of churn, consolidation among service providers, and many players have stepped up their marketing efforts. In recent years, Telenor's marketing and distribution efforts have become increasingly segment-oriented. During 2005, Telenor continued to focus on reducing churn, with special emphasis on its most valuable customers, implementing various "hold-back" and "win-back" activities such as price reductions and simplified mobile subscription plans. Other marketing initiatives have focused on improving network quality and customer service.

Sonofon in Denmark

Telenor's wholly owned subsidiary, Sonofon, is Denmark's number-two operator, with an estimated market share of 26.6 per cent. Sonofon currently holds three GSM licenses, and in December 2005, it also acquired a UMTS license at a price of NOK 574 million. Under the terms of the UMTS license, network coverage must exceed 30 per cent of the Danish population by 2009, and 80 per cent of the population by 2013.

Sonofon offers regular voice services as well as value-added non-voice services to the consumer and business markets. Non-voice services include SMS and MMS, mobile Internet access via WAP, as well as various content services. Content provided exclusively to Sonofon subscribers, pursuant to arrangements with partners, is an important point of differentiation between Sonofon and its competitors. Sonofon plans

to launch 3G services to business consumers in a number of Danish key cities during 2006.

Sonofon will defend its position as Denmark's number-two mobile operator by offering a range of simple and user-friendly products and services. During 2005, the company stepped up its efforts to increase monthly average revenue per user (ARPU) as well as monthly average minutes per user (AMPU), and reduce churn. Sonofon's initiatives, including packaged offers and flat-rate products have contributed to significant growth in traffic during 2005.

The Danish youth segment is becoming increasingly important to Sonofon. Emphasis is on marketing competitive web-based products and services. At the outset of 2006, Sonofon introduced several special package solutions aimed at the youth segment.

Telenor in Sweden

Following the acquisition of Vodafone's Swedish mobile operation, Telenor is now the third largest mobile operator in Sweden, with 1.7 million subscriptions and a market share of approximately 17 per cent. Vodafone Sweden was acquired on 31 October 2005, at a price of NOK 8,170 million including assumed debt, and the acquisition was completed on 5 January 2006. Telenor expects to achieve full integration of Vodafone Sweden and Telenor Mobile Sweden during the first half of 2006.

The acquisition has increased Telenor's Scandinavian mobile customer base by approximately 39 per cent, bringing the total number of subscriptions up to 5.7 million by year-end 2005. The acquisition also strengthens Telenor's presence in the



business segment, and Telenor registers an increasing demand from key business customers demanding seamless communications solutions across the Nordic countries. Under an agreement between Telenor and Vodafone Sweden, Telenor's customers will enjoy access to various Vodafone products and services in the Swedish market.

Telenor Mobile Sweden is positioned as an innovative, quality operator providing simple and user-friendly products and services at a low cost. In addition to voice services, Telenor Mobile Sweden offers data services such as SMS and MMS, as well as content services based on premium SMS, and Internet access via WAP.

At year-end 2005, Telenor Mobile Sweden had approximately 95,000 subscriptions (a reduction from approximately 105,000 subscriptions at year-end 2004). Telenor Mobile Sweden estimates that its overall market share, at year-end 2005, was one per cent. Vodafone Sweden had approximately 1.6 million subscriptions and a market share of approximately 16 per cent at year-end 2005.

THE FIXED NETWORK MARKET

Fixed Norway – Residential

Telenor provides voice services on a traditional public switched telephone network (PSTN), an integrated services digital network (ISDN) and via broadband Voice over Internet Protocol (VoIP). Telenor also provides narrowband (PSTN/ISDN) and broadband (xDSL) Internet access and services to households across Norway. At year-end 2005, Telenor had approximately 922,000 PSTN subscriptions, 286,000 ISDN basic rate access subscriptions, and 24,000 VoIP subscriptions for telephony

services. Telenor also had 579,000 Internet access subscriptions in the residential market, comprising 165,000 narrowband (ISDN/PSTN) subscriptions and 414,000 broadband (xDSL) subscriptions.

Fixed Norway – Business

Telenor provides its business customers, which include a number of public sector entities, with PSTN, ISDN and VoIP telephony services, Internet access via xDSL and leased lines services. At year-end 2005, Telenor had approximately 167,000 PSTN subscriptions, 216,000 basic rate and 7,000 primary rate ISDN subscriptions as well as 1,600 VoIP subscriptions for telephony services. Telenor also had 61,000 subscriptions for Internet access via xDSL in this market. In addition, Telenor provides integrated voice and data communications solutions, access and network services to the Norwegian business market.

Fixed Norway – Wholesale

Telenor provides a range of interconnection and capacity services, including leased lines, in the Norwegian market. Telenor's interconnection and capacity services allow other network operators, Internet service providers and other service providers to connect to our network or use our infrastructure in order to facilitate their own service offerings. Telenor also offers unbundled telephony access (PSTN and ISDN) and xDSL access to other operators and service providers. Further, Telenor provides local loop unbundling (LLUB) and shared access to the local loop, which enables other operators to provide end-users with broadband.

Fixed Sweden

Telenor provides telephony, IP-based and data communication services and advanced network services to the business and wholesale markets in Sweden through the group's wholly owned Swedish subsidiary Utfors AB. As from July 2005, Telenor provides high-speed Internet, VoIP, IP-TV and add-on broadband services to the Swedish residential market through the wholly owned subsidiary Bredbandsbolaget, which had approximately 369,000 subscriptions (a 20 per cent market share), at year-end 2005.

Fixed Denmark

As from July 2005, Telenor provides broadband solutions and network-based products, such as security and VPN products for residential and business customers, through its Danish broadband provider Cybercity. Cybercity serves small, medium and large business customers as well as residential customers. As year-end 2005, Cybercity had approximately 122,000 xDSL customers.

THE TV MARKET

Telenor is the leading provider of television and broadcasting services to consumers and enterprises in the Nordic region. Telenor also operates the national terrestrial broadcast network in Norway and is the leading provider of satellite broadcasting services in the Nordic region, utilising three geostationary satellites. Telenor's key objective is to further strengthen Broadcast's position in the Nordic region.

In June 2005, Canal Digital, in partnership with the Norwegian broadcaster TV2, acquired the rights to distribute Norwegian elite football on TV, broadband Internet and 3G mobile, at a price of NOK 1 billion.

At year-end 2005, Telenor had more than three million subscribers to its different television services, consisting of 906,000 pay-TV subscribers and 222,000 basic tier households on DTH, 681,000 cable TV subscribers, 33,000 DTT pay-TV subscribers and 1,177,000 households in SMATV networks. During 2005, Telenor's distribution activities generated external revenues of NOK 4.6 billion. More than 50 per cent of Telenor Broadcast's Nordic distribution revenues are currently generated outside Norway.

In Sweden, the government commenced the shutdown of analogue terrestrial TV in September 2005. Between 100,000 and 200,000 households were directly affected by this shutdown in 2005. As affected households migrate from analogue TV reception to digital reception via cable, DTH or DTT, the major operators in the Swedish market expect a surge in subscriber growth.

In Norway, Norges Televisjon (NTV), which is jointly owned by Telenor and the Norwegian broadcasters NRK and TV2, is the only applicant for a DTT license. The rollout of the DTT network is planned to commence within six months after such license is awarded. If, as expected, a licence is awarded during 2006, final shutdown of the analogue terrestrial network in Norway is expected towards the end of 2008.

Telenor also provides transmission services for broadcasters through Telenor Satellite Broadcasting and Norkring. Telenor Satellite Broadcasting owns and operates satellite transmission capacity on the satellite position 1-degree west, and is the largest Nordic provider of commercial satellite services for transmission of television and radio programmes.

In the third quarter of 2005, Telenor Satellite Broadcasting entered into an agree-

ment for the acquisition of a new satellite to replace the Thor II satellite, at a price of NOK 1.2 billion. Telenor will take possession of the new satellite towards the end of 2007.

Telenor's wholly owned subsidiary Norkring owns and operates analogue and digital terrestrial radio and television transmission systems in Norway. Norkring provides analogue services to two nationwide television broadcasters, the national broadcaster NRK and the commercial channel TV2, several national radio broadcasters and a number of local television and radio stations.

Telenor's wholly owned subsidiary Conax offers conditional access systems that enable broadcasters and content providers to encrypt their digital services. At year-end 2005, Conax had sales and support staff in India, Singapore, China, Brazil and Germany, and customers in more than 40 countries.

EASTERN AND CENTRAL EUROPE

Pannon in Hungary

Telenor's wholly owned mobile operation Pannon is Hungary's number-two mobile operator. Pannon currently holds two GSM licenses (GSM 900 and GSM 1800). In December 2004, the company was awarded a UMTS license.

Pannon offers advanced voice and non-voice services to both prepaid and contract subscribers. Pannon's voice services include international connections through Voice over Internet Protocol (VoIP), which enables the company to offer subscribers lower costs on international calls. Non-voice services include SMS, MMS, mobile content services and services to Internet service providers via Internet Protocol and WAP. Pannon launched EDGE-based broadband services in February 2005 and UMTS-based broadband services in October 2005.

Pannon has positioned itself as a high-quality provider with up-to-date features, competitive rates and quality customer service. Pannon has recently targeted the youth segment, providing offers for select services under the djuice brand.

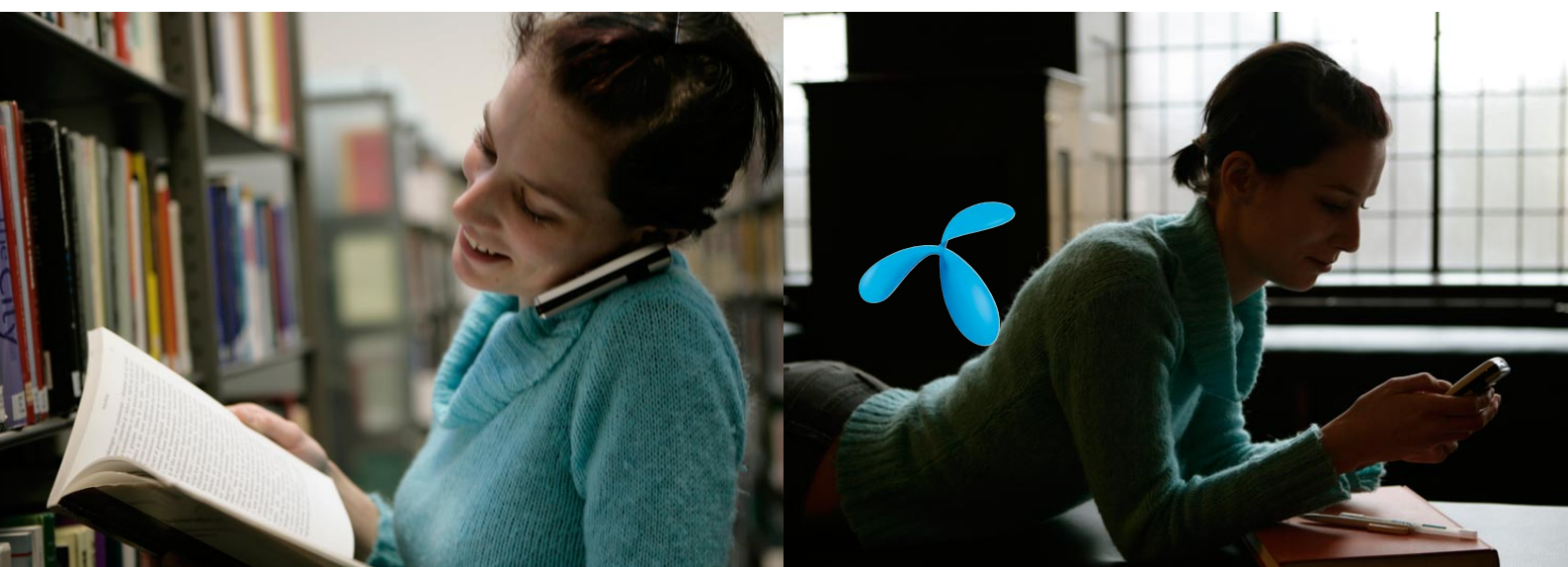
In addition to 39 Pannon-owned regional service centres, Pannon markets its products through a nationwide network of agents and sales outlets on an exclusive basis. During 2006, Pannon will be restructuring its distribution network by outsourcing 29 of its own sales outlets to various franchisees. Five sales outlets will be kept as "flagship" stores, another five will be closed down.

Kyivstar in Ukraine

Telenor holds a 56.5 per cent ownership interest in Kyivstar, Ukraine's largest mobile operator. Kyivstar currently holds a GSM 900 and a GSM 1800 license. At year-end 2005, Kyivstar's GSM network offered a geographical coverage of approximately 92 per cent and population coverage of approximately 96 per cent. Kyivstar's network is fully GPRS upgraded.

In 2005, Kyivstar launched EDGE services, which at year-end were operational at approximately half of the base stations in the ten largest cities in Ukraine. Kyivstar also continued to roll out its own fibre backbone network during 2005.

In addition to voice, Kyivstar also provides voice messaging services, SMS, MMS and mobile Internet services. Kyivstar focuses on providing quality customer service and customer care. At year-end 2005, Kyivstar had 72 visitor centres throughout Ukraine. The visitor centres are independent dealerships, but all of them have at least one Kyivstar employee among its staff. At year-end 2005, Kyivstar also operated 18 information centres in key urban areas.





ProMonte in Montenegro

Telenor's wholly owned subsidiary ProMonte is Montenegro's leading provider of mobile communications services. ProMonte holds a GSM 900 and a GSM 1800 license. At year-end 2005, ProMonte's GSM network had achieved a geographical coverage of approximately 75 per cent and population coverage of 98.7 per cent.

Since it first launched GSM services in 1996, ProMonte has positioned itself as an innovative quality operator within all segments, focusing on simplicity and user-friendliness. The company offers mobile voice, roaming, value-added services and mobile data services over GPRS to subscribers on both prepaid and contract basis. ProMonte provides EDGE coverage in most big cities and urban areas.

At year-end 2005, ProMonte markets and distributes its services through independent dealerships with 2,013 points of sale, including two wholly owned sales outlets in the capital, Podgorica. During 2005, ProMonte entered into "shop-in-shop" agreements with six independent dealerships, which committed themselves to market ProMonte's mobile services within their shops.

VimpelCom in Russia and CIS

VimpelCom is a key affiliate of Telenor and Russia's second largest mobile operator, with an overall market share of 34.3 per cent at year-end 2005. VimpelCom's ADSs are listed on the New York Stock Exchange and registered with the SEC. VimpelCom has subsidiaries in Kazakhstan, Uzbekistan and Tajikistan. VimpelCom's ownership of Ukrainian Radio Systems (URS) in the Ukraine is currently the subject matter of litigation between Telenor and VimpelCom.

On 20 March 2006, Telenor made a proposal for VimpelCom to acquire full ownership of Kyivstar, Telenor's consolidated mobile operation in Ukraine, in which Telenor holds a 56.5 per cent ownership interest, at a price of more than USD 5 billion in cash. A condition to Telenor's proposal is that Telenor and Alfa Group enter into a market based separation mechanism. If implemented and activated, this mechanism would permit the party placing the highest value on VimpelCom to make an offer for all of the other party's shares and obligate the other party to dispose of its entire shareholding.

In Russia's Far Eastern region, VimpelCom operates in four sub-regions through its subsidiaries Sakhalin Telecom and Dal Telecom International.

VimpelCom operates a GSM 900/1800 network, as well as several small AMPS/D-AMPS networks, that target both the business and consumer segments. VimpelCom's Russian license portfolio covers approximately 94 per cent of the population. VimpelCom offers voice services and value-added services on its GSM and D-AMPS networks on both prepaid and contract basis, with around 99 per cent of its Russian subscribers using GSM.

As part of its overall business strategy, VimpelCom has constructed and tested a pilot UMTS network, and intends to introduce UMTS services in some of the larger cities if awarded a UMTS license.

ASIA

DiGi in Malaysia

Telenor holds a 61 per cent ownership interest in DiGi, the third largest mobile

operator in Malaysia. DiGi currently holds a GSM 1800 license, and offers mobile voice, roaming and value-added services on both prepaid and contract basis. DiGi is currently one of the leading operators in the prepaid segment, which is the fastest growing segment in the Malaysian mobile market.

With various valued-added services, such as MMS, premium SMS, mobile content and Internet services, and innovative loyalty schemes, DiGi continues to be at the forefront with respect to innovation in the Malaysian market.

Under Malaysia's current New Economic Policy (NEP), Telenor will be required to reduce its ownership interest in DiGi to less than 50 per cent by year-end 2006. The NEP specifies that members of the Bumiputera community, the largest indigenous ethnic community in Malaysia must control at least 30 per cent of the ownership interest in any publicly listed company. To avoid having to reduce its ownership, Telenor will have to apply for a further extension period.

During 2005, DiGi continued to stand out as an innovative player and was the first to launch a number of new products and services. The company also offers a variation of subscription plans to meet the needs of its contract customers.

DTAC in Thailand

On 26 October 2005, Thai Telco Holdings (TTH), a 49 per cent subsidiary of Telenor, completed the purchase of a 39.9 per cent stake in United Telecommunications Industry PCL (UCOM). In compliance with relevant stock market regulations in Thailand and Singapore, TTH then launched a mandatory tender offer for all outstanding shares of UCOM and, along with Telenor Asia, a Chain

Principle Offer for all of the shares of DTAC that they and their parties acting in concert, as defined by stock market regulation in Singapore, did not collectively own or control. The results of the mandatory tender offer resulted in an increase in Telenor's economic stake in DTAC, held through TTH, UCOM and Telenor Asia, to 69.3 per cent at 31 December 2005.

The Thai Telecommunications Business Act limits the direct ownership of foreign investors in public communications license-holders to 49 per cent of the total issued share capital.

DTAC currently holds a GSM 1800 and an AMPS 800 licence, and offers mobile voice, roaming, and value-added services to its customers through contract and prepaid subscription plans. DTAC's non-voice services also include mobile Internet services based on WAP and EDGE.

During 2005, DTAC has continued to focus on enhancing customer services, adopting an innovative and segmented approach to ensure that the needs of individual customers in both the consumer and corporate segments are met.

GrameenPhone in Bangladesh

Telenor holds a 62 per cent ownership interest in GrameenPhone in Bangladesh, the country's leading provider of mobile communication services. GrameenPhone currently holds both a GSM 900 and a GSM 1800 license. The Bangladeshi government has not yet announced any plans to issue UMTS licenses.

In addition to core voice services, GrameenPhone offers a number of value-added services, on both contract and prepaid basis. These services include voice mes-

saging services, SMS, MMS and data services via WAP. GrameenPhone's services are widely perceived as having the most advanced and up-to-date features in the Bangladeshi market. GrameenPhone also offers the market's widest coverage, which increased from approximately 58 per cent of the population in 2004 to approximately 85 per cent in 2005. GrameenPhone also offers GPRS in most of the country and EDGE in urban areas.

In February 2006, GrameenPhone awarded a two-year framework agreement to expand and upgrade its GSM/EDGE network. The contracted party will supply core and radio network equipment in addition to a range of other services. The contract will include Mobile Softswitch Solution and IP Multimedia Subsystem (IMS), which will enable GrameenPhone to significantly enhance network quality, performance and coverage.

Telenor Pakistan

Telenor's wholly owned subsidiary Telenor Pakistan launched GSM mobile services on 15 March 2005, and at year-end the company had acquired a market share of approximately nine per cent. Telenor acquired the license to build and operate a mobile network in Pakistan in April 2004 at a price of USD 291 million.

In addition to basic voice services, SMS and MMS, Telenor Pakistan also offers mobile data services to all its customers. The company rolled out its GSM network rapidly during 2005 and had the fastest growing mobile network in the country during the year. The network currently being rolled-out is WAP and GPRS enabled and EDGE compatible. In addition, the company holds a Long Distance and International (LDI) license through which it is providing nation-

wide and international call services. Telenor Pakistan distributes its services through a network of 13 own sales and service centres, 58 franchisees and approximately 18,000 retail outlets selling subscriptions and refills.





Securing fair regulatory frameworks

Telenor's objective is to contribute to fair regulatory frameworks through active engagement with political decision-makers and public authorities, both at the national and the international level, firmly opposing biased and unpredictable competitive terms.

Telenor's operations adapt to the regulatory frameworks that they are subject to in individual markets. The development of equal and fair competition is a key challenge for authorities in all countries, and Telenor seeks to play an active role in the development of robust competition in all markets. Unpredictable framework conditions and market intervention could affect Telenor's revenues and profitability, and thus represent a regulatory risk.

The rapid development of the telecommunications industry has resulted in a need for new and revised regulations in Europe. At the same time, European regulatory practices are becoming a blueprint for the development of national regulatory regimes in many markets. Being present in emerging, maturing and advanced markets, Telenor is uniquely positioned to transfer learning and set the right focus on regulatory issues.

Telenor actively cooperates with international organisations and industry associations with the common objective of securing and developing fair and predict-

able national frameworks that can attract long-term investments in the telecom sector. Outside Europe, membership of the WTO and alignment with the WTO Agreement contribute to secure stable framework conditions for the international operations.

The goal of ensuring a well-functioning telecommunications market will be difficult to achieve if players in Norway are subject to more detailed and extensive regulations than those which apply in other European countries. Today, we are observing such a trend in the Norwegian market, with respect to both fixed-line and mobile interconnections.

During the course of 2005, broadband telephony has gained a firm foothold in the Nordic market. An extensive regulatory process has resulted in provisional clarification as regards regulatory obligations and dispensation schemes for the various broadband telephony services. This involves far-reaching and important changes to the telecommunications industry.

An increase in the regulation of mobile operators is expected to take place in many countries outside Europe. This development is likely to involve contributions to USO funds, introduction of mobile number portability and altered conditions for interconnections. Telenor will continue to work actively to ensure optimal regulatory framework conditions for all its operations.



Global coordination

Telenor's global coordination programme was launched early 2005 with a single goal: To increase the local competitiveness of our mobile operations by taking advantage of our global joint competence and scale.

Telenor has the recent years moved from a holding-company approach to a more collaborative united force, building on a common culture and stimulating best practice sharing and co-operation between markets, while maintaining local edge and market relevance.

All companies have adopted common guidelines for developing a customer-oriented focus and performance, and a system for monitoring goals and market positions secures follow-up activities and dynamic operation.

Telenor's Segmentation Model has been adopted throughout Telenor's portfolio, establishing a common framework and segment focus to ensure that diverse market needs are met. Mobile Market Offering, a process tool for developing segmented go-to-market strategies, has been used at several of the operations as part of the business planning process for the next year.

To date, a number of initiatives have been implemented across the Telenor family of mobile operations. These initiatives not only ensure optimised operation and synergies across the Telenor family but also stimulate service and product development in other sectors of the industry.

The youth concept djuice has been launched in Norway, Sweden, Hungary, Ukraine, Bangladesh and Pakistan. The Content Provider Access model (CPA), which allows content providers to bill customers directly, has been implemented successfully in Norway and Malaysia. A common E-load electronic prepaid top-up solution has been introduced in Pakistan, Malaysia, Bangladesh and Ukraine. E-Phone, a common push-mail solution has been implemented in Hungary, Russia, the Nordic region, Malaysia and Thailand. This solution will be implemented at all operations in the Telenor family. The Sales Tracking System, an electronic tracking system for sim-packs and reload coupons throughout the distribution chain has also been implemented in several of Telenor's operations.

The programme of global coordination and global teamwork ensures effective group-wide decision-making and local responsiveness.



Research and development

Telenor Research and Development is one of Norway's leading research establishment within ICT (Information and Communication Technology) and an important contributor to innovation in Telenor.

The R&D achievements comprise future strategic long-term research, joint activities with the Telenor business units world wide, and collaboration with third parties outside Telenor. The research results help the Telenor Group stay at the forefront of its chosen areas. Telenor R&D collaborates extensively with leading research establishments – both nationally and internationally.

Telenor Research and Development makes an important contribution to Telenor's value creation through strategic consultancy, innovation and improvement of existing solutions. The research and development activity is linked to new services, platforms and customer solutions across different networks, both in mature and emerging markets. R&D also carries out work on new business models and takes part in strategic processes in the Telenor Group.

Telenor R&D is regarded as one of the leaders in specific areas within European research collaboration and has the following focus areas.

BUSINESS MODELS AND DISRUPTIVE CHANGES

Telenor intends to be on the cutting edge of understanding which sustainable models can exploit the potential in the technological development – always keeping ahead of the market. This R&D research unit keeps abreast of challenges to Telenor's international value creation, both as an established actor and as a challenger in mature and immature markets.

Through strategic competitive activities the research unit Business models and Disruptive Changes analyse the intersection between the market and regulatory boundaries. The unit helps to position Telenor by preparing analyses and scenarios concerning new actors, relations between actors and central development trends in the industry. An important part of this is identifying the most important disruptive development trends that may impact Telenor and its surroundings. New business concepts and opportunities are analysed by developing and using quantitative strategic tools.

PRODUCTS AND MARKETS

The R&D research unit Products and Markets contributes to Telenor's ability to offer simple and user friendly products adapted to customer needs, to ensure customer loyalty and increased ARPU per customer.

Products and Markets also develops existing services to improve customer experience and value. Based on technological possibilities and empirical user studies, this research unit analyses customer requirements in different markets, both nationally and internationally. It analyses possibilities offered by the terminal development as to

enhanced customer experience, differentiation, adjustment of terminals, adjustment of segments and development of new services.

SERVICE PLATFORMS

Telenor needs common service frameworks and platforms based on open standards to reduce platform costs and secure new revenues by supporting a multitude of new innovate services and achieve synergies across Telenor's different operations in Norway and abroad.

Service platforms have evolved from IN (Intelligent Networks) systems and platforms into Service Delivery Platforms (SDP) that provide new features and capabilities. The major advances in service platforms is their ability to expose service capabilities to 3rd parties and Content Delivery capabilities that may be used for provisioning of multimedia content to e.g. mobile devices. These capabilities can open up for new opportunities to Telenor such as creating new content rich services or enable growth of business in cooperation with partners.

NETWORK INFRASTRUCTURE

This research unit delivers expertise and authority within mobile, fixed and broadcast technologies to continue Telenor's market leadership in its home markets and to meet the challenges of international expansion.

R&D contributes to ensuring Telenor's success in the broadband market by choosing the winning distribution technology and platforms for broadband services and by being a leader in identifying and choosing new technology for fixed and mobile access. R&D recommends methods to maximise capacity and achieve optimum



efficiency of Telenor's network infrastructure and seamless cross platform solutions with end-to-end service quality, security and mobility.

R&D also evaluates system solutions to facilitate and meet user requirements for services and content specific to time, location and terminal and is also experimental in trying out new technology in co-operation with business units and suppliers.

Telenor Research & Innovation Centre Asia Pacific The goal of the Telenor Research & Innovation Centre Asia Pacific is to ensure that Telenor is ahead of the competition in providing unique customer experience and go-to-market approaches. The R&I Centre will leverage its Asian presence to better understand consumer behaviour and preferences, technology and services, and partners in the Asian region. Both local and international experts will be engaged to ensure that expertise and competence are shared between Telenor's operations. The R&I Centre will utilise Telenor's Asia

operations as test beds, in order to create new concepts and drive value to Telenor affiliates worldwide.

Telenor regards Asian consumers to be early adopters of new technology. Following a different development pattern than Telenor have experienced in Western Europe (fixed first, then mobile), Asia is already leading in mobile service innovation both in terms of technology and consumption.

The R&I Centre is fully funded by Telenor. After a couple of years in operation the staff is expected to reach 30 to 40 people, mostly recruited from the Asian region. Exchange of visiting researchers is encouraged.



Organisational development

ORGANISATION AND PERSONNEL

At year-end 2005, Telenor had 28,500 employees (27,600 man-years), of whom 11,300 were employed in Norway and 17,200 abroad. This is an increase of 6,750 employees compared to year-end 2004. As in previous years, Telenor restructured its operations in 2005, with the aim of maximising operational efficiency. This is increasingly important in view of the intensifying competition in the Nordic markets and with respect to products that were formerly highly profitable, such as fixed-line telephony.

Telenor has made a considerable effort to ensure that all organisational restructuring is implemented in the most considerate way possible in relation to the group's employees. Whenever workforce reductions have been unavoidable, Telenor has introduced appropriate economic support schemes and offered advisory services.

Ambition for people and organisation
Telenor's highly skilled workforce is made up of people from a wide range of backgrounds and different nationalities. As the company grows, it is important to maintain a relentless focus on customer perception and customer satisfaction, and at the same time acknowledge and respect local cultures. Wherever we operate, we want to be part of the local community. For Telenor, responsibility and trust are inseparable.

Telenor's ambition for its people and organisation focuses on the following four areas:

An organisation that provides a competitive advantage by being simple, aligned and efficient

A culture centred on customers and characterised by our values, collaboration and group mindset

Managers with a passion for business, who excel at empowering people and never compromise on Telenor's values and ethical standards

People who perform at the peak of their ability because they feel a sense of mission, accomplishment and growth

COMPETENCE AND TRAINING

Telenor recognises the importance of attracting and retaining talented and motivated employees who, in accordance with Telenor's Codes of Conduct, display a strong passion for business and who are capable of motivating their colleagues to give their best. Two global processes – Telenor Development Process (TDP) and Internal Value Creation (IVC) – were developed further during 2005. TDP is a tool for systematic evaluation, development and remuneration of employees, while IVC monitors human and process capital as well as the quality of the organisation.

All managers at Telenor's Nordic companies, with the exception of Sonofon, participated in the TDP process in 2005. Outside the Nordic region, the top two management levels of all mobile companies participated in the process.

DIVERSITY AND EQUAL OPPORTUNITIES

In 2005, Telenor adopted a new policy underlining the significance of diversity with respect to value creation. The policy has special emphasis on gender, age and ethnicity/nationality.

In Norway, Telenor's compiled figures for gender equality reveal that 37 per cent of Telenor's total workforce, and 24 per cent of Telenor's managers, were women. In 2005, the Board of Directors of Telenor ASA consisted of 40 per cent women and 60 per cent men.

During 2005, and in accordance with the Board's adopted principles of gender equality, initiatives have been introduced to ensure better balance in relation to gender and competence within the boards of Telenor's own operations. All representatives who are appointed to Telenor's various boards are offered training in board work.



Corporate Governance

GOOD CORPORATE GOVERNANCE, ETHICS AND SOCIAL RESPONSIBILITY

Telenor considers good corporate governance to be a necessary requirement for value creation and trustworthiness, and for access to capital. In this context good corporate governance means open interaction and cooperation among the company's owners, the Corporate Assembly, the Board and Group Executive Management, as well as other interested parties such as the Group's employees, customers, suppliers, creditors, public authorities and society in general, etc. The presentation given herein is seeking to reflect that Telenor, when engaging in corporate governance, includes all these interested parties in an integrated and comprehensive way.

Earning public trust is essential for all companies. When submitting reports, Telenor provides both financial and non-financial information, emphasising transparency so that interested parties may be able to make informed decisions. Telenor also focuses on individual responsibility and personal integrity – values that will be promoted by concentrating on value-based leadership and business ethics. Social, competitive and industrial development will involve changes and restructuring. Flexible employees and a pliable organisation will be pivotal in achieving a successful development.

Telenor is subject to rules and regulations applicable in Norway as well as the countries where the Group conducts business. Telenor's shares are listed on the Oslo Stock Exchange and Nasdaq in the US. As an issuer of shares the company must comply with both Norwegian and US stock exchange rules. Listing on Nasdaq involves compliance with regulations promulgated

by the Securities Exchange Commission and Nasdaq, and the Sarbanes-Oxley Act (SOX), which includes strict requirements and internal controls relating to financial reporting.

Telenor's good corporate governance principles are formulated independently. However, rules, requirements and recommendations to which the company is subject are included in the overall framework for good corporate governance. The Group Executive Management is responsible for ensuring the existence of internal rules, procedures and structures which can efficiently secure value creation, and where i.a. authority and responsibilities are clearly set out and mutually understood.

Experience shows that Telenor's established values are closely connected with the values created by the company. In order to secure long-term value creation the Board will ensure that Telenor's values are firmly anchored in the organisation and that the company's activities are based on responsibility and good business practice at all levels.

Telenor's Codes of Conduct have been adopted by the Board and are a key management tool for Telenor's activities. The Codes of Conduct cover areas which are important for securing good business ethics in all aspects of the Group's activities. They contain specific and practical rules, and set the standards for how individual employees should proceed when, in their daily work, they are faced with competition and demands for meeting business objectives. Failure to comply with the Codes of Conduct will result in sanctions adapted to suit the nature and extent of the violation in ques-

tion. The Codes of Conduct apply to Board members, managers, employees, hired staff and anyone acting on behalf of Telenor. The Codes of Conduct have been implemented at the Norwegian and international companies of which Telenor has operational control.

On the basis of the company's values and Codes of Conduct, Telenor's Ethical Council will promote ethical awareness within the Group. The Ethical Council can bring up for discussion matters relating to ethics and reputation. The Council has no decision-making authority, but may make recommendations to the CEO. The Council is chaired by the Chief Executive Officer and is otherwise composed of the Group Executive Management, as well as employee representatives and relevant staff functions. The Compliance Officer acts as secretary and is in charge of preparing matters for consideration.

Telenor currently conducts business in countries in which corruption and business ethics issues represent a challenge. Telenor's activities may serve to illustrate that it is possible to achieve success in business in demanding markets without compromising adopted ethical principles or international norms. Telenor will not tolerate corruption and works to prevent corruption at all levels of the organisation. The most important measures employed by the Group in the fight against corruption involve ensuring a common business ethics platform at all companies where Telenor has operational control, training of individual managers and employees in how to deal with situations involving ethical dilemmas, and ensuring that ethical issues may be raised and discussed in all units in

the Group. Specific guidelines relating to these issues have been prepared on the corporate level.

Telenor's efforts to ensure socially responsible business conduct involve more than just good business ethics at all levels. They concern the manner in which we treat our employees, our relationship to nature and our surrounding environment, our efforts to ensure safe products, as well as a number of other factors. More information can be found on www.telenor.com/csr

In 2006, Telenor will continue the work undertaken to ensure that policies, guidelines, training and control mechanisms are up to date and adequate, and that they meet both Telenor's own requirements as well as the justified expectations of other interested parties. During 2006, Telenor's internal rules will be adapted to new US requirements placing greater focus on internal controls relating to financial reporting.

One such requirement relating to internal control of financial reporting involves good, efficient Corporate Level Controls. Telenor has developed a set of principal documents, e.g. the Codes of Conduct, as well as policies and subordinate complimentary procedures. During 2006, the adapted internal rules will be implemented at international subsidiaries in which Telenor has operational control.

Internal and external rules and procedures provide Telenor with a sound platform for good corporate governance and for further development of a positive, responsible and healthy corporate culture. Telenor works systematically to install responsibility at all levels of the Group's activities – a requirement to successfully achieve the Group's goals of long-term value creation. Such responsibility is also important in relation to Telenor's customers, owners, employees,

joint venture partners, competitors, public authorities and other interested parties. Business ethics has featured prominently in Telenor's work on social responsibility.

OWNERS' INTERESTS – ANNUAL GENERAL MEETING (AGM)

The owners' interests are primarily ensured through the company's Annual General Meeting and by those members of the company's other bodies who are elected by the shareholders. The AGM is the company's highest authority. Telenor encourages as many shareholders as possible to exercise their rights by attending the AGM, and aims to ensure that the AGM remains an effective meeting place for shareholders and the Board. The shareholders receive agenda papers, including the Nomination Committee's recommendations, at least two weeks prior to the AGM. Agenda papers are prepared in such a way as to enable shareholders to make decisions about all items for discussion. The deadline for registration is set as close to the meeting as possible, and accords with the company's Articles of Association, i.e. three days before the AGM. Shareholders who are unable to attend may vote by proxy. The Board and the company's auditor are present at the AGM, and so are the representatives who sit on the Nomination Committee when an election appears on the agenda of the AGM. The company has adopted procedures to ensure independent chairmanship of the AGM by stipulating in the Articles of Association that the Chairman of the Corporate Assembly shall chair the company's AGM.

By pursuing its main objective of creating value for owners, the Board of Telenor attends to the interests of the shareholders. The Board also ensures the interests of others, e.g. employees, customers, creditors and society in general. Accordingly, such interests form an integral part of good corporate governance at Telenor.

It is important that the owners are aware of their responsibilities when exercising their ownership rights and control through the company's various bodies, and that management relates to these bodies as active and operative corporate bodies. More than 50% of Telenor is owned by one single shareholder – the Kingdom of Norway through the Ministry of Trade and Industry. Telenor is of the opinion that the Ministry of Trade and Industry does not exert any undue influence over the company. The expressed aim of the Ministry of Trade and Industry's ownership of Telenor is to secure optimal value and to secure national anchoring of the activities, cf. P. 119 of White Paper no. 22 (2001–2002). In its capacity as owner, the Ministry of Trade and Industry is subject to more clearly defined principles relating to ownership, cf. Pp. 9 and 52 of White Paper no. 22 (2001–2002). The Ministry of Trade and Industry's ownership management shall be based on 10 principles relating to good ownership. Cf. Pp. 9 and 52–59 of White Paper no. 22 (2001–2002), including equal treatment of shareholders, transparency with respect to Ministry of Trade and Industry's ownership, owner decisions and resolutions shall be made at the AGM and the composition of the Board shall ensure expertise, capacity and diversity reflecting the distinctive nature of the individual companies concerned.

ACTIVITIES, STRATEGIC FOCUS AREAS AND MANAGEMENT MODEL

Telenor's activities are clearly set out in the company's Articles of Association, and its stated objectives and main strategies lie within the framework provided by the Articles. The object clause of the Articles of Association and the company's objectives and main strategies are presented in the Annual report (page 153).





The Group's strategy identifies three main focus areas, i.e. strategic direction, operational excellence and value-driven management, as being important in respect of the realisation of Telenor's goals.

Strategic direction comprises a number of factors, the main one being further development of Telenor as an international mobile company with long-term industrial ownership within limited geographical areas. It also comprises Telenor's "control or exit" strategy, whereby the company will seek to dispose of activities of which it is impossible or undesirable to gain operational control. It also involves a commitment to seek new opportunities for mobile expansion in defined markets, and ensure and maintain a strong position in the Nordic region. Strategic direction also involves continued development of Broadcast as the leading TV distributor in Norway, as well as the realisation of values in non-critical ownership positions.

Operational excellence involves stronger and clearer customer orientation, as well as simplification, standardisation and perfection of products and processes. Furthermore, it also involves a focus on optimising operations in the domestic market, the Nordic region and internationally. In 2005, a considerable amount of work was undertaken to improve efficiency. This overall effort was focused on developing Telenor towards a more simplified and more customer-oriented company. The importance of this work was emphasised through the assignment of a responsibility for developing and ensuring the results of these efforts to one of the members of the Group Executive Management. Value-driven management means that managers

should be rewarded for their contributions in respect of achieving financial results as set out in the company's business plan, and also for their contribution to the development of the organisation in accordance with Telenor's management requirements.

Telenor's management requirements constitute a framework relating to how the company's style of management should be developed and how individual managers should develop within Telenor. These management requirements thus define the framework for management at Telenor, and also take into account the different markets and cultures in which the Group conducts business. In 2005, these management requirements were incorporated into and reviewed by all the management groups at the international companies of which Telenor has operational control. In addition to general management requirements, Telenor has initiated an integrated process designed to evaluate, develop and reward managers in accordance with Telenor's own leadership demands and business results; Telenor Development Process (TDP). This process provides details of overall management capacity, management teams, key positions – and the extent to which Telenor recruits relevant expertise. Under this process, candidates for key positions are identified, along with the training required to fill such positions. Talents are also identified, as are candidates for future management positions. TDP also provides details relating to career objectives for managers, and also reflects the diversity relating to e.g. gender and nationality.

Telenor has established a management model under which targets are set and results followed up in a systematic man-

ner. This applies to a number of financial parameters such as operating profits, capital yield and cash flow. It also applies to a number of non-financial parameters such as Telenor's position in the market, its capacity for innovation, internal procedures and role as an employer. These matters are followed up in Business Reviews, at Board meetings and under the company's incentive system.

COMPANY CAPITAL AND DIVIDENDS

Telenor's goal of creating value for its owners means a continuous focus on ensuring that the company's equity is adapted to the company's objectives, strategy and risk profile. The Board believes that Telenor is best served by drawing up a long-term and predictable dividend policy. This corresponds with the objective of providing its shareholders with a return on their investments at least equal to alternative investments with similar risk profiles. Such return should come in the form of cash dividends and increased share value. Telenor's repurchases of treasury shares must be seen in this context. Telenor shares should be seen as liquid and interesting investment opportunities. Recent improvements in equity and cash flow enable Telenor to transfer value to shareholders in the form of increased dividends, as well as through the repurchase of shares. Based on Telenor's financial position and anticipated capital requirements, the Board accounted for an amendment to dividends policy at the AGM in 2005. The aim is for shareholders to be paid annual dividends amounting to 40–60% of normalised annual profits, and the company is aiming for a relatively even growth in annual ordinary dividends per share. In 2005 the AGM authorised the Board to repurchase shares for a period of one year, i.e. until the AGM in May 2006.



TRANSFERRAL RIGHTS, EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE RELATIVES/FRIENDS

Telenor's shares are freely transferable and have no trading restrictions in the form of Board consent, ownership limitations, etc. All Telenor shareholders have the same status through one class of shares. Telenor strictly adheres to the principle relating to equal treatment of shareholders. This is also reflected in the fact that Telenor's purchases of treasury shares take place on the Stock Exchange. If the Board wishes to propose to the AGM that the pre-emptive rights of existing shareholders be waived when undertaking capital expansions, then such proposals will be based on the common interests of the company and its shareholders. The reasons for such will be outlined in detail in a working document submitted to the AGM. Telenor prepares value assessments submitted by independent third parties when significant transactions take place between the company and shareholders, Board members or close relatives/friends. In accordance with the Group's Codes of Conduct, individuals shall, at their own initiative, inform their superiors of any vested interests or conflicts of interest. Board members must not participate in discussions or decisions relating to issues which, due to their particular relevance to them or any of their close relatives/friends, mean that the member concerned must be considered to have strong vested personal or financial interests in the matter, or if for other reasons the qualifications of the member concerned are open to question. The same also applies to the Chief Executive Officer.

NOMINATION COMMITTEE

It is not a legal requirement 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 members to the Nomination Committee, consideration is given i.a. to the fact that broad shareholders' interests should be represented and to the need for independence in respect of general management and those who are elected. The CEO or members of the Group Management shall not be members of the Committee.

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 proposes candidates to the Corporate Assembly and to the Board. It also proposes the remuneration to members of these bodies.

The Nomination Committee is responsible for submitting to the AGM recommenda-

tions on the choice of shareholder-elected members and alternates to the Corporate Assembly, and also provides substantiated recommendations to the Corporate Assembly on the choice of shareholder-elected Board members. The Nomination Committee forwards these proposals to the Chairman of the Board.

The Board's annual self-evaluation report is dealt with separately by the Nomination Committee.

On the company's website, Telenor provides information about who the members of the Committee are, as well as information regarding deadlines for the submission of proposals to the Committee.

THE CORPORATE ASSEMBLY AND BOARD OF DIRECTORS, COMPOSITION, INDEPENDENCE AND REMUNERATION

Pursuant to Norwegian law, Telenor has a Corporate Assembly and a Board of Directors.

The Corporate Assembly, which is a distinctly Norwegian body, is primarily 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 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. The expertise and capacity of the company's Board members are highlighted in the Annual Report and Accounts. 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. Remunerations additional to the regular directors' fees, in the form of fees payable for sitting on one of the Board's sub-committees, are specified in the Annual Report under Note 30 in the Financial Statements.

Remuneration for members of the Corporate Assembly is determined by the AGM. Remuneration for Board members who are elected by the Corporate Assembly is determined by the latter. Remuneration for members of the Nomination Committee is determined by the shareholder-elected members of the Corporate Assembly. All remunerations are based on the Corporate Assembly's, the Board's and the Nomina-

tion Committee's responsibilities, expertise, hours worked and complexity of the work involved.

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. The shareholder-elected members shall, for all material respects, be independent of the company's main shareholder.

Should vested interests or associated interest situations arise, the company's provisions for vested interests and conflict of interests shall be applied.

The company does not provide loans to Board members or Group Management, although Board members and the company's management are encouraged to own shares in the company. Details of the number of shares are included in Note 30 in the Financial Statements.

THE WORK OF 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's management. Annually the Board adopts a plan for its work with special emphasis on objectives, strategy and implementation.

In addition to statutory requirements, the Board works in accordance with special regulations for the Board, as well as in accordance with guidelines and procedures for Telenor ASA.

The guidelines and procedures that apply to the Board include regulations for the preparation of agendas, privacy and confi-

dentiality, 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, as well as ensure that the company has adequate systems for good internal controls. The Board is also responsible for ensuring that the company has a competent management with clear internal apportionment of responsibility and work.

The Board has elected a Deputy Chairman who can act when the Chairman of the Board is unable to or ought not lead the work of the Board.

The Board undertakes annual assessments of its own work and expertise.

The Board can choose to prepare issues in sub-committees which have been set up in order to process specific issues. Two such sub-committees have been set up. These committees do not have any independent decision-making powers, other than powers specially bestowed on them by the Board.

Telenor's Remuneration Committee consists of three shareholder-elected Board members. 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 two to three times annually. On behalf of the Board, the Committee evaluates the total remuneration to the CEO and the policy for remuneration.





neration to managers. The Remuneration Committee held four meetings in 2005.

Telenor's Audit Committee consists of two members from the Board, one of which has been approved by the Board to meet the requirements of being a Financial Expert in accordance with US standards. The Chairman of the Board is also the Chairman of the Committee. The Audit Committee normally meet six 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, internal control of 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. The Audit Committee held eight meetings in 2005.

As regards offers for the company, the Board of Telenor will not, without just cause, seek to prevent or impede any offers made for the company's operations or shares. If an offer is submitted for the company's shares, the Board will not exercise its issue rights or adopt other measures designed to prevent the implementation of such offers without such being approved by the AGM after the offer in question becomes known. Transactions which in reality involve the sale of the activities will be decided by the AGM, except in such cases where decisions should, in accordance with the law, be made by the Corporate Assembly.

The Board shall ensure that the company has good internal controls in respect of those provisions which apply to the company, including the Group's values and Codes of Conduct.

THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer (CEO) is in charge of the day-to-day management of operations at Telenor ASA and in the Telenor Group, and is responsible for ensuring that the company and Group are organised, run and developed in accordance with the law, Articles of Association and decisions adopted 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 good corporate governance.

GROUP EXECUTIVE MANAGEMENT

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

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

CONTROL FUNCTIONS

Risk management and internal control are given high priority at Telenor. In connection with the annual reporting to the SEC (20-F), Telenor's CEO and CFO submit a comprehensive personal declaration relating to the quality of financial reporting, major changes in the company's internal controls and any irregularities committed by individuals with a central function in the company's financial reporting (SOX Section 302).

Beginning in 2007, the CEO and CFO shall provide an assessment of the effectiveness of Telenor's internal controls of its financial reporting (SOX Section 404). In order to implement the strict US requirements by the deadline of 31 December 2006, Telenor has implemented a comprehensive high priority project.

The Disclosure Committee supports the company's efforts to meet the 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 Disclosure Committee normally meets five times per year in connection with reviews of the quarterly accounts and the Annual Report, as well as when required.



The Compliance Officer gives quality assurance that the company acts in accordance with applicable law, regulations and legally binding directions issued by public authorities, and that internal conduct in the organisation does not conflict with Telenor's own regulations and guidelines. Any breaches of the Group's Codes of Conduct should be reported to the Compliance Officer or manager. The Compliance Officer reports to the CEO.

The Group Auditor helps to ensure good risk management and provides follow-up of general steering and control functions through random testing, including 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.

The Investment Committee shall provide 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 the 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 matters.

In order to ensure overall management and control of the company's financial affairs, the company has set up a central finance function, Telenor Finance. Telenor Finance works in accordance with the guidelines of Telenor's Finance Policy, adopted by

the Telenor Board, which determines rules relating to interest and currency risks, the Group's capital structure, debt structure, profit liquidity and counter risks, as well as the capital structure and financing of subsidiaries and financial investments.

EXECUTIVE REMUNERATIONS

Telenor wishes to reward its executives and employees on the basis of performance which contributes towards the long-term value creation in the Group. Through working with the Compensation Committee, the Board helps to ensure independence when formulating total compensation for the company's chief executives, including basic salaries, bonuses and commission, share-based incentives, pensions and other benefits. The Compensation Committee considers the CEO's total salary and presents its recommendations to the Board, which in turn determines the CEO's salary and other benefits at a meeting. The total salary situation relating to executives who report directly to the CEO, as well as amendment proposals before they are implemented, are discussed by the Compensation Committee. The Compensation Committee is also kept informed about the salary levels of the managers of the company's business areas and their management groups, as well as staff managers who report to other members of the Group Management. Recommendations relating to policy and schemes which affect the company's executive remuneration policy, including bonus programmes and share-based schemes, etc., are submitted to the Compensation Committee.

The principal framework for option schemes is determined by the AGM. Frameworks relating to option schemes and share alloca-

tion schemes for employees are determined by the Board, while the Compensation Committee considers the CEO's proposals for allocations of options to the Group Executive Management as well as frameworks for allocations to other employees. All aspects relating to remunerations for the CEO and total remunerations for other managerial employees are shown in the Annual Report under Note 30 in the Financial Statements.

EMPLOYEES

In accordance with Norwegian law, employees' interests are protected by the provisions in the Act relating to Public Limited Companies (Norway), which concern the right to membership of the Board and the Corporate Assembly, etc. (representatives elected by the employees), and by the provisions in the Working Environment Act which concern company transfers, wages and working conditions, dismissal protection, information and talks with employees at an early stage, etc. These interests are also protected by collective agreements.

Telenor regards skilled employees who enjoy their work to be an important competitive advantage. Telenor is engaged in activities in markets which are subject to change, and the company also has to relate to technological developments in which it is also an active participant. In order for Telenor to maintain its competitiveness and provide for value creation under such conditions, the company is subjected to considerable demands in its capacity as an organisation which is good at making changes. Telenor works actively to ensure that all restructuring is implemented in a predictable and fair manner. An important aspect of these processes is to involve the company's employees in the planning and

implementation process. Good cooperation between managers and employees is important to meet market demands and expectations.

Telenor places emphasis on developing the expertise of its employees. Each year employees respond to an Internal Value-Creation (IVC) which comprises targets and management, human capital, process capital, innovation and simplification. The IVC process is one of several tools used for achieving Telenor's ambitions relating to individual employees and the organisation. By comparing the results of the annual IVC survey with TDP, a basis is achieved for the implementation of improvement measures with respect to employees in general and managers in particular.

Telenor aims to be a leader with respect to work solutions and job satisfaction. Employees should enjoy their work. The Fornebu solution represents an opportunity for employees to participate in value creation through new work forms in a dynamic environment. The manner in which the Fornebu solution works for employees has been closely followed up in a number of surveys. Emphasis has been placed on the question of whether sufficient efforts have been made to ensure high levels of job-satisfaction and high levels of productivity and efficiency. Employees are encouraged to suggest improvements to the working environment also with respect to productivity and efficiency.

ACCOUNTING AND REPORTING

In accordance with Norwegian law, strict accounting and financial reporting requirements must be met. The Group conducts its reporting in accordance with international Financial Reporting Standards (IFRS), effective from the first quarter of 2005, with corresponding figures from 2004. The Group is thereby adapting to international account-

ing principles for its financial reporting. As a consequence of being listed on Nasdaq, Telenor is subject to further accounting and financial reporting requirements in accordance with US regulations. The compilation of quarterly reports, annual reports and 20-F shall be in accordance with Norwegian standards (up to and including 2004) and international standards (effective from 2005) and in accordance with US principles and regulations for accounting. Business Reviews and Financial Reviews are conducted quarterly.

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

Financial Reviews are conducted with 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 presentations, and to provide quality assurance of the financial reporting.

CUSTOMERS AND SUPPLIERS

Telenor furthers its ongoing efforts to strengthen the group's customer orientation. In order to achieve this goal, Telenor will base its strategy on the vision, "Here to help", and the core values, "Make it easy, Keep promises, Be inspiring and Be respectful". Workshops have been held for all employees in Norway, focusing on initiatives that can help employees live the vision and values. Telenor believes it is essential that customers be offered solutions that fulfil their communications requirements in a simpler and better manner. A good understanding of people's communications needs, combined with the ability to deliver as promised, is required to ensure that

Telenor remains the preferred choice. The company takes its reputation and market surveys seriously, and is engaged in continuous work on improvement measures.

Telenor is committed to impartial and fair treatment of suppliers. Suppliers competing for contracts with Telenor should always be confident of the integrity of Telenor's selection process. All choices of suppliers are made in line with the Group's established guidelines and procedures for procurement. Telenor has adopted a principle whereby all procurement should be subject to competition, regardless of whether or not such competition relates to the signing of framework agreements or project purchases. As far as possible, and provided that technical requirements are met, the lowest life cycle costs (LCC) shall serve as the main criterion for the final choice of supplier.

INFORMATION AND COMMUNICATIONS

The Board provides guidelines for the company's reporting of financial and other information based on openness and transparency, and in accordance with requirements relating to equal treatment of players in the share market. Each year, Telenor announces the dates of important events such as the AGM, the publication of interim reports, open presentations and the payment of any dividends etc. Information to the company's shareholders is made available on Telenor's website at the same time as it is sent to the shareholders. Telenor's Investor Relations function ensures that contact with the company's shareholders is maintained outside the AGM. See www.telenor.com/ir

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. Prior approval from the Audit Committee





of services carried out by the auditor is a requirement. The Audit Committee is kept informed, on a quarterly basis, of all work undertaken 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.

The company's auditor presented the main features in a plan for the execution of the auditing work to the Audit Committee in 2004. The auditor attends meetings of the Audit Committee and Board meetings that deal with the Financial Statements. In addition, 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.

The auditor and the company's internal audit function review the company's internal controls on an annual basis, with the purpose of identifying weaknesses, and will propose measures to amend such weaknesses.

In accordance with US requirements, the auditor and Audit Committee hold meetings which are not attended by management. 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.



Commitment to society

Telenor is firmly committed to making a positive contribution to society, primarily through partnerships and networking and through a responsible management of our social obligations.

Telenor relies on building trusting relationships with customers, owners, employees and society at large. Telenor's ambition is to be a leading company within the field of Corporate Social Responsibility (CSR), and in integrating a socially responsible approach into the group's operations and business development.

The tsunami in South-East Asia at the beginning of 2005, and the earthquake in Pakistan in the autumn of the year, hugely impacted several of the countries in which we have operations, with extensive human suffering and an urgent need for quick relief. Telenor was strongly involved in the relief efforts on both occasions, and contributed both economically and through the direct involvement of our employees.

When the tsunami struck, and extent of the damages became known, Telenor was quick to react. We launched a number of initiatives to support the relief efforts and to assist those affected by the disaster. Thailand was hit hard, and became a natural focus point for Telenor, due to our commitments in Thai mobile operator DTAC, but also due to the fact that large numbers of Nordic holidaymakers were visiting Thailand during their Christmas holiday. In addition to provide direct financial support to the Red Cross, we immediately placed all our com-

mercial television spots at the disposal of that organisation. Telenor customers who found themselves in Thailand at the time were offered free calls, and emergency phones were set up both in Thailand and at Gardermoen Airport in Norway. Good communications is key to achieving efficient relief work, and through our affiliate DTAC, we quickly established emergency phones to assist the relief efforts.

The earthquake that struck Pakistan on 8 October 2005, and its powerful aftershocks, killed more than 80,000 people and placed more than three million people in a very difficult situation as houses and roads had collapsed, and food and water became scarce throughout large areas. Telenor Pakistan witnessed the disaster at close hand, and quickly mobilised all available resources to bring relief to the stricken areas. Initiatives were also taken on behalf of the Telenor Group and Telenor operations in other countries.

At Telenor Pakistan, clothes, blankets, medicine and food were collected and distributed to the stricken areas in the company's own vehicles. Mobile coverage was extended, and equipment was made available to the authorities and to relief workers. Next-of-kin and earthquake victims were offered free phone calls at emergency centres and hospitals around the country. Telenor employees in Norway collected warm blankets, clothes, sleeping bags and tents that were soon flown into Pakistan, while employees at other Telenor companies donated a percentage of their salaries to the relief work.

In the wake of the earthquake and the tsunami we witnessed a great amount of involvement and a strong sense of cross-border solidarity throughout the group. Telenor also contributed financially, donating NOK 7 million to the Red Cross and to the President's relief fund in Pakistan. Other Telenor companies also contributed by facilitating contact between next-of-kin located outside Pakistan, and by offering free phone calls and establishing emergency phone numbers.

ANNIVERSARY GIFT TO NORWEGIAN SCHOOLS

As a part of Telenor's 150th anniversary, we wanted to make a contribution to Norway's schools in an area where we possess much experience and know-how: information and communications technology (ICT). Telenor's anniversary gift consists of four different elements:

- 7000 new, laptop computers from IBM with Microsoft XP Professional in school sets of 15 PCs were donated to comprehensive schools all over the country
- The training programme HITcomet, designed to raise the skills of young ICT users, was offered to all comprehensive schools via the Internet or CD-ROM. HITcomet challenges students to start a virtual band and participate in Telenor's "HITcomet of the Year" competition, and was available for all 14 -17 year olds during the autumn term of 2005
- GlobalCountdown is a game where the participants have to consider global environment issues and dilemmas involving modern technology. Students in the age group 15-19 were invited to

spend an eventful day at one of the Telenor centres in Norway

- In the autumn of 2005, Telenor toured the length of Norway with the advanced negotiation game GlobalCountdown, starting in Kirkenes in the far north. A 19-metre long semi-trailer was the main attraction, and students in remote areas were given the opportunity to play GlobalCountdown inside the trailer

TELENOR IN NOBEL PEACE CENTRE PARTNERSHIP

In 2005, Telenor entered into a partnership agreement with the Nobel Peace Centre in Oslo. The central aspects of this partnership are peace and communication, as well as a focus on finding global solutions. The partnership underpins Telenor's commitment to promote a positive social development. During a four-year period, Telenor will contribute a total of NOK 14 million to the Nobel Peace Centre.

Telenor's contribution will partly consist of supplies of services and partly of direct funding. The Nobel Peace Centre opened in June 2005.

INTERNAL TRAINING PROGRAMME FOR BUSINESS ETHICS

In 2005, Telenor continued the implementation of its training programme in ethics, which is mandatory for all managers and employees. The training programme is designed as interactive e-learning modules whereby individual employees are confronted with a number of ethical dilemmas. The dilemmas are presented as video inquiries received from fictitious employees around the world who are faced with ethical challenges in their work situation that they need help resolving. The five-episode programme requires participants to provide advice to the best of their ability, assisted by the Codes of Conduct.

Telenor's Codes of Conduct cover a wide range of aspects that are important to ensure good business ethics in all parts of the group's activities. Relevant areas are: confidentiality, discrimination, corruption and conflicts of interest. Telenor's Codes of Conduct are available on our website: www.telenor.com/csr

The training programme is an attempt to exemplify business ethics in practice, thereby helping individuals to understand the Codes of Conduct. The dilemmas are of varying degrees of difficulty and focus on difficult grey areas that employees are likely to encounter in their daily work. A recurring element in the feedback provided throughout the programme is that employees should always seek help and advice in difficult situations, and always report any irregularities.

In 2006, Telenor will continue to focus on ethics, e.g. by adding new modules to our leadership development programmes.

ENVIRONMENTAL EFFORTS

The key goals of Telenor's environmental efforts are to minimise the impact on the environment, meet local environmental requirements and pursue the group's ongoing efforts to improve its environmental standards.

A revised environmental policy was adopted in 2005, applicable for all companies in which Telenor has operational control. This policy will be central to Telenor's efforts to improve the group's international environmental control systems, and comprises the group's governing principles with relation to radiation, masts and installations, emissions to water and air, energy consumption, waste management and environmentally-friendly purchasing.

In 2005, Telenor prepared its first GRI report (Global Reporting Initiative). The GRI reporting was carried out in accordance with common standards, which make it easier for our partners to get an overview of the group's economic, environmental and social controls and performance.

A key part of Telenor's environmental efforts relates to more efficient energy consumption. Energy conservation contributes to improved profitability, and during 2005, Telenor has identified a number of initiatives that contribute to reduce energy consumption. This has prepared the ground for an energy savings programme with expected annual energy savings of 15 GWh, which amounts to NOK 9 million per year. Energy conservation initiatives have also been introduced at Kyivstar's headquarters in Ukraine.

As part of the follow-up of Telenor's goal of consuming a larger share of renewable energy, Telenor has entered into a partnership with Norsk Hydro to promote the development of new ways of supplying base stations with energy. The new solutions will be based on hydrogen, wind and solar energy. Together, Telenor and Norsk Hydro will run tests to find out whether this solution could be interesting with respect to new base stations in areas without power, or where the power is of poor quality.

Telenor's total energy consumption amounted to 882 GWh in 2005. This is an increase from 2004, and is mainly due to growth in the international operations, as well as more accurate and comprehensive reporting from new companies. Per man-year, the energy consumption is just below 40,000 kWh, i.e. a 10 per cent reduction from the previous year. Seen in relation to Telenor's overall value creation, the energy consumption is relatively stable. Electricity is the dominant energy source, accounting





for 78 per cent of the total consumption. Also included in the total energy consumption are transport and work-related travel, which accounted for approximately 150 GWh. This amounted to approximately 17 per cent of the total energy consumption, and 89 per cent of Telenor's total emissions of CO₂. Energy consumption relating to the operation of Telenor's various networks accounted for 53 per cent of the total consumption. The accounts show that during 2005, Telenor's activities caused emissions of 41,000 tons of CO₂.

For more information about Telenor's environmental accounting, please visit: www.telenor.com/csr/environment/key_figures

ETHICAL INDEXES

In recent years, Telenor has registered a growing interest from analysts and investors who evaluate the group not only on the basis of profitability, but also include social, ethical and environmental criteria.

Based on such evaluations, Telenor has achieved a strong position on the world's two most prestigious indexes of this kind, Dow Jones Sustainability Indexes (In 2005, Telenor was ranked as number two among the world's mobile operations) and FTSE-4Good.



"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.



FTSE4Good

"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.



Storebrand kapitalforvaltning's "Best in Class" distinction is awarded to companies that meet the highest environmental and social standards from each industry.

For more information about Telenor's commitments in relation to ethics, the environment and social responsibility please visit: www.telenor.com/csr



Financial overview

2005 was Telenor's best year ever. Operating revenues amounted to NOK 68.9 billion, representing a growth of NOK 8.3 billion, or around 14%, compared with 2004.

With significant growth in the number of net additions, Telenor reinforced its position as an international mobile communications provider. Telenor also strengthened its position in the Nordic market, within mobile and fixed-line services, as well as within TV distribution. The increase in subscriptions during 2005, combined with strong cash flow from the home market, provide a sound basis for future profit performance and value creation.

RESULTS

In 2005, Telenor's net income was NOK 7,646 million, corresponding to NOK 4.47 per share. The corresponding figures for 2004 were NOK 6,093 million and NOK 3.49 per share, respectively.

In 2005, Telenor's profit before taxes and minority interests amounted to NOK 12,591 million, compared to NOK 9,874 million in 2004. In both 2005 and 2004, the profit before taxes and minority interests was adversely affected by a number of special items (gains and losses on disposals, costs relating to workforce reductions, loss contracts and write-downs), and amounted to NOK 0.5 billion and NOK 0.7 billion, respectively. Adjusted for these special items, the profit increased by NOK 2.5 billion, reaching NOK 13.1 billion in 2005. The increase was largely due to growth in revenues during 2005, resulting from significant customer growth at the international mobile operations.

The operating profit for 2005 was NOK 11.7 billion, against NOK 7.4 billion in 2004. The operating profit for 2004 was negatively affected by write-downs. Net financial items were NOK 1.9 billion lower in 2005 than in the previous year, mainly because the 2004 figures included a realised gain of NOK 2.6 billion on the sale of shareholding in Cosmote.

Cash flow from operational activities increased by NOK 3.3 billion in 2004, to NOK 22.3 billion in 2005, largely due to an increase in revenues. The consolidation of DTAC in Thailand and the acquisitions of Bredbandsbolaget and Cybercity also contributed positively. During 2005, Telenor invested a total of NOK 25.3 billion. Of this amount, NOK 16.4 billion were capital expenditure, which is an increase of NOK 3.7 billion compared to 2004. This was mainly related to the international mobile operations where network capacity has been increased due to high customer growth.

At year-end 2005, Telenor's total assets amounted to NOK 124.4 billion and the company's equity ratio (including minority interests) was 43.0%. The corresponding figures for 2004 were NOK 91.4 billion and 48.2%. Net interest-bearing liabilities amounted to NOK 30.9 billion, reflecting an increase of NOK 11.7 billion during the year, due to high capital expenditure and new acquisitions. In the view of the Board the company's financial position is satisfactory.

TELENOR'S OPERATIONS

Mobile

Total revenues from Telenor's mobile operations in emerging markets showed significant growth in 2005, mainly due to an increase in new additions. Kyivstar in Ukraine experienced a 72% increase in

operating revenues, while GrameenPhone in Bangladesh recorded a growth of 36%. Operations in mature markets showed a modest level of growth. In Norway, Telenor's mobile operation registered a 4% increase in revenues, while the corresponding figure for Pannon in Hungary was 3%.

All of Telenor's mobile operations, with the exception of Telenor Pakistan, which is currently in a start-up phase, enhanced their operating profits from 2004 to 2005.

Fixed

Total revenues from Fixed were in line with 2004. The reduction in revenues in Norway was due to a decline in telephony revenues, although this was offset by the acquisitions of Bredbandsbolaget in Sweden and Cybercity in Denmark, both of which were made in July 2005.

The operating profit was NOK 0.7 billion lower than in 2004. This was mainly due to writedowns relating to Fixed Sweden.

Broadcast

Total revenues increased by NOK 303 million in 2005, reaching NOK 5,649 million. The operating profit was NOK 1,015 million, against NOK 750 million in 2004. This increase is due to growth in subscriptions and lower leasing costs for satellite capacity.

Other units

Total revenues increased by NOK 427 million in 2005, reaching NOK 9,967 million. This was mainly due to higher revenues derived from EDB Business Partner. This was partly offset by reduced revenues from Venture, following the divestment of activities in 2004.

Consolidated Income Statement

Telenor Group 1 January–31 December 2005

NOK in millions, except per share amounts	Note	2005	2004
Revenues	2	68 927	60 591
Operating expenses			
Costs of materials and traffic charges	4	17 711	15 924
Own work capitalized	5	(704)	(557)
Salaries and personnel costs	6,7	10 236	9 970
Other operating expenses	8	17 606	13 871
Other (income) and expenses	9	242	(152)
Depreciation and amortization	15	11 544	10 637
Write-downs	15, 17	587	3 531
Operating profit		11 705	7 367
Associated companies	18	1 233	986
Financial income and expenses			
Financial income		447	496
Financial expenses		(1 639)	(1 561)
Net currency gains (losses)		84	(87)
Change in fair value of financial instruments		243	
Net gains (losses and write-downs) of financial items		518	2 673
Net financial items	13	(347)	1 521
Profit before taxes		12 591	9 874
Taxes	14	(3 453)	(2 461)
Profit from continuing operations		9 138	7 413
Profit (loss) from discontinued operations	1	(4)	-
Profit from total operations		9 134	7 413
Attributable to:			
Non-controlling interests (Minority interests)		1 488	1 320
Equity holders of Telenor ASA (Net income)		7 646	6 093
Earnings per share in NOK			
From continuing operations			
Basic	25	4.47	3.49
Diluted	25	4.47	3.48
From total operations			
Basic	25	4.47	3.49
Diluted	25	4.47	3.48

Consolidated Balance Sheet

Telenor Group at 31 December 2005

NOK in millions	Note	2005	2004
Assets			
Deferred tax assets	14	3 052	3 357
Goodwill	16	20 700	13 354
Other intangible assets	16	21 245	11 076
Property, plant and equipment	16	43 958	37 543
Associated companies	18	7 424	6 602
Financial non-current assets	20	2 267	1 249
Total non current assets		98 646	73 181
Current tax assets		110	207
Inventories		695	596
Trade and other receivables	19	13 852	11 487
Other financial current assets	20	3 619	844
Assets held for sale	1	667	-
Cash and cash equivalents	29	6 806	5 081
Total current assets		25 749	18 215
Total assets		124 395	91 396
Equity and liabilities			
Equity attributable to equity holders of Telenor ASA		46 399	40 122
Non-controlling interests (Minority interests)		7 134	3 946
Total equity		53 533	44 068
Liabilities			
Non-current interest-bearing financial liabilities	22	27 139	20 602
Non-current non-interest-bearing financial liabilities		580	573
Deferred tax liabilities	14	2 669	2 292
Provisions etc.	21	3 368	3 188
Total non-current liabilities		33 756	26 655
Current interest-bearing financial liabilities	22	11 908	3 991
Trade and other payables	24	20 827	15 175
Current tax liabilities		853	321
Current non-interest bearing financial liabilities	24	2 314	431
Liabilities held for sale	1	287	-
Provisions etc.	21	917	755
Total current liabilities		37 106	20 673
Total equity and liabilities		124 395	91 396



Outlook 2006

The strong subscriber growth in Telenor's mobile operations in 2005 provides the group with a sound basis for further revenue growth. Reported revenues is expected to increase by 25 – 30%, based on the current structure.

It is also expected high EBITDA growth, mainly driven by the international mobile operations. Telenor will continue the process of identifying initiatives that can contribute to reduce costs. The EBITDA margin for 2006, before other income and expenses, is expected to be around 33%.

It is expected high levels of capital expenditure in the coming period, and the ratio of capital expenditure to operating revenues is expected to be above 20%. Capital expenditure is likely to be driven by rapid subscription growth in Telenor's international mobile operations.

A steadily increasing proportion of Telenor's operating revenues and profits are generated by operations outside Norway. Fluctuations in exchange rates will affect the figures reported in NOK to an increasing extent. Political risks, including regulatory matters, can also affect profits, and seasonal variations can also be reflected in the interim results.

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 corresponding 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.

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 analyse Telenor's activities.

20 LARGEST SHAREHOLDERS

Name of shareholder	Nominees	Number of shares 31.12.05	Citizenship	Ownership share 31.12.05
The Ministry of Trade and Industry		920,954,183	NOR	53.97%
State Street Bank & Trust Co.	x	70,678,407	USA	4.14%
Folketrygdfondet		58,457,361	NOR	3.43%
JPMorgan Chase Bank	x	36,835,870	GBR	2.16%
Mellon Bank AS Agent	x	23,704,040	USA	1.39%
JPMorgan Chase Bank	x	21,078,068	GBR	1.24%
State Street Bank & Trust Co.	x	16,248,367	USA	0.95%
Fidelity Funds Europe		16,070,000	LUX	0.94%
The Northern Trust Co.	x	15,706,208	GBR	0.92%
Vital Forsikring ASA		13,624,580	NOR	0.80%
Telenor ASA		12,846,514	NOR	0.75%
JPMorgan Chase Bank		12,500,000	GBR	0.73%
UBS (Luxembourg) S.A		12,412,730	LUX	0.73%
SIS Segaintersettle AG	x	11,783,777	CHE	0.69%
SLI treaty		8,765,185	GBR	0.51%
Storebrand Livsforsikring AS		7,946,661	NOR	0.47%
JPMorgan Chase Bank		7,826,800	GBR	0.46%
JPMorgan Chase Bank	x	7,543,545	USA	0.44%
Pictet & Cie Banquiers	x	7,464,988	CHE	0.44%
DnB Nor Norge		7,176,000	NOR	0.42%
Total		1,289,623,284		75.57%
Total other		416,947,009		24.43%
Total number of shares		1,706,570,293		100.00%
Total number of shareholders (pr 31.12.05)		41,340		

OWNERSHIP STRUCTURE

At year-end 2005, Telenor had 41,340 shareholders. Of these, 40,030 were private shareholders. Non-Norwegian investors (not holding Norwegian citizenship) owned approximately 35.6% of the total stock. This is an increase in foreign ownership of 13% since year-end 2004. The Norwegian State, through the Ministry of Trade and Industry, is the largest single owner with 54% of the shares. Pursuant to authorisation given by the Norwegian Parliament (Storting), the Ministry of Trade

and Industry may reduce its shareholding in Telenor, although no lower than 51%. The Ministry of Trade and Industry is also authorised to dilute its shareholding through structural transactions, reducing its ownership interest to a minimum of 34%.

SHARE PROGRAMME FOR EMPLOYEES

To encourage long-term shareholding among Telenor employees, all permanent employees in Telenor ASA and in Nordic 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 1 December, 2006 (share quotation NOK 67.37), be at least 10% higher than a corresponding average price during the last 30 days of trade up to and including 1 December 2005 (share quotation NOK 61.24), those having subscribed for shares on the terms of this offer will be allocated "profit bonus shares" for NOK 5,000, provided, however, that they still hold the allocated shares and are still permanent employees of Telenor.

Around 32% of the employees who were offered shares took advantage of the offer. They were allocated 116 shares each at a price of 64.25 per share, which was the closing price on 1 December 2005. After deducting the discount, the effective price is NOK 51.40 per share.

On 21 November 2005 2,078 of the employees having taken part in the share programme for employees in 2004 were each allotted 39 bonus shares.

SHARE CAPITAL AND TREASURY

As of 31 December 2005, Telenor ASA had a share capital of NOK 10.2 billion, divided into 1,706,570,293 shares, each with a nominal value of NOK 6. The Group holds 12,846,514 shares.

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 2.00 per share be distributed for 2005.

Such dividend as will be determined at the General Meeting will be paid on 8 June 2006 to the shareholders on the date of the General Meeting. The shares will be traded exclusive of dividends on the Oslo Stock Exchange from Wednesday 24 May 2006.

REPURCHASE OF OWN SHARES

Telenor will consider repurchasing of own shares in periods with high cash flow, in addition to payments of dividends. Such considerations will be based on Telenor's potential investment opportunities and its financial situation.

At the Annual General Meeting (AGM) 20 May 2005, approval was given for the company to acquire up to 10% of the outstanding shares. This authorisation is valid until 1 July 2006. The Kingdom of Norway represented by the Ministry of Trade and Industry, which is Telenor's largest shareholder, is obliged to participate in Telenor's repurchase of own shares programme by voting for a proposal to redeem and cancel a proportionate part of its shares. As a consequence the Ministry of Trade and Industry's ownership percentage in Telenor remains unchanged. Telenor will at the time of redemption pay an amount to the Ministry of Trade and Industry equalling the volume weighted average of the price Telenor paid for such shares in the market, plus interest corresponding to NIBOR + 1%.

As of 18 April 2006, and in accordance with the authorisation granted by the AGM, Telenor has acquired 13,844,000 shares at an average share price of NOK 50.22. Telenor has repurchased 1.54% of the shares approved by the authorisation, including the Ministry of Trade and Industry's proportionate part. Of the total number of repurchased own shares, 1,738,818 shares were used in share option programmes and employee stock ownership programmes.

At the AGM on 20 May 2005, Telenor's shareholders approved to reduce the company's share capital by NOK 263,186,550 through cancellation of 20,191,700 own shares and through redemption of 23,672,725 shares from the Ministry of Trade and Industry. This was in accordance with the authorisation given at the AGM on 6 May 2004 to repurchase own shares.

SHARE PRICE PERFORMANCE

At the outset of 2005, the Telenor share was quoted at NOK 56.25. The highest quotation during the year was NOK 66.75, and the lowest was NOK 49.50. At year-end, the quotation price was NOK 66.25. Inclusive of dividends, this amounted to a 24% increase in value. The market value as at 31 December 2004 was NOK 113.1 billion, which makes Telenor ASA the third largest company quoted on the Oslo Stock Exchange.

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 JP Morgan Chase Bank.



In 2005, 1.8 billion Telenor shares at a total value of NOK 101 billion were traded on the Oslo Stock Exchange. The average trading volume for Telenor shares on the Oslo Stock Exchange for the year was 7.1 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).

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 2004 was NOK -1.39 per share. Preliminary 2005 RISK adjustment (adjustment of shares tax base) for Telenor ASA is calculated to be negative with NOK 1,95 per share, including proposed dividend payments in the 2005 financial statements. The final RISK amount for 2005 will not be published until 1 Janu-

DISTRIBUTION OF SHARES AS OF 31.12.2005

Interval	Number of shareholders	Share of all shareholders	Number of shares	Ownership share
1-1000	37,064	89.7%	31,565,046	1.8%
1 001-100 000	3,874	9.4%	4,956,553	0.3%
100 001-1 000 000	272	0.7%	98,465,297	5.8%
1 000 001-10 000 000	116	0.3%	328,683,292	19.3%
10 000 001-1 129 842 400	14	0.0%	1,242,900,105	72.8%
Total	41,340	100.00%	1,706,570,293	100.00%

GEOGRAPHIC DISTRIBUTION OF FREE-FLOATING SHARES AS OF 31.12.2005

Country	Number of shares	Share of free-floating shares
Norway	166,050,587	21%
USA	205,648,128	27%
UK	157,885,940	20%
Europe (outside the Nordic region)	175,333,593	23%
The Nordic region (outside Norway)	26,254,366	3%
The rest of the world	41,596,982	5%
Total	772,769,596	100%

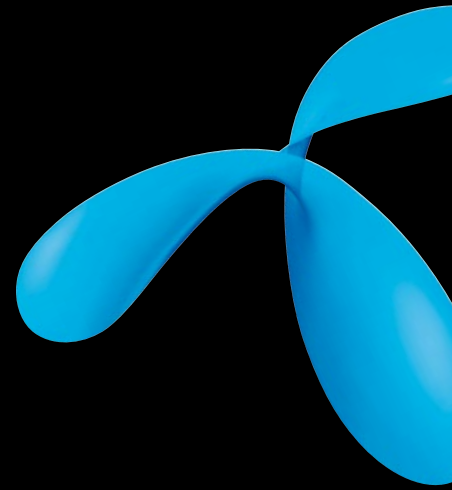
ary 2007. Shareholders who are not subject to taxation in Norway are not affected by the Norwegian RISK regulations.

RATING

In March 2006, Telenor was rated by Moody's at A2/P1 for long and short-term financing respectively. Also in November 2005, 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 Investor Relations website: www.telenor.com/ir

Board of Directors



Thorleif Enger (Chairman) was elected to the Board on 1 October 2001 and was made Chairman on 6 March 2003. He is Chief Executive Officer of Yara International ASA. He began working for Norsk Hydro in 1973 and has held a number of positions in the company. Mr. Enger is a member of ABB's corporate assembly. He has a doctorate in structural engineering from the University of Colorado.



Bjørg Ven (Vice-Chairman) was elected to the Board on 1 October 2001. She is a solicitor with attendance rights at the Supreme Court in Norway, and since 1980 has been a partner in the law firm, Haavind Vislie, in Oslo. She is Chairman of the Appeal Board of the Oslo Stock Exchange and the Appeal Board for Public Acquisitions. Ms. Ven is substitute judge at the EFTA court in Luxembourg and Chairman of the Board of NOS ASA.



John Giverholt was elected to the Board on May 8, 2003. He is presently Chief Financial Officer of Ferd AS and has previously held leading positions in Arthur Andersen, Actinor, Norsk Hydro, DnB and Orkla. He has a B.Sc. from the University of Manchester, England and is a state authorized public accountant in Norway.



Jørgen Lindegaard was elected to the Board on 1 October 2001. He is the Chief Executive Officer of the airline company SAS. Lindegaard's background is in the telecommunications industry, and since 1975 he has held managerial positions at Fyns Telefon A/S, København Telefon A/S and TeleDanmark A/S. He was Chairman of the Board of Sonofon Holding A/S until 2004. Mr. Lindegaard is a telecommunications engineer and a member of The Academy for Technical Sciences in Denmark and Norway.



Hanne de Mora was elected to the Board on 18 June 2002. Her work experience includes Den norske Creditbank in Luxembourg and Procter & Gamble in Geneva and Stockholm. She has been a partner with McKinsey & Company since 1996. Since June 2002, she has run her own management resource firm in Switzerland. She has an MBA from the IESE Business School in Barcelona.



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



Paul Bergqvist was elected to the Board on 7 April 2005. Bergqvist currently serves as managing director of Carlsberg Sweden. Since 1971 he has held managerial positions in industrial companies such as Husqvarna and Pripps/Ringnes/Carlsberg. Bergqvist has extensive experience from having served on a number of boards of international companies. Bergqvist has a B.Sc in Engineering and has studied Economics at MBA level.



Harald Stavn was elected to the Board on 20 June 2000 as an employee representative. Mr. Stavn joined Telenor in 1974 and has held various engineering positions. He is a board member of Telenor Pensjonskasse (Pension Fund), member of the executive board of NITO (the Norwegian Society of Engineers) and employee representative for NITO in Telenor. Mr. Stavn has a technical education from the Technical College of Norwegian Telecom and was also educated as a business economist at Handelshøyskolen BI (the Norwegian School of Management) in Oslo.

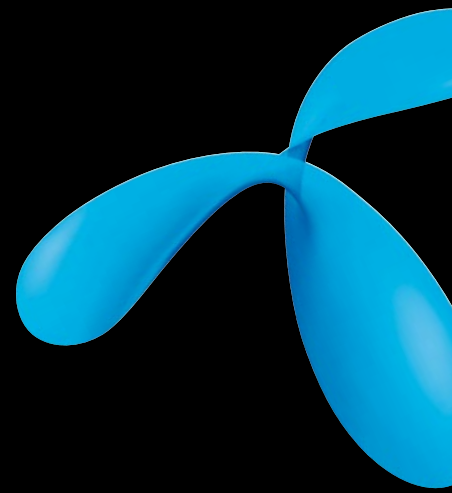


Per Gunnar Salomonsen was elected to the Board on 1 November 2000 as an employee representative. Mr. Salomonsen began working for Telenor in 1973. He has held various positions in Telenor, most recently as operations engineer. From 1995 to 2000, he was a board member of Telenor Nett. Mr. Salomonsen is a group employee representative for the Norwegian trade union EL & IT Forbundet. He is an engineer.



Irma Tystad was elected to the Board of directors on 20 June 2000 as an employee representative. Ms. Tystad began working for Telenor in 1962 and has served as a board member of Telenor Plus since 1995 and of Telenor Pensjonskasse (Pension Fund) since 1997. She is the group employee representative for Kommunikasjonsforbundet (Union of Communications). Ms. Tystad is a graduate of the Technical College of Norwegian Telecom and has subsequently studied business and management.

Group Executive Management



Jon Fredrik Baksaas, President and CEO - has been President and CEO of Telenor since 21 June 2002. He joined Telenor in 1989. During his tenure with Telenor, Baksaas has served as Finance Director, Executive Vice President and CEO of TBK A/S (a wholly-owned Telenor subsidiary), before serving as Group CFO from November 1994 until 1997 when he was appointed Deputy CEO. Before joining Telenor, Baksaas held finance-related positions in Aker AS, Stolt-Nielsen Seaway and Det norske Veritas. He is also a board member of Svenska Handelsbanken AB. Baksaas 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, Senior Executive Vice President/Deputy CEO and Head of Telenor's Asia operations - has served as Senior Executive Vice President/Deputy CEO and Head of Telenor's Asia operations since January 2006. Mr. Johansen joined Telenor in 1989 and has held a number of positions in the Group. He has served as Senior Executive Vice President and Head of Mobile from 1999 to 2005 and was Chief Executive Officer of Telenor International AS from its inception in 1993 to 1999. Prior to joining Telenor, Mr. Johansen was employed at EB Telecom (Ericsson Norway), where he served as Executive Vice President and at the Norwegian Institute of Technology, as a research engineer at ELAB. Mr. Johansen received his M.Sc in Electrical Engineering (Telecommunications) from the Norwegian Institute of Technology in 1973 and participated in the Program for Management Development at Harvard Business School in 1988.



Morten Karlsen Sørby, Executive Vice President and head of Telenor's Nordic mobile and fixed network operations - has served as Executive Vice President since January 2003. Since January 2005 he has held the position as head of Telenor's Nordic mobile and fixed operations. Mr. Sørby joined Telenor in 1993 and has since held a number of senior positions in Telenor, including Deputy Chief Executive Officer of Telenor Mobile and General Manager of Telenor International AS. He has previously worked at Arthur Andersen & Co in Oslo. Mr. Sørby holds a M.Sc in Business administration and is a state licensed public accountant (Norway). He also has qualifications from IMD.



Jan Edvard Thygesen, Executive Vice President and Head of Telenor's Central/Eastern European operations - has served as Executive Vice President since 1999. Since January 2006, he has served as Head of Telenor's Central/Eastern European operations. Since joining Telenor in 1979, Mr. Thygesen has held various positions, including Chief Executive Officer of Sonofon, Executive Vice President and General Manager of Telenor Nordic Mobile, Executive Vice President of Telenor Mobil, President of Telenor Invest AS, Executive Vice President of Telenor Bedrift AS and President of Telenor Nett AS. He has also served as President of Esat Digifone and Tel-everket. Mr. Thygesen holds a B.Sc in Electronics and Telecommunications from the Norwegian Institute of Technology.



Stig Eide Sivertsen, Executive Vice President and head of Telenor's Broadcast operations - has served as Executive Vice President since 1999. He is head of Telenor's Broadcast operations. Mr. Sivertsen joined the Company in 1997 as the Director of Finance and chief accountant for Telenor Link AS. Mr. Sivertsen previously held positions as Chief Executive Officer of Nettavisen AS and Chief Financial Officer of Petroleum Geo-Services ASA and Schibsted ASA. Mr. Sivertsen holds elementary and supplementary degrees in law from the University of Bergen and a Master of Business Administration from Durham University.



Trond Ø. Westlie, Executive Vice President and Chief Financial Officer (CFO) - has been Director of Finance at Telenor ASA. He is a Certified Public Auditor and was educated in Norway. Westlie joined Telenor in 2004, coming from Aker Kværner ASA, previously Aker Maritime ASA, where he was Executive Vice President and CFO. He has previously held a number of positions at Aker RGI ASA, including Executive Vice President Business Development and Senior Vice President Investor Relations. Mr. Westlie has also held managerial positions in auditing departments at KPMG (Norway) and Richard Eisner & Co (New York).



Bjørn Magnus Kopperud, Executive Vice President and Head of Human Resources - has served as Executive Vice President since January 2006. Since 2003 he has served as Head of Group Human Resources. Mr. Kopperud joined Telenor in 1994 and has held a number of senior positions at Telenor, including Executive Vice President of Telenor Mobile AS, Managing Director at Telenor Global Services AS and Managing Director at Telenor Global AS. Mr. Kopperud holds a Master of Science in Computer Science from the Norwegian Institute of Technology and has additional qualifications from Business Management studies at both IMD and INSEAD.



Ragnar H. Korsæth, Executive Vice President and Head of Global Coordination - has served as Executive Vice President and Head of Global Coordination since January 2006. Mr. Korsæth joined Telenor in 1997, and has held a number of senior positions, including Chief Operating Officer of Telenor International Mobile, Chief Financial Officer of Telenor Mobile and Finance Director at Telenor International. Mr. Korsæth holds a Master of Science in Business Administration from the Norwegian School of Economics and Business Administration in Bergen and has additional qualifications as Certified Financial Analyst (EFFAS) from the Norwegian School of Business and Administration in Bergen.

Memorandum and articles of association



Translation from Norwegian

MEMORANDUM AND ARTICLES OF ASSOCIATION OF TELENOR ASA

(Last amended 20 May 2005)

§ 1

The Company's name is Telenor ASA. The Company is a public limited company.

§ 2

The Company's registered office is in the municipality of Bærum, Norway.

§ 3

The Company's objects are to carry on a telecommunications business and any other business related thereto. The business may be carried on by the Company itself, or by its subsidiaries, or through participation as a joint venture partner in other companies or in co-operation with other companies.

§ 4

The Company's share capital is NOK 10.239.421.758,- divided into 1.706.570.293 shares of a nominal value of NOK 6 each.

§ 5

The number of Directors shall be at least five but may not exceed eleven.

§ 6

The Chairman of the Board of Directors or the Vice-Chairman and one other member of the Board are authorised jointly to sign for the Company.

§ 7

The Company shall have a Corporate Assembly of 15 members. The members and the deputy members shall be elected for

a term of 2 years. 10 members and three deputy members for those members shall be elected by the General Meeting. Five members and two observers with deputy members shall be elected by and from among the employees according to the rules in the Regulations to the Act relating to Public Limited Companies (Norway) governing the employees' right of representation on the board of directors and corporate assemblies of public limited companies, etc.

§ 8

The Company's General Meeting shall be chaired by the Chairman of the Corporate Assembly.

The Annual General Meeting shall be held before the end of June each year. The Annual General Meeting shall be called with at least two weeks' written notice. The notice of the meeting shall be accompanied by the agenda. Shareholders wishing to attend the Annual General Meeting must, subject to further decision of the Board, notify the Company to that effect no later than three days prior to the Annual General Meeting.

The Annual General Meeting shall transact the following business:

1. Approval of the financial statements and annual report, including distribution of dividend.
2. Other business which under Norwegian law or the Articles of Association falls under the Annual General Meeting.

The Company's General Meetings may be held in the municipality of Oslo, Norway.

§ 9

The Company shall have an Election Committee. The task of the Election Committee is to submit nominations to the General Meeting for the election of shareholder-elected members and deputy members to the Corporate Assembly, and to submit nominations to the Corporate Assembly for the election of shareholder-elected members and deputy members to the Board of Directors.

The Election Committee shall consist of four members who must be shareholders or representatives of shareholders. The Chairman of the Corporate Assembly is a permanent member and Chairman of the Election Committee. Two members shall be elected by the General Meeting, and one member shall be elected by and from among the shareholder-elected members and deputy members of the Corporate Assembly. The members of the Election Committee shall be elected for a term of two years.

Subject to motion from shareholder-elected members of the Board of Directors, the shareholder-elected members of the Corporate Assembly may adopt instructions for the Election Committee.

Elected Officers and Management



CORPORATE ASSEMBLY

Members elected by the shareholders

Chairman: Jan Erik Korssj en, Kongsberg
Marianne Lie, Oslo
Randi Braathe, Rygge
Jostein Devold, Kristiansand
Hans Olav Karde, Troms 
Nils-Edvard Olsen, Kirkenes
Signe Marie Jore Ritterberg, Oslo
Stener Lium, Ranheim
Hanne Harlem, Oslo
Inger-Grethe Solstad, Stavanger

Alternates elected by the shareholders

Siri Pettersen Stranden es (1. alternate),
Bergen
Ingvild Nyb  Holth (2. alternate),
Sandefjord

Members elected by the employees

Berit Kopren, Stavanger
Astri Skare, Bergen
Jan Riddervold, Lillehammer
Stein Erik Olsen, Flaktveit
Arne Jenssen, Trondheim

Alternates elected by the employees

Esther M. Str mme, Oslo
Francisco M. Rasmijn, Nesoddtangen
Ragnhild Holm, Bardu

Observers for the employees

Grethe Elin Henriksen-Alves, Oslo
Brit  stby Fredriksen, Dr bak

TELENOR'S BOARD OF DIRECTORS

Members elected by the shareholders

Chairman: Thorleif Enger, Oslo
Vice-Chairman: Bj rg Ven, Oslo
Hanne de Mora, Switzerland
J rgen Lindegaard, Sweden
John Giverholt, Oslo
Liselott Kilaas, Oslo
Paul Bergqvist, Sweden

Members elected by the employees

Per Gunnar Salomonsen, S gne
Irma Tystad, Trysil
Harald Stavn, Kongsberg

Alternates elected by the employees

Bj rn Andre Anderssen, Gol
Marianne Losnegaard Jensen, Oslo
Kaare Ingar Sletta, Mysen
Roger R nning, Skotterud
Helge Enger, Brandval
Hj rdis Henriksen, Sortland

Group Management

Jon Fredrik Baksaas
President and Chief Executive Officer (CEO)

Arve Johansen
Senior Executive Vice President/Deputy
CEO and Head of Telenor's Asia operations

Morten Karlsen S rby
Executive Vice President and Head of
Telenor's Nordic mobile and fixed network
operations

Jan Edvard Thygesen
Executive Vice President and Head of
Telenor's Central/Eastern European
operations

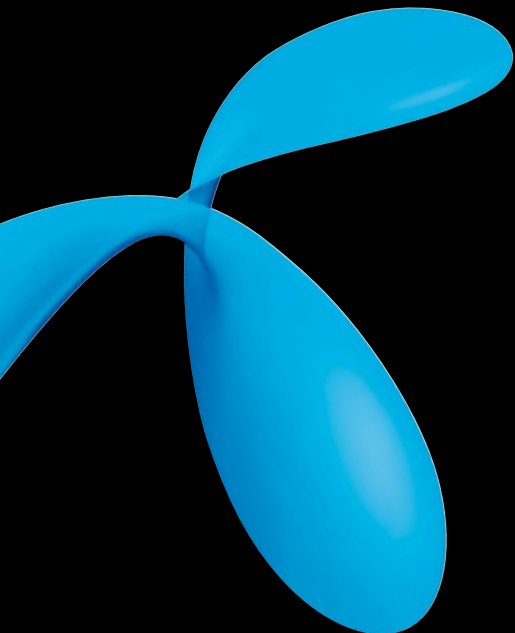
Stig Eide Sivertsen
Executive Vice President and head of
Telenor's Broadcast operations

Trond  . Westlie
Executive Vice President and Chief Financial
Officer (CFO)

Bj rn Magnus Kopperud
Executive Vice President and Head of
Human Resources

Ragnar H. Kors eth
Executive Vice President and Head of
Global Coordination

This Annual review contains statements regarding the future prospects of Telenor, involving growth initiatives, profit figures, strategies and objectives. The risks and uncertainties inherent in all statements regarding the future can lead to actual profits and development deviating substantially from what has been expressed or implied. The risk factors associated with Telenor's business activities are also described in form 20-F, which has been submitted to the Securities and Exchange Commission (available on: www.telenor.com/ir).



FINANCIAL CALENDAR 2006

Thursday 4 May	Results for the 1st quarter 2006
Tuesday 23 May	Annual General Meeting
Wednesday 24 May	Capital Markets Day
Friday 21 July	Results for the 2nd quarter 2006
Thursday 26 October	Results for the 3rd quarter 2006

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