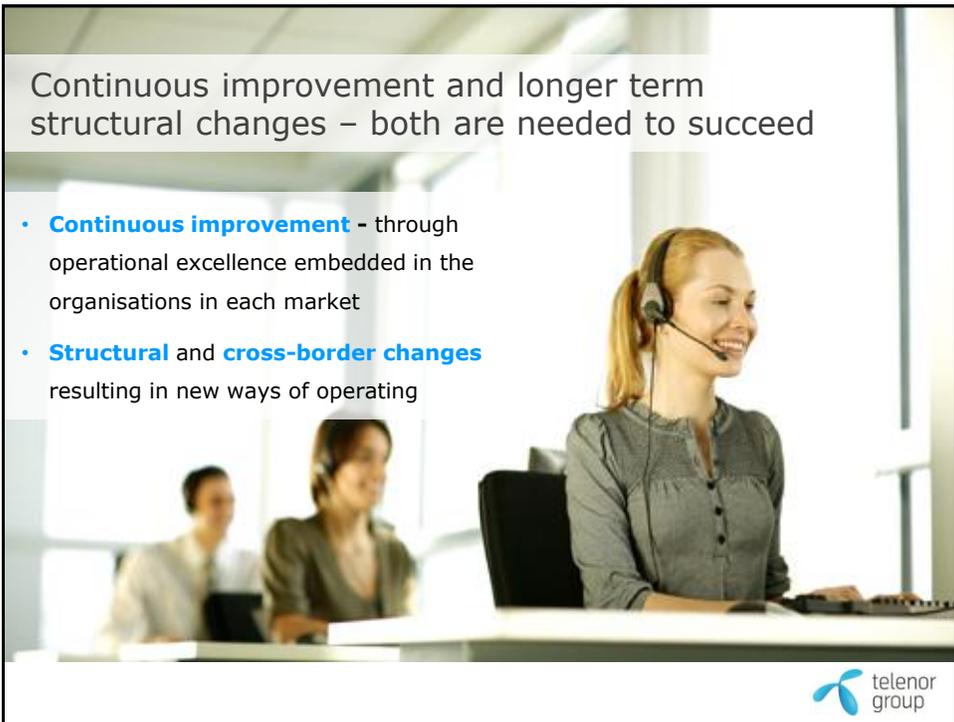
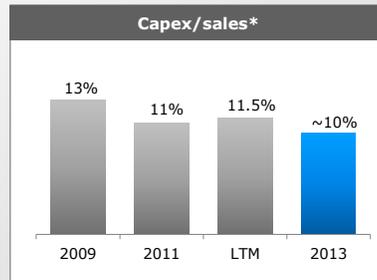
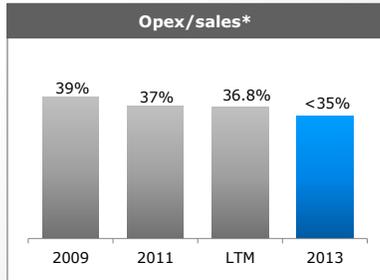


Continuous improvement and longer term structural changes – both are needed to succeed

- **Continuous improvement** - through operational excellence embedded in the organisations in each market
- **Structural** and **cross-border changes** resulting in new ways of operating



Significant impact on Group financials

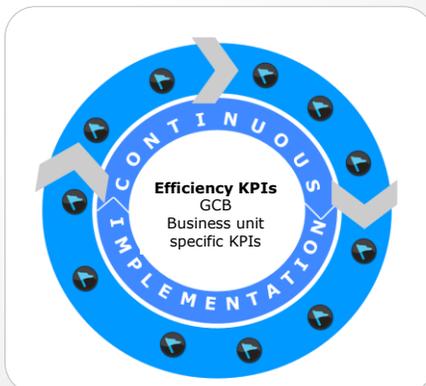


Aiming for efficiency gains of NOK 5 bn towards 2015**

*) Existing business, not including Uninor and licence fees. LTM: Last twelve months (Q311-Q212).
 **) Gross opex savings, vs base line 2011



Institutionalising **continuous improvement** in our way of working



- **Common methodology**

- Toolbox



- **Yearly benchmarking**

- Identify potentials and measure effects



- **Operational excellence agenda**

- In each business unit, continuously implemented and followed up

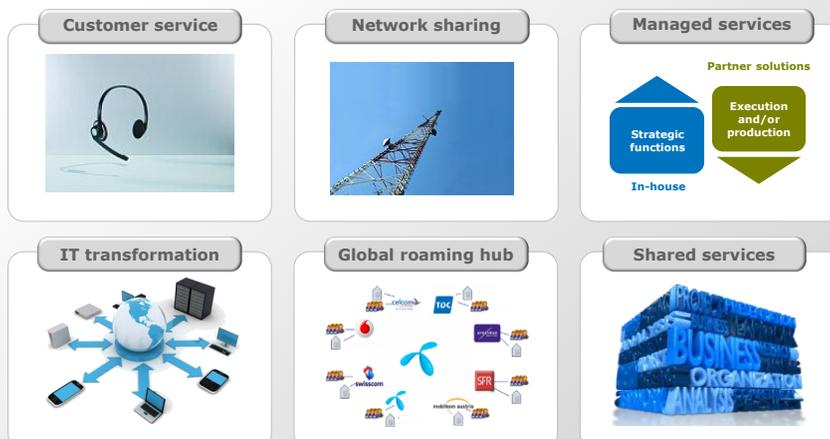


Structural changes - implementing new operating models within selected areas

- **Support business units'** market strategy
- Target business model agnostic potentials
- Replicate **best practice** in the Group
- Learning from others
- Explore **partnership opportunities**
- **Utilise scale** advantages



Implementing new operating models through six group-wide programmes



New operating model for customer service to meet volume and efficiency challenges

Focus areas

- Standardise KPIs and processes
- Develop innovative self-service solutions
- Leverage scale in operations and sourcing
- Develop common operating models

Already started

- Uninor 
- Telenor Sweden 
- DiGi (back office) 
- Canal Digital Kabel 
- Telenor Pakistan 

Potential efficiency gains: 20-25% of addressable cost base, in addition to revenue increase



Network sharing to improve cost and quality positions in our markets

Implement **PASSIVE** sharing where possible

- Significant cost savings
- Limited impact on ability to differentiate
- Less complicated from a regulatory perspective

Selectively implement **ACTIVE** sharing

- Additional cost savings
- Influence relative competitiveness in the market
- Common strategy for long term network development is an imperative

Main drivers

- Spectrum auctions
- Major network initiatives, swaps or technology upgrades
- Likely to happen in the market anyway

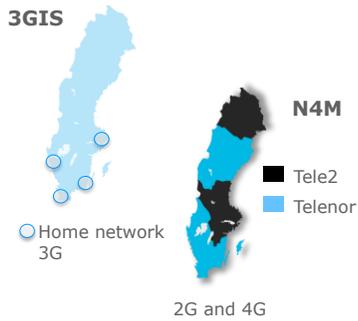


Potential efficiency gains: 20-35% of cost and capex base



Significant savings achieved through network sharing initiatives in several of our operations

In Sweden...



...and in other business units

- Telenor Pakistan 
- Uninor 
- Telenor Denmark 
- Telenor Norway 
- Grameenphone 



Managed services set up through shared operations and external partners

A common blueprint



Key benefits

New operating models supports:

- Scalability
- Increased quality
- Industrialised processes and systems
- Cost efficiency

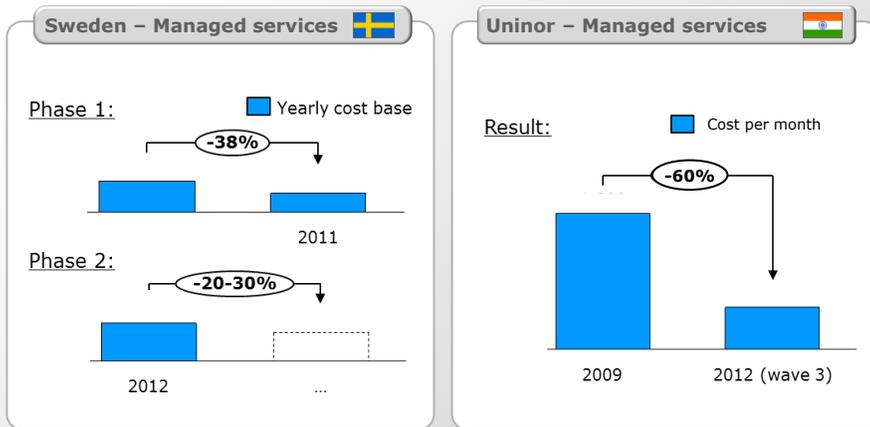
In-house focus on:

- Network strategy, -architecture and -design
- Performance- and vendor management

Potential efficiency gains: 15-25% of addressable cost base



Significant savings achieved from managed services and transformational partnerships



IT transformation is a journey, starting with non-differentiating IT

- Renewal of business support systems**
Establish common visions and targets
- Application development and maintenance** 
Standardise processes, selected global vendors
- IT infrastructure consolidation** 
The first step towards standardisation
- Global connectivity** 
Necessary enabler for industrialisation



Application development and maintenance (AD/AM) - process standardisation and vendor consolidation

New operating model benefits

- **Cost reductions** driven by:
 - Consolidation of volumes
 - A set of selected global vendors
 - Increased competition
 - Process standardisation
- Improved **competitiveness** through:
 - Shorter time-to market
 - Better quality in delivery of services and products
- Increased operational **flexibility**
- Building capacity and capability to support BSS transformations



Potential efficiency gains:
15-40% of addressable cost and capex base



AD/AM through partners already implemented in several business units with significant savings

Business units with AD/AM through partners...

- Uninor 
- Telenor Sweden 
- Telenor Norway 
- Grameenphone 

...and the achieved benefits:

Uninor

- Partnership with Wipro
- 40% less resources
- Scaling to subscriber increase of 70%

Telenor Norway

- Contract with Cap Gemini and TCS
- AM costs reduced by >50% and increased service quality
- Targeted savings realised within AD



A global roaming hub to leverage on Telenor Group scale



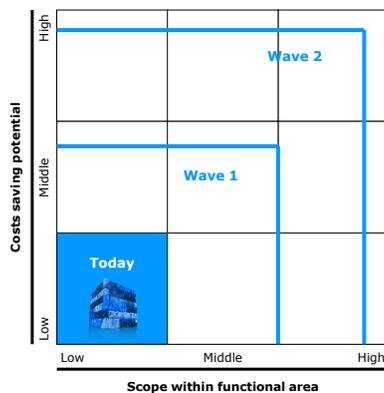
Key benefits

- Reduction in number of agreements
- Streamline operations - less relations to manage
- Collaboration with other telcos



Establishing shared services to build centralised operational capabilities

Functional scope



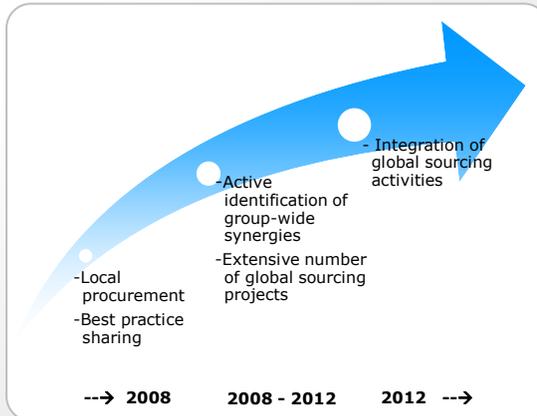
Shared services a key enabler

- Vehicle to deliver on new operating models and targets
- Costs savings potential through utilisation of scale
- Short term scope
 - IT infrastructure
 - Finance & accounting
 - HR

Potential efficiency gains:
up to 30% of cost base



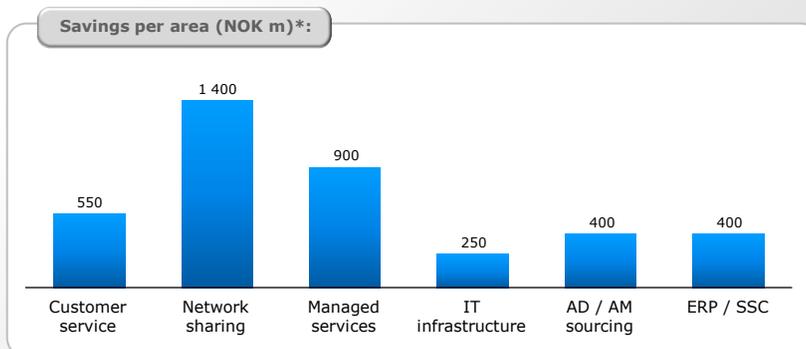
Global sourcing - a key enabler for realising scale effects within all global programmes



- Global operating model for sourcing implemented
- Important tool to realise effects from new operating models
- "Swat team" approach similar to network modernisation projects
- 70% of spending within global sourcing categories



Significant financial effects from new operating models when fully implemented



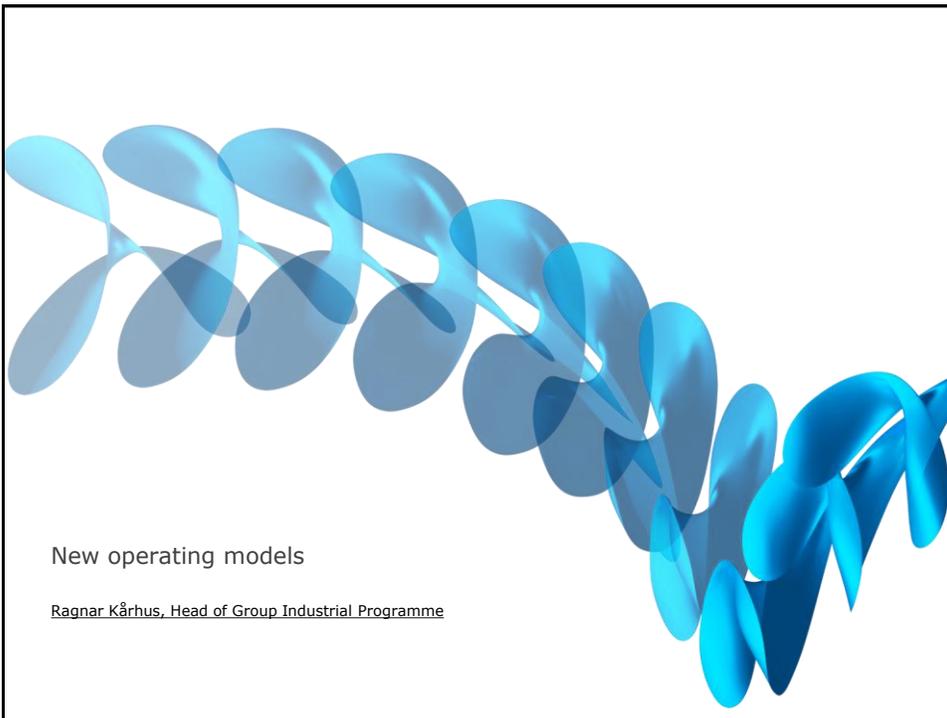
Contributing to Group operating cash flow target of NOK 28-30 bn in 2015

*) Savings including opex and capex, at full annual effect



Key takeaways

- **Continuous improvement and longer term structural changes**
- **New operating models will transform Telenor longer term**
- **Implementation through group wide programmes**
- **Significant contributions from these initiatives to Group cash flow target for 2015**



New operating models

Ragnar Kårhus, Head of Group Industrial Programme