

Board of Directors' Report

KEY FIGURES 2015

5% organic
revenue growth

17 million new subscribers,
taking the total to 203 million

Revenues of
NOK 128.2 billion

EBITDA before other income
and other expenses of
NOK 44.2 billion

Operating cash flow of
NOK 20.6 billion

Proposed dividend
NOK 7.50 per share*

*Of which NOK 4.00 shall be paid in May
and NOK 3.50 in November.

Revenues in 2015 increased by 15 per cent to NOK 128 billion compared with a year earlier. The organic revenue growth was 5 per cent, supported by strong results in Myanmar. EBITDA before other income and expenses rose by 15 per cent to NOK 44 billion, while the corresponding EBITDA margin remained stable at 34.5 per cent from 2014.

In 2015, Telenor celebrated its 160th anniversary, having grown from a local Norwegian telegraph operator in 1855 into an international mobile operator present in 13 countries by 2015. The year also marked the passing of a significant milestone for the Group: all-time high revenues and EBITDA, and 200 million customers. With these achievements came changes to the company's top leaders, as Jon Fredrik Baksaas stepped down as President and CEO and former Head of Region Asia Sigve Brekke assumed the role. In addition, a new Chair of the Board, Gunn Wærsted, was elected as the year came to a close.

While it was a landmark year for Telenor in many respects, the company also confronted challenges related to its minority ownership in VimpelCom Ltd., the handling of which continues to have high priority. See also VimpelCom section, Sustainability Report and Corporate Governance Report.

Investments and customer needs

Throughout the year, Telenor Group continued its investments in data networks with the aim of capturing and monetising data growth across its markets in Europe and Asia.

The mobile industry continues to be in the midst of transition and the move from voice to data is on. Telenor has experienced the transformation from fixed communication to mobile, a move redefining the telecom

industry and society at large. Now, like many others in this highly competitive and opportune playing field, Telenor is faced with technology shifts to higher speed mobile data networks and rising adoption of smartphones and connected devices. In addition, customers' appetite for data will only grow in the years to come.

People and machines are creating and sharing more information than ever. Societies and economies are expecting more from the internet than ever, along with the services that rely on it. Mobile is at the center of this rapidly evolving digital world and consumers' experiences are being redefined constantly, as they spend an increasing amount of time on their digital devices. Telenor is both enabling and driving this ecosystem through its mobile networks

and connectivity, innovation, the creation and development of relevant services, as well as partnerships. In addition, mobile internet access enables digital inclusion and opens opportunities for all. By the end of 2015, 38 per cent of Telenor's customers were mobile internet users and the number is expected to increase significantly in the coming years.

During the year, Telenor Group retained its focus on Internet for All and operational efficiency, and continued to place the customer at the center of its decision-making. Telenor focused on value creation and growth, in both its traditional telco business and in its digital positions including Internet of Things, financial services and online classified services, while exploring new digital arenas such as mHealth.

On 29 January 2016, Telenor entered into an agreement to acquire approximately 95 per cent of New York-based startup Tapad Inc., a leading marketing technology firm. The acquisition enables Telenor to take a position within the rapidly growing market for advertising technology, and secures important competence within digital marketing and analytics. The company delivers unified cross-device marketing technology solutions that give publishers,

The network is the foundation upon which we integrate the world to the opportunity that awaits them, enabling everyone to drive business, build societies, improve their lives and secure a better future for all of us.

marketers and technology providers a holistic view of consumers across devices and screens, including smartphones, tablets, home computers and smart TVs.

Telenor believes that significant value can be created from applying marketing technology to improve the digital capabilities of the company's core telecom business. This will improve Telenor's understanding of customer behaviour, and supports building a platform for other business areas.

Operating Responsibly

As a global operator, Telenor is expected (by management, the Board and the world at large) to not only build and run modern and high-quality telecom networks, but to go about it in a sustainable, compliant and transparent way. Telenor Group is acting on this responsibility - working to continuously improve the company's corporate governance structures and operate responsibly in all aspects of its business. The company and Telenor's Board have specifically taken steps to improve Telenor's governance related to minority shareholdings and within the Ethics and Compliance function. For further details see Telenor Group's Sustainability and Corporate Governance Reports.

Sustainability is an embedded part of how Telenor does business, as well as an integral

part of the company's business strategy. The company wants to maximise the impact of its communications services by creating shared value for both its business and society at large.

Bringing the benefits of mobile to as many people as possible entails focusing on continuous improvement by drawing on extensive experience, systematic risk mitigation and due diligence; as well as applying relevant international best practices, frameworks and standards. Supply chain sustainability, human rights and sustainable business practices in general will continue to be high on Telenor's agenda.

The Telenor Way defines the company's aspirations and sets the standard for how Telenor does sustainable business and adheres to responsible business practices. To secure sustainable corporate governance, Telenor seeks to ensure good and healthy business practices, reliable financial reporting and compliance with legislation and regulations across the Group. The Code of Conduct is Telenor's overarching business framework and the values define Telenor's culture, and guide its employees.

Privacy and data security

Human rights, privacy, data security and freedom of expression, as well as online

Internet access is more than just a benefit: it's what empowers societies.

safety are linked to Telenor's progression to become the customers' favourite partner in their digital life. Privacy, cyber-security and authority requests for access to communication data are complex and need to be handled by the industry and society. During 2015, Telenor continued its drive to contribute to industry-wide transparency on privacy matters, by publishing a legal and country-by-country overview on the number of authority requests for access to communication data and lawful interception. Telenor also established a new security strategy in 2015 supporting its privacy-related objective to protect both Telenor employees and customer data. For further details see Telenor Group's Sustainability and Corporate Governance Reports and www.telenor.com.

At Telenor, Internet for All, child online safety and digital responsibility are thought of as one and the same. Telenor continued during the year to actively run projects in all its business units to deliver safer experiences for children and young adults, making sure new internet users are prepared for connectivity. Telenor Group also supported world leaders in their commitment to reach the new UN Sustainable Development Goals. Telenor's ambition: to connect 200 million people to the internet by 2017, opening access to knowledge, opportunities and vital services that can bring a better future for everyone.

Internet for All

The 200-million customer milestone that was surpassed in December was driven largely by Telenor Group's six markets in Asia. The company's subscriber base has

grown from 28 million to more than 200 million in 10 years. Eighty-six per cent of Telenor's customers are smartphone users, while 38 per cent active data users.

Telenor now aims to see all of these customers transition from a voice-centric past to an internet and digital-centric future in the coming years. Internet for All is not only about enabling use, it's also about giving people a good reason to go online.

Accommodating customers through this transition continues to be a strategic ambition of Telenor Group. The company sees this change in consumer behaviour as an opportunity for growth, but also as a challenge - as increasing connectivity changes the social and security-related landscape, as consumer demands evolve. Across all of Telenor Group's business units, partnering with customers at every stage of their digital journeys drives business activities and powers innovation.

Myanmar is a shining example of the impact mobile communications can have in the frontier markets of Asia. Telenor's goal is to deliver state-of-the-art telecommunication and internet services that will enrich the daily lives of the people across Myanmar. Telenor will contribute to Myanmar's economy and development by serving as a responsible corporate citizen and employer-of-choice, and by building vital infrastructure that will help modernise Myanmar's telecommunications sector and create long term value for all stakeholders and society.

Telenor Myanmar's first year of operations saw the company take in more than 12 million customers through attractive service offerings and a solid sales and distributions apparatus. Active data users already account for 52 per cent of the company's subscriber base. The full-year Ebitda margin was 40 per cent.

In Malaysia, Digi uses the power of the internet and digital services to further inspire advanced Malaysia. Among its 12 million

customers, more than half are smartphone users and 62 per cent active data users.

In Thailand, dtac is going through a comprehensive turnaround process amidst a competitive market environment. The company serves a population with a large appetite for data services, and took nationwide steps to fill it in 2015. For the 25 million dtac subscribers, 2015 saw the expansion of dtac's 3G and launch of 4G networks in 40 metropolitan areas around Thailand, the Association of Southeast Asian Nations' (ASEAN) second-largest smartphone market.

Telenor India expanded its commitment to bring the best on value to its 42.6 million customers. In 2015, Telenor India announced a programme to modernize its complete network, including swapping its entire network of 23,625 base stations with state-of-the-art equipment by 2017, which will increase network efficiency and make the operation future ready to launch new technologies when completed. More than 5,000 sites were already swapped by the end of 2015.

Grameenphone continued its growth in 2015, following its 50-million customer milestone in 2014. The operation continues to be the largest in terms of customer numbers in Telenor Group. To accommodate this growth, Grameenphone is preparing for an ambitious network expansion covering all citizens in Bangladesh under its network. In 2015, active data users accounted for 28 per cent of its customer base.

Telenor Pakistan customers are rapidly digitizing and the company's share of the rapidly growing 3G market in Pakistan increased faster than its closest competitor in 2015. Pakistan witnessed its fastest growth of 3G and 4G users in 2015. Telenor Pakistan customers now stand at 34.6 million.

In Telenor's European operations including Scandinavia, the company continues to be focused on securing spectrum and

upgrading networks and IT infrastructures, increasing smartphone penetration, stimulating usage through selected third-party and own developed services and growing profitability through data centric price plans.

In both Norway and Sweden, the appetite for data and new digital services continues to accelerate. The ability to match customer demands with relevant consumer offerings, delivered through superior network quality, continued to create value in Norway. In Sweden, some 76 per cent of subscribers are active data users, while 74 per cent of the company's Norwegian consumers are active data users.

Operational Efficiency

Telenor's ambition of EBITDA growth exceeding revenue growth does not only entail an increase in revenues, it also requires further cost control. To remain relevant to customers and stay competitive in a highly dynamic environment, Telenor is working continuously on being more cost efficient and operate smarter throughout its entire organization.

New operating models, granular performance management, the acceleration of technology efficiency and process simplification will allow the company to operate in a cost efficient way, and to focus its attention and resources on the most value creating activities.

Throughout 2015, Telenor Group continued to invest in networks, providing and developing relevant offerings and healthy pricing, and modernizing products, processes and IT systems and thereby reducing legacy costs. Telenor accelerated 3G and 4G investments in Thailand in 2015 to capture a sound data position, ramped up network investments in Myanmar to cater for strong demand trends and invested significantly in Norway's 4G network to reach a population coverage of more than 90 per cent by the end of 2015. Telenor achieved its target of gross savings of NOK 5 billion in the period 2013 to 2015. Total



operating expenses were NOK 48.8 billion in 2015.

As in previous years, Telenor aims to improve energy efficiency of its networks as they represent around 80 per cent of the total energy consumption. The company's CO₂ emissions per end customer have over the last four years dropped by approximately 27 per cent.

Telenor drives operational excellence by leveraging the company's global footprint. Telenor is transforming its IT structure to become an enabler for superior customer experiences. Improving how the company runs IT is important to reduce cost and improve agility. The company will continue to focus on high quality networks, mobile, as well as user-friendly and engaging services & products.

Telenor continues to focus on having cost efficient operations with operational synergies across borders, efficiency improvements across its business units and global activities; including Global Shared Services, Global Sourcing, Global Backend, and Global Wholesale.

Through Telenor Global Shared Services, which delivers group-wide shared services within IT, Human Resources and Finance and Accounting, Telenor launched common IT infrastructure operations for its Asian entities in Bangladesh, Pakistan, Malaysia and Thailand. Synergies through a common outsourced shared payroll system are being realized for all Nordic business units through the launch in Sweden.

Telenor Common Operation, delivering network and IT services to the European businesses, now services six customers and has been in operation since 2012. Telenor also continued to deliver on its transformation programme in Denmark and Hungary, automating complex processes, introducing future-proof technology against shifting customer trends, and simplifying as well as reducing price plans and product offers.

In 2015, Telenor continued to implement its cluster-based model across the company's markets including Thailand and Myanmar. The localized model allows Telenor to collect information and adjust performance based on specific local issues. In addition, Telenor continued to utilise network sharing to improve its cost and quality position. Network sharing agreements are now in place in Denmark, Sweden and Hungary. After a successful network upgrade and renovation project earlier in the year, Telenor has started offering 4G services in Bulgaria.

Customers' favourite partner

Becoming the customers' favourite partner in their digital life is important for future value creation and growth. Mobile is expected to be the primary channel for consumers and Telenor will focus on leading customers into the digital space, creating superior and personalized experiences as well as digital engagement with customers. Deploying scalable and commercial models for financial and communication services, health, agriculture and education, as well as providing people with internet connectivity is an important catalyst for growth and development.

In October 2015, Telenor Group established the functions markets and technology to improve and develop customer experiences, and to secure that networks and IT systems are ready for future demands. Telenor also announced that its initiatives and partnerships in the digital arena will be gathered in a dedicated digital business area to better explore positions in new adjacent businesses.

Financial services

During the year, Telenor launched digital mobile money in its newest market Myanmar. Commercial testing commenced in December and financial services will be offered through 800 point-of-sales under the brand "Wave Money".

In Pakistan, via Easypaisa, Telenor has about 20 million active customers utilizing mobile money for person-to-person (P2P)

Driving innovation
- we were one of the first to explore M2M technologies 15 years ago, and we continue to be the go-to connectivity partner for everything from cars to security alarms to city streetlights to even the family pet.

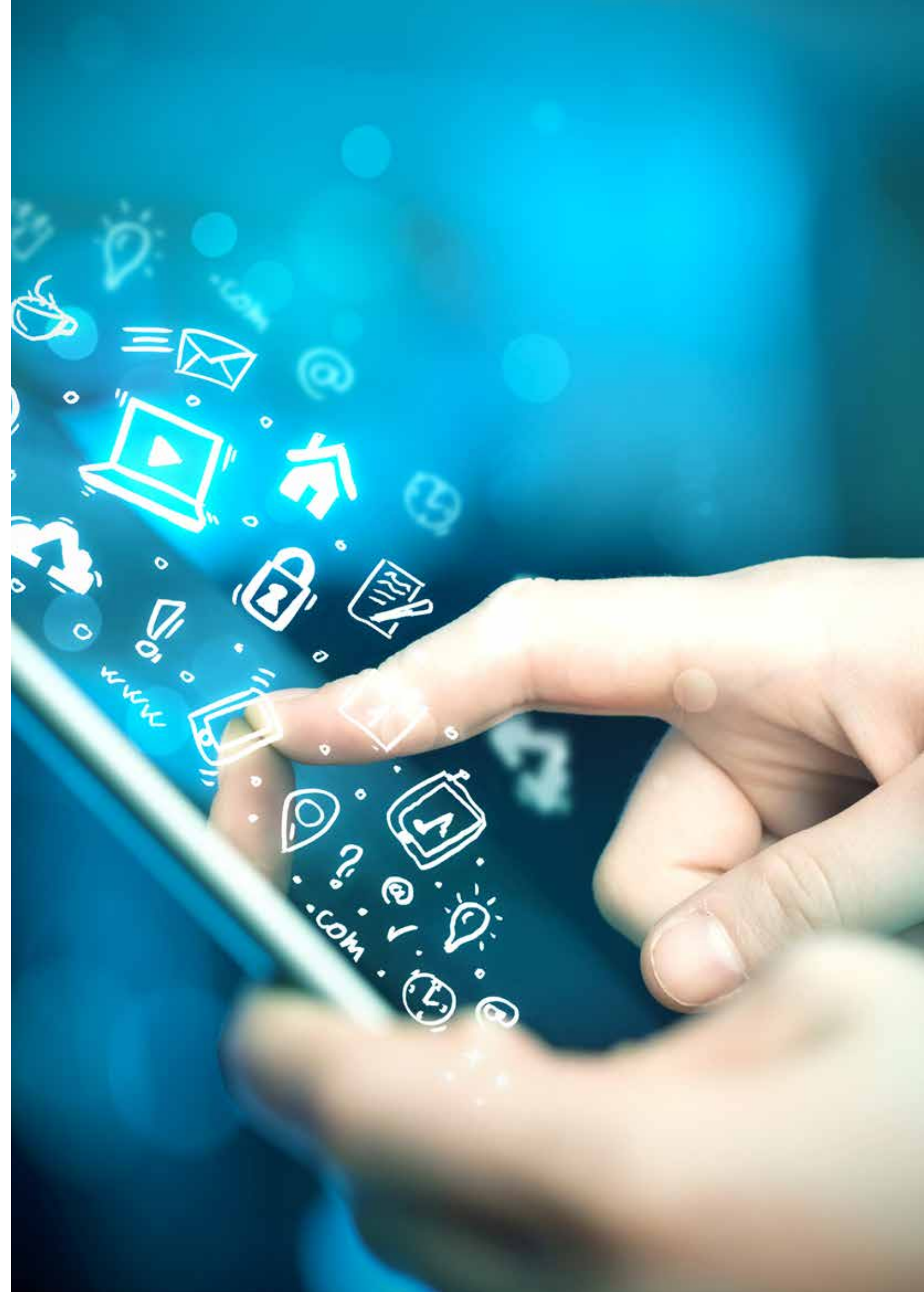
payments, bill-payments and merchant payment. In Serbia, Telenor Banka is now providing full digital banking services to more than 100,000 customers. In August 2015, Telenor was granted a so-called payments bank license in India together with two partners, IDFC and Dilip Shanghvi.

Home-grown services and partnerships

In 2015, cloud storage service Capture (Min Sky in Norway) passed 800,000 monthly active users and is now available in seven markets, with the highest uptake in Norway and Thailand. Video communication service appear.in, launched in 2013, has users in more than 190 countries.

Telenor's WoWBox, a mobile internet portal installed as an app on smartphones, was launched in May 2015 and had one million monthly active users at year-end. Telenor Connect ID, the company's global solution to authenticate end-users - offering easy access to all services - passed two million users at year-end.

Telenor Connexion, provider of connected business solutions, continued to deliver solid results within the Internet of Things segment and passed five million connected devices globally.



It's not enough just to enable access. We have to unleash its full potential to advance the way we live, work, learn, share, and solve global challenges. This is what we do, and why we exist.



Telenor Group continued its collaboration with its global strategic partners including Facebook, Youtube, Google, Opera, Wikipedia and Twitter, as well as UNICEF. The company also continued to drive its venture in online classifieds together with Schibsted ASA, Naspers Ltd. and Singapore Press Holdings Ltd.

Telenor acquired Tapad Inc. at the start of 2016 taking a position within the rapidly growing market for advertising technology, and securing important competence within digital marketing and analytics.

Research

Telenor Group's research unit plays a key role in providing insights and competences that enables Telenor to become a customer-centric software and data driven company. Contributions within customer insight, data analytics, machine learning, innovation, digital services, new technologies and market dynamics have been important throughout the year.

In 2015, Telenor conducted several studies to prepare the company for future trends and customer behavior. The surveys looked into the mobile internet habits of 16-35 year olds, and analyzed the trade-offs consumers make between privacy and personalized services. Researchers also made head-way in advanced methods of text analysis, used to understand and act in real-time on customer feedback from sources such as social media and Net Promoter Score.

Telenor also conducted a study in conjunction with the Harvard T.H. Chan School of Public Health, Oxford University, the U.S. Center for Disease Control, and the University of Peshawar, demonstrating the power of mobile data to predict and track the spread of epidemic disease, and part of Telenor Group's ambition to contribute to finding sustainable long-term solutions to social challenges, creating shared value for society and the company.

Telenor Research is also collaborating with

European research arenas on next generation mobile technology 5G and holds board positions in NetWorld 2020 and the 5G PPP Infrastructure Association. World leading research based on Artificial Intelligence has been applied and piloted on new innovative services.

Telenor also continued to build relationships with world leading international institutions, including Harvard, Massachusetts Institute of Technology (MIT), the EU as well as the Institute on Asian Consumer Insight. Research is also conducted through long term collaboration with Norwegian academia in the form of NHH, NTNU and the University of Oslo. In 2015, researchers at Telenor published 30 articles in peer reviewed journals and conferences – including one in Proceedings of the National Academy of Sciences, the second most cited journal in the world.

In 2015, Telenor spent NOK 3.4 billion on innovation in new infrastructure, services and processes, of which NOK 0.5 billion were costs related to research and development. The new satellite Thor 7 was a major investment in 2015. In comparison, the total spend on innovation was NOK 3.1 billion in 2014, of which NOK 0.5 billion were costs related to research and development.

Sustainability

Telenor is committed to the disclosure of its performance on material sustainability issues in-line with stakeholder expectations. Following a thorough assessment process involving stakeholder consultations and desktop research, a number of material sustainability issues were identified for reporting in 2015 based on the GRI G4 principles of materiality, clarity and balance. These material issues have been framed in the Sustainability Report respecting the requirements of the Norwegian Accounting Act, which are to report on policies, actions, results and ambitions in the areas of human rights, labour rights and social conditions, environment and anti-corruption where relevant. Please also see "Operating Responsibly" section on [page 10](#) of the

Board of Directors Report.

Following is the structure through which the Norwegian Accounting Act § 3-3c areas of reporting have been covered within the Sustainability Report 1) 'Anti-Corruption' under material topics Corporate Governance, Ethics & Anti-Corruption and Transparency & Stakeholder Engagement; 2) 'Social' under material topics Mobile Phones & Health, Child Online Safety, Economic Contribution to Society, Service Reliability, Digital Access & Outreach, Innovative Services & Programmes and Researching for Shared Value; 3) 'Environmental' under material topics Climate Change & Environment and Low Carbon Solutions; 4) 'Labour Rights' under material topics Labour Rights & Standards and Supply Chain Sustainability; 5) 'Human Rights' under material topics Human Rights and Privacy & Data Security and Freedom of Expression.

The report on how Telenor is delivering on its sustainability can be found in a separate and more detailed section of the Annual Report for 2015, see [pages 22-33](#).

People

In 2015, Telenor Group focused on diversity, way of work, and learning and development of leaders and experts. Telenor continued its transition into a more expertise-driven company, aiming to attract talent with digital mindset and competence. At year-end, Telenor Group employed around 38,000 (the number of employees is the total number of full-time and part-time employees) people across its 13 markets. The company retains and actively recruits a diverse employee base, with about 30 per cent with international background in Telenor ASA at year-end. In Telenor Group, about 36 per cent of the employees are women (based on 35,000 employees). The percentage of women in top managerial positions in Telenor Group is 22 per cent.

Telenor aims to strengthen its competitiveness in the markets where it operates and to do so, the company relies

on attracting and retaining the best leaders and experts from diverse backgrounds, and developing more women leaders. The company strives for greater gender diversity on all levels, and in 2015 set targets to reach 25 per cent women in top management positions in 2016, and 30 per cent by 2020.

Our people and our culture are our strongest competitive advantages.

Telenor has established a number of initiatives to encourage diversity and develop more women leaders throughout the entire company, and all Telenor business units promoted gender diversity in the workplace in 2015. Telenor has reinforced its commitment to gender balance, and as part of this, top leaders across Telenor Group are measured on strengthening the women leadership pipeline.

In addition to measurement of its leaders, Telenor will continue to invest in programmes and initiatives to promote gender balance and diversity in the workplace, and in the societies where we operate. One example was Telenor's introduction of a six-month maternity leave as a minimum standard globally. This new policy is of particular benefit to Telenor's Asian business units, where local regulation in some of these markets entitles women to less than six months. In addition, Telenor has reinforced its requirements to ensure balanced representation among candidates for top leader positions. Another initiative towards gender diversity is Telenor's sponsorship of the Women Leadership Programme in Norway, with 50 per cent of the participants having a technology background.

In 2015, Telenor's operations in Sweden, Denmark, Norway and Pakistan, along with Grameenphone in Bangladesh, ran trainee programmes targeting top talents among graduate students from diverse educational backgrounds, of which 47 per cent of the candidates were women.

Telenor continues to operate its Telenor Open Mind and Telenor Integration programmes, making it easier for people with disabilities (either mentally or physically) and immigrants with higher education to enter employment. The programme offers comprehensive internship programmes with active coaching and mentoring. There is a global ambition to launch Open Mind (for people with disabilities) in all Telenor markets by the end of 2019. As of 2015, Open Mind has launched in Sweden, Pakistan, India and Bulgaria, in addition to Norway, with a total of 375 people inducted through the programme globally.

Winning teams create world-class customer experiences and great places to work.

Employee Engagement and Learning Programmes

Employee engagement continues to develop positively, as it has over the past five years. The level of engagement and enablement indicated by an employee survey places Telenor among the top performing companies globally, according to survey provider Hay Group's global benchmarks.

To enhance learning opportunities for all employees, Telenor runs an online learning environment that provides all employees

access to Telenor's mandatory learning programmes such as anti-corruption and Code of Conduct, in addition to an open and comprehensive library of learning content. Telenor also revitalized its learning academies for leaders and experts.

Telenor also continued education on its cultural framework, the Telenor Way in 2015. To also strengthen the focus on ethics and the company's Code of Conduct, an online learning campaign was developed in 2015, and will be implemented for all employees globally in Q1 2016.

To ensure that Telenor continues to recruit the right leaders for the future and in response to new market and organizational challenges, the company decided to improve the recruitment process for senior leadership positions in 2015. The two main changes made to the process included the use of psychometrics in candidate evaluation and the introduction of a "People Committee" to support the final stage of the recruitment process. This committee is composed of the CEO, three Group Executive Management members and the senior vice president for Group Talent Management.

In 2015, Telenor renegotiated its global agreement with UNI Global Union, as a platform and framework for the company's dialogue on fundamental labour rights.

In 2015, the sickness absence rate for the entire Telenor Group was 1.44%.

Financial Information

Revenues in 2015 were NOK 128.2 billion; a reported growth of 15% compared to NOK 111.4 billion in 2014. The organic revenue growth of 5% was mainly the result of strong performance in the Myanmar operation. The reported revenue growth was higher than the organic revenue growth, due to the depreciation of the Norwegian Krone towards most of the business units' reporting currencies. Positive currency effects on revenues amounted to NOK 11.1 billion.

EBITDA¹⁾ before other income and other expenses, increased by NOK 5.7 billion to NOK 44.2 billion, while the corresponding EBITDA margin of 34.5% remained stable, from 2014. The operations in Myanmar, Pakistan, Bangladesh and India contributed positively while the European operations, Thailand and Malaysia had a dilutive effect on the EBITDA margin.

The operating profit was NOK 22.8 billion compared to NOK 24.9 billion in 2014. The decrease is explained by the impairment in Telenor Denmark of NOK 2.1 billion and higher depreciation and amortization more than offsetting the improved EBITDA. Profit before taxes was NOK 13.0 billion compared to NOK 19.4 billion in 2014. Share of net income of associated companies was impacted by VimpelCom Ltd.'s financial results which contributed a loss of NOK 1.7 billion to Telenor's financial results, including NOK 2.4 billion for Telenor's share of provision recognized by VimpelCom for investigations related to Uzbekistan. In addition, an impairment loss of NOK 5.5 billion has been charged to the income statement during 2015. Consequently, Telenor's share of net income from associated companies in 2015 was NOK -7.1 billion compared to NOK -3.8 billion in 2014. Net financial expenses increased to NOK 2.9 billion from NOK 1.7 billion in 2014. Income taxes in 2015 were NOK 6.3 billion, down from NOK 6.6 billion in 2014, corresponding to an effective tax rate of 48.5% and 34.1%, respectively. Net income to shareholders of Telenor ASA in 2015 was NOK 3.4 billion, or NOK 2.27 per share. The corresponding figure for 2014 was a net income of NOK 9.1 billion, or NOK 6.03 per share.

Total investments in 2015 amounted to NOK 25.7 billion, of which NOK 25.2 billion were capital expenditure (capex) and NOK 0.5 billion were investments in businesses. The total capex increased by NOK 2.2 billion compared to 2014. When excluding investments in new spectrum and licences in 2015 of NOK 1.6 billion in total, capex increased by NOK 6.2 billion. Capital expenditure as a proportion of revenues,

Norway – robust and resilient infrastructure

2015 was the year of modernisation and technology upgrade for Telenor in Norway, making the nation's infrastructure more robust, secure and resilient, through better coverage and higher speeds. The company's modernisation processes are progressing according to plan.

Increasing mobile data consumption is supported by strong growth in 4G coverage and 4G devices. Telenor continued to expand its 4G network across the country reaching 93 per cent population coverage in 2015. Additionally, 4G+ was launched in March and at the end of 2015 over 330 municipalities had 4G+. The modern 4G mobile network allows for new innovations, and as a result Telenor launched 4G Voice (VoLTE) in December. Telenor Norway also won 2x15 MHz in the 1800 spectrum auction of which 2x15 was available, which will be incremental for Telenor Norway to pursue its ambition of upgrading all its 2G base stations to 4G in early 2018.

The fixed network was also upgraded and revamped in 2015, and the work will continue in 2016. As businesses and society are becoming increasingly digital and are using cloud systems, Telenor needs to invest more in infrastructure. The investments bring fibre technology closer to the home and upgrade speed on: fibre, copper and coax.

As increasing parts of society are digitised, investing in security becomes even more important. Telenor is responsible for over 80 per cent of Norway's total traffic. Ensuring this traffic is secure, is a top priority for Telenor, both when it comes to robustness and cyber security.

Investing in infrastructure allows municipalities to digitalise more efficiently in years to come. In 2015, Telenor started its smart municipality initiative, which uses smart intelligence and network analytics to help municipalities with digital strategies within healthcare, waste management and traffic control.

Norway is undergoing the biggest digital transformation for citizens and government in the country's history, across many municipalities.

¹⁾ See definition and reconciliation of EBITDA in note 5 to the consolidated financial statements

excluding licences and spectrum, increased from 15.6% in 2014 to 18.4% in 2015.

Net cash inflow from operating activities during 2015 was NOK 37.1 billion, an increase of NOK 3.3 billion compared to 2014, mainly due to an increase in EBITDA of NOK 2.8 billion and working capital improvement of NOK 0.4 billion.

Net cash outflow to investing activities during 2015 was NOK -20.3 billion, a decrease of NOK -0.7 billion compared to 2014. The decrease is mainly explained by the acquisition of Tele2's internet and cable business in Sweden of NOK -0.7 billion during 2014.

Net cash outflow to financing activities during 2015 was NOK -15.0 billion. This is mainly explained by dividends paid to shareholders in Telenor ASA of NOK -10.7 billion, dividends paid to minority interest of NOK -3.8 billion and net repayments of borrowings of NOK -0.5 billion.

Cash and cash equivalents (including bank overdraft) increased by NOK 1.9 billion during 2015 to NOK 13.8 billion as of 31 December 2015.

During 2015, total assets increased by NOK 11.1 billion to NOK 204.9 billion. The increase is mainly due to investments in network and the weakening of the Norwegian Krone against most relevant currencies, partly offset by the reduction in the carrying amount of VimpelCom Ltd. VimpelCom Ltd.'s carrying amount reduced, due to Telenor's share of negative results of VimpelCom Ltd. and an impairment loss recognized, based on the market value. See [note 19](#) for further information related to VimpelCom Ltd.

Net interest bearing liabilities increased by NOK 7.3 billion to NOK 54.1 billion. Interest bearing liabilities excluding licences increased with NOK 8.9 billion, while fair value of hedging instruments decreased with NOK 0.3 billion. This was partly offset by an increase in cash and cash equivalents (including bank overdraft) of NOK 1.9 billion.

Total equity decreased by NOK 5.4 billion to NOK 63.1 billion, mainly due to dividends to shareholders of Telenor ASA and non-controlling interests of NOK 14.8 billion and share of net negative equity adjustments in associated companies of NOK 1.6 billion. These effects were partly offset by a positive net income from operations of NOK 6.7 billion, positive currency translation effects of NOK 3.5 billion and pension re-measurement of NOK 0.9 billion.

At the end of 2015, total assets in the consolidated statement of financial position amounted to NOK 204.9 billion, with an equity ratio (including non-controlling interests) of 31% compared to NOK 193.8 billion and 35%, respectively, at the end of 2014. Total non-current liabilities at the end of 2015 were NOK 76.8 billion compared to NOK 72.6 billion at the end of 2014. Net interest-bearing liabilities excluding licence commitments increased from NOK 46.8 billion at the end of 2014 to NOK 54.1 billion by the end of 2015. Dividends of NOK 10.7 billion were paid out to shareholders of Telenor ASA. In the Board's view, Telenor Group has a satisfactory financial position. In accordance with section 3-3a of the Norwegian Accounting Act, the Board confirms that the prerequisites for the going concern assumption exist and that the financial statements have been prepared based on a going concern basis.

Telenor's Annual Report for 2014 contained a financial outlook for 2015 which was later specified and updated in the quarterly reports. The full year results were in line with the organic revenue growth and EBITDA margin outlook, while capex to sales for the year was somewhat higher.

Telenor Group Operations

Telenor Group operates in seven European countries and six countries in Asia. In addition, Telenor Group also holds an economic stake of 33.05% in VimpelCom Ltd. The operations in Norway, Denmark and Sweden offer fixed telecommunication services in addition to mobile services. The Group's core business also includes Telenor

Broadcast, which holds a leading position in the Nordic market for TV services and satellite broadcasting. In addition, Telenor is involved in the classifieds industry in South East Asia and South America through a joint venture with Schibsted.

Please note that all comments below are based on the development in local currency for 2015 compared to 2014, unless otherwise stated. EBITDA is EBITDA before other income and other expenses, unless otherwise stated.

Norway

The Norwegian mobile market was characterised by a strong increase in data consumption driven by the 4G network rollout and increasing 4G handset penetration. The total subscription base fell 2% from fewer data cards and prepaid subscriptions, whereas the contract subscriber base increased by 2%, ending the year with a total subscription base slightly below 3.2 million. The share of active data users increased to 74% and the median data usage increased by more than 50% compared to the previous year.

Total revenues increased by 1%. Revenues from the mobile operation increased by 5%, mainly due to customers choosing tariffs with larger data buckets, higher share of contract subscriptions and higher handset sales, more than offsetting reduced wholesale revenues. Fixed revenues decreased by 3% as increased revenues from TV and data services were offset by the continuing decline in fixed telephony and wholesale revenues. The EBITDA margin decreased by 1 percentage point to 42%, as the growth in mobile service revenues was offset by declining contribution from high-margin mobile wholesale and fixed telephony revenues. In 2015, Telenor Norway invested more than NOK 4.8 billion in infrastructure for fixed and mobile services, in addition to acquiring a license for 2x10 MHz in the 1800 MHz frequency for NOK 595 million. Throughout the year, Telenor Norway increased the total number of high-speed fixed broadband connections

by 66,000 to 544,000, whereas total fixed broadband connections remained stable at 854,000.

Sweden

Telenor Sweden reported 3% organic revenue growth in 2015, following continued focus on promoting data centric mobile subscriptions. Swedish mobile consumers are among the most sophisticated in the world, with wide access to high-speed networks. The smartphone penetration in Telenor Sweden's customer base is close to 90%, while the median data consumption for a smartphone user is 1.2 GB per month. Telenor Sweden ended the year with 2.5 million subscriptions, with 76% being active data users. Revenues in local currency from the mobile operation increased by 5%, driven by higher subscription and traffic revenues in the consumer segment and higher device sales, through targeted bundles. In the fixed segment, revenues in local currency declined by 3% due to a continued reduction in the number of telephony and DSL subscriptions, while the number of high-speed fibre connections increased by 41,000 in 2015. The EBITDA margin declined 1 percentage point to 29% in 2015, mainly due to higher sales of low margin handsets. Capital expenditure was primarily related to network improvements and upgrades in Telenor Sweden's home network, and increased 4G coverage through the infrastructure joint operation Net4Mobility.

Denmark

Telenor and TeliaSonera withdrew from the earlier announced joint venture talks in the autumn of 2015. A turnaround process has been initiated following this decision. However, the outlook for the Danish telecom market remains challenging, and in the fourth quarter of 2015, tangible and intangible assets in the amount of NOK 2.1 billion were impaired. See [note 16](#) for details.

The Danish telecommunication market is fully saturated and competition is fierce, with four existing MNOs and a number of service providers. Telenor Denmark

experienced a 2% subscription loss during 2015, mainly in the consumer segment. At the end of 2015, Telenor Denmark had 2.0 million mobile subscriptions of which 68% were active data users. Total revenues, as well as mobile revenues in local currency, decreased by 2%, mainly due to reduced retail prices together with lower inter-connect rates and roaming charges. As a result of a decreased number of telephony and internet subscriptions, revenues in the fixed line operation declined by 7%. The EBITDA margin decreased by 3 percentage points to 11% following lower revenues, together with 4% higher operating expenditures. Capital expenditure was 10% less than in the previous year, due to the effects from the network sharing agreement. In Denmark, Telenor has a network and spectrum sharing agreement with Telia for all technologies through the infrastructure joint venture TT Netværket P/S.

Hungary

At the end of 2015, Telenor Hungary had 3.2 million mobile subscriptions, of which 47% were active data users. Revenues in local currency were stable compared to last year. 9% of total revenues were related to the sale of mobile phones. The EBITDA margin in 2015 was 31%, a 2 percentage point decrease compared to 2014, caused by higher operating expenditure. Capital expenditure decreased by 20% following less network investments, as a consequence of a network sharing agreement with Magyar Telekom.

Bulgaria

In December 2015, Telenor Bulgaria launched their 4G network and reached 57% population coverage at year-end. At the end of 2015, Telenor Bulgaria had slightly below 3.6 million mobile subscriptions, of which 40% were active data users. Total revenues for 2015 in local currency increased by 1% mainly driven by increased interconnection and handset revenues. EBITDA in local currency increased by 2% while the EBITDA margin was stable mainly as a result of efficiency programmes. Capital expenditure

was mainly related to network rollout, rebranding of stores and the launch of LTE.

Montenegro & Serbia

Telenor in Montenegro and Serbia ended 2015 with 3.4 million mobile subscriptions, and a share of active data users in Montenegro and Serbia of 43% and 48%, respectively. In Serbia, Telenor Banka had 46,000 active bank customers by the end of the year. Revenue in local currency increased by 6%, driven by interconnect on SMS in Serbia, handset revenues and fixed wholesale revenues. The EBITDA margin decreased by 2 percentage points to 35% mainly driven by growth in low margin revenues. Capital expenditure was mainly related to network rollout, transformation of IS/IT systems and new technical premises in Montenegro. In Serbia, the 3G population coverage increased to 90% while 4G launched in the first quarter, reached 6% of the population by year-end. The 4G population coverage in Montenegro has been 40% for the whole year. NOK 378 million was paid for both 2x10 MHz in the 800 MHz spectrum in Serbia and licence in the 1800 MHz frequency band.

dtac - Thailand

The strong growth in demand for high-speed data continued and by the end of 2015, more than 14 million or 56% of dtac's subscriber base were active data users. The Thai telecom regulator NBTC announced a requirement that mobile operators must register existing prepaid subscribers by 31 July 2015. This requirement impacted dtac's subscriber base negatively by approximately 1.3 million subscribers, and the total subscriber base declined by 2.8 million subscribers to 25.3 million at the end of 2015. Revenues in local currency decreased by 3% driven by reduced subscription revenues and lower interconnect rates following rate reduction from 1 July. The full year EBITDA margin was 32%, a 2 percentage points decline from 2014 driven mainly by increased sales of subsidised mobile phones, partly offset by lower regulatory cost. Capital expenditure increased significantly related to a



People and machines are creating and sharing more information than ever. Societies and economies are expecting more from the internet than ever, along with the services that rely on it. Mobile is at the center of this rapidly evolving digital world.

programme to improve network perception. During the last quarter of 2015, the regulator NBTC, held two spectrum auctions for 900MHz and 1800MHz outside the legacy concession regime with high revenue share cost. The auctions reached record-high price levels and 1800MHz spectrum was awarded to number one operator AIS and number three operator TRUE while 900MHz spectrum was won by TRUE and the fixed-line operator JASMINE.

Digi - Malaysia

Strong demand for smartphones, mobile data services and large volumes of international traffic are some of the key characteristics of the Malaysian market. During 2015, Digi further strengthened its network capabilities with higher transmission capacities and extended high speed coverage, and has taken a strong position on 4G. Competition increased significantly during the year, with aggressive offers on both domestic and international services. The weakening of the Malaysian Ringgit exercised further pressure on international traffic margins and reduced purchasing power among Malaysia's large migrant population. By year-end, Digi's mobile subscriber base reached 12.1 million, of which 62% were active internet users. Revenues in local currency decreased by 1% caused by reduced handset sales and reduced interconnect rates. The EBITDA margin decreased by 1 percentage point to 44% due to price competition and currency effects on international voice traffic, as well as higher operating expenditures. Capital expenditure was mainly related to expansion of network coverage and capacity, backhaul transmission and modernisation of IT systems.

Grameenphone - Bangladesh

Grameenphone continued the strong growth and added 10% more subscriptions during 2015, reaching more than 56 million by year-end. However with a real mobile penetration estimated at 50% there is still large untapped growth potential. After the successful launch of 3G services, Grameenphone has focused the initiatives on driving data growth. Through a continued

effort to build internet awareness, offering affordable 3G phones and promoting content services, as many as 28% of Grameenphone's subscribers are now active data users. Total revenues in local currency increased by 2% and the EBITDA margin continue to be strong at 53%. Capital expenditure, excluding licences and spectrum, increased by 27% following the continued rollout of 3G coverage, whereby expanding the 3G population coverage to above 70% and the estimated smartphone penetration to around 20%.

Pakistan

In the beginning of 2015, Pakistan's telecom operators had to biometrically verify their complete customer base and disconnect all unverified SIM cards. During the verification period, restrictions on new SIM sales through retail channels were enforced. This resulted in a 5% reduction of the subscription base to 34.6 million at the end of the year. 34% of Telenor Pakistan's subscription base were active data users and the smartphone penetration is estimated to be around 18%. Total revenues in local currency, increased by 6% driven by continued data usage, coupled with strong growth in mobile financial services and incoming international traffic. Revenues from mobile financial services constituted 11% of Telenor Pakistan's total revenues, through services ranging from money transfers, government disbursement programmes, ATM cards, insurance products and mobile accounts. The EBITDA margin improved by 4 percentage points to 41%. Capital expenditure was focused towards the continued rollout of the 3G network during the year, whereby expanding the 3G population coverage to 46%.

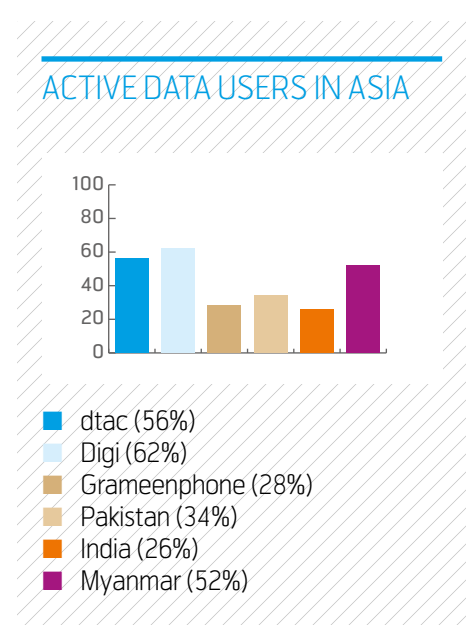
India

The Indian operation changed its name from Uninor to Telenor in September 2015. At the end of 2015, the Indian operation had 42.6 million mobile subscriptions, an increase of 6 million from the year before. 26% of the customers were active data users. Revenues for 2015 in local currency increased by 9%, driven by the increase in

subscriptions and partly offset by lower usage and the lowered interconnect rates. With effect from 1 March the Indian Telecom Regulator (TRAI) reduced the interconnect rates by 30%. This had a negative impact on revenues, but a positive impact on the gross margin, as a result of the traffic balance. EBITDA improved from NOK -422 million in 2014 to NOK -47 million in 2015 as a result of the revenue growth, the reduction in interconnect rates and strengthened focus on operational efficiency. A project to modernise the network was initiated in 2015. This impacted the capex for the year as well as accelerated depreciations of current network assets.

Myanmar

The Myanmar operation had its first full year of operation in 2015, following the launch of operations in September 2014. Telenor Myanmar added a total of 10.3 million mobile subscriptions in 2015, ending the year with 13.7 million, of which 52% were active data users. The strong growth in subscriptions came as a result of an aggressive rollout of network coverage, with almost 4,200 sites on air, as well as a solid network of retailers across the country, with approximately 68,000 points of sales at the end of 2015. Total revenues were NOK 4.8 billion for 2015 compared to NOK 290 million in 2014. The EBITDA margin came in at 40% for the full year on the back of strong



revenue growth, positive traffic balance and disciplined cost management. Capex was high at almost NOK 2.8 billion due to the investments in coverage and capacity in order to cater for the surge in traffic volumes and to connect extended parts of the Myanmar population. In July 2015, Telenor Myanmar exercised an option in its license contract to acquire additional 2x5 MHz of spectrum in the 2.1 GHz frequency band, at an exercise price of USD 75 million.

Broadcast

In the Nordic market for TV services, Telenor Broadcast maintained its leading position in 2015. Revenues decreased by 1%, or 4 % excluding currency effects, mainly due to the divested company, Conax, which was included in the first quarter last year. EBITDA increased by 4%, and the EBITDA margin widened by 1 percentage point to 33%. A new satellite, Thor 7, was launched in April 2015, and was the main reason for the increase in capital expenditure.

VimpelCom

Telenor holds a 33.05% economic stake in VimpelCom Ltd. ("VimpelCom"). This minority stake is included as an associated company in Telenor's financial reporting. In 2015, VimpelCom's financial results contributed a loss of NOK 1.7 billion to Telenor's financial results which includes NOK 2.4 billion for Telenor's share of provision recognized by VimpelCom for investigations related to Uzbekistan. In addition, Telenor recognized an impairment loss of NOK 5.5 billion based on the market value of VimpelCom shares pursuant to Group's announcement of its decision to divest its shareholding in VimpelCom.

Since 2013, Telenor's economic and voting interest has remained unchanged at 33.05% and 43% respectively. VimpelCom has gradually contributed less to the value of Telenor Group, and the value of Telenor's core operations have increased rapidly. The market value of the VimpelCom shares represents approximately 8 per cent of Telenor's market capitalization as of 31 December 2015. Since its entrance, Telenor

Group has invested a total of NOK 15 billion in VimpelCom and has received a total of NOK 20 billion in dividends. The market value of Telenor's ownership stake in VimpelCom is approximately NOK 16.7 billion as of 31 December 2015.

On 5 October 2015, Telenor Group announced its intention to divest all its shares in VimpelCom. Telenor Group will explore options to divest its shares in VimpelCom, and will seek to find the best solution for Telenor and its shareholders. A timeframe for divestment has not been set.

On 12 March 2014, VimpelCom announced that it is under investigation by both the U.S. Securities and Exchange Commission ("SEC") and Dutch authorities related to its operations in Uzbekistan, including relations with Takilant Ltd. On 18 March 2014, VimpelCom reported that it is also under investigation by the U.S. Department of Justice ("DoJ") related to the same issues. VimpelCom further reported that there can be no assurance that the investigations will not be broader in scope than they currently appear, or that new investigations will not be commenced in these or other jurisdictions, or that there will not be litigation commenced against VimpelCom.

On 3 November 2015, VimpelCom announced that it will make a provision of USD 900 million in their third quarter financial statements for a resolution of the investigations into VimpelCom's business in Uzbekistan and prior dealings with Takilant.

On 18 February 2016, VimpelCom, US and Dutch authorities announced that VimpelCom Ltd. and VimpelCom's Uzbek subsidiary Unitel LLC (VimpelCom) had entered into global foreign bribery resolutions with US and Dutch authorities after investigations relating to VimpelCom's business in Uzbekistan and prior dealings with Takilant. VimpelCom admitted to bribery and violation of books and records rules and will as part of the settlement agreements pay an aggregate of USD 795 million in fines and disgorgements to US and

Dutch authorities, and retain an independent corporate monitor for at least three years. The relevant settlement agreements have been approved by the authorities. The fines are within the provision that VimpelCom has previously made for this purpose.

As a minority shareholder, Telenor has fully cooperated as a witness with the authorities' investigations into VimpelCom. Corruption is unacceptable and it is very serious that VimpelCom has admitted to violations of the US Foreign Corruption Practices Act and relevant Dutch Laws.

The international investigation of VimpelCom Ltd. has raised questions around Telenor's corporate governance principles and mechanisms for minority stakes.

On 5 November 2015, the Telenor Board of Directors engaged Deloitte Advokatfirma AS (Deloitte) to perform a review of Telenor's handling and oversight of the minority ownership in VimpelCom. The review will focus on Telenor's handling of its ownership in VimpelCom which covers the Telenor nominees on the VimpelCom Supervisory Board and Telenor's follow-up as a shareholder. In addition, the review will cover actions and decisions by Telenor nominees and Telenor employees in relation to VimpelCom's investment in Uzbekistan. The review will assess facts and identify learning points for future governance and organization of Telenor's ownerships. This would cover both the formal governance structure and the practical handling of the ownerships. The review will cover the period from 2005. The key findings of the review will be made public. Telenor temporarily relieved two executives and two former Telenor nominees to the VimpelCom Supervisory Board of their responsibilities while the review is ongoing.

Telenor provides information relating to the VimpelCom investigations on www.telenor.com/media/in-focus/vimpelcom-ltd/vimpelcom-investigation. Further information on the formation of VimpelCom

together with historical background is publicly available on www.telenor.com/media/in-focus/vimpelcom-ltd.

Risk Factors

When operating across multiple markets, Telenor Group is exposed to a range of financial, regulatory, operational, industry and reputational risks that may adversely affect the business. See also [note 3](#) for critical accounting judgments and key sources of estimation uncertainty, [note 28](#) for managing capital and financial risk management and [note 33](#) for legal disputes and contingencies.

Risk Management

Telenor's risk management objective is to

earn competitive returns from its various business activities at acceptable risk levels and without compromising its vision, values and codes and conducts. Risk management is integrated within the Group's annual strategy planning process, and key risks highlighted therein by business units are tracked through various Group review processes. Business units report their strategic risk matrix in their annual strategy plan, based on a thorough risk assessment process.

Group Strategy aggregates risks from the business unit strategy plans, analyses other significant risks across the Group and presents Telenor's strategic risks to the Group Executive Management, the Audit

Committee and ultimately to the Board of Directors. Each business unit is responsible for updating their company level risk register on a regular basis. Business units provide quarterly updates to strategic risks reported in the strategy plan and also report key strategic risks that have emerged, including the status of actions to mitigate the risks. Business units are required to align risk management processes closely with existing business and management processes locally. All managers are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in day to day business processes.

Telenor is focused on continuous improvement of risk management processes and will in 2016 initiate the rollout and implementation of an enterprise-wide risk management process based on a Governance, Risk and Control tool, GRACE. The purpose is to improve assessment, monitoring and reporting of risks by linking risks to relevant policies and emphasizing on mitigation control and follow-up.

Financial Risk

Financial risks are continuously monitored and analysed. Financial risk includes credit risks, liquidity risks, currency risks and interest rate risks. Measures are taken to mitigate these risks and reduce the

probability for financial losses.

Telenor Group is exposed to credit risk mainly through accounts receivable, deposits with financial institutions and financial derivatives. In 2015, Telenor Group had no credit losses due to defaults of financial institutions.

Financial flexibility is a key priority for Telenor Group. The liquidity risk is low and financial flexibility is maintained through a diversified set of funding sources. As at 31 December 2015, Telenor's net debt/ EBITDA ratio was 1.25. This is well within the cap of 2.0x as stated in the financial policy.

73% of the Group's revenues are derived from operations with a functional currency other than the Norwegian krone. Currency fluctuations affect the value of investment in foreign operations when translating financial statements into Norwegian kroner. Telenor Group seeks to hedge its net investment in non-Norwegian operations by allocating currency debt according to relevant equity market values and market capabilities. The most significant debt currencies for the Group are Euros, US dollars, Swedish krona, Thai baht and Malaysian ringgits.

Exchange rate risk exists when Telenor ASA or any of its subsidiaries enter into transactions in foreign currencies.

Telenor Group's corporate governance principles and practices are the framework by which the Telenor Group governs and controls its business.



Committed cash flows in foreign currencies equivalent to NOK 50 million or more are hedged if feasible.

The Group is exposed to fluctuations in interest rates through funding and liquidity management activities. Telenor's treasury policy states that the interest rate duration on the debt portfolio shall be in the interval from 0 to 5 years. The duration was 1.6 years as of 31 December 2015. The risk is managed using both fixed and floating rate debt, as well as interest rate derivatives.

Regulatory Risk

Telenor Group's operations are subject to extensive regulatory requirements. Unfavourable regulatory developments and regulatory uncertainty could adversely affect the Group's results and business prospects, see also [note 33](#) Consolidated Financial Statements.

In several of the countries where Telenor Group operates, the government has imposed sector specific taxes and levies, as a measure to improve state finances. The introduction of, or increase in, sector specific taxes and levies may adversely impact the Group's business.

Telenor Group depends on licences, access to spectrum and numbering resources in order to provide telecommunications services. Spectrum processes, including renewal of existing spectrum licences in some markets, are expected over the next 1–3 years. If the Group is not successful in acquiring spectrum licences or is required to pay higher rates than expected, this might impact the Group's business strategy, and/or the Group could be required to make additional investments to maximize the utilisation of existing spectrum.

In most of the countries where the Group operates, the wholesale market (e.g. copper and fibre access, MTR, site sharing etc.) is to some extent regulated. Changes to terms and conditions for wholesale access (including regulated prices) may negatively

impact the Group's business. Furthermore, the transition from voice to data services is influenced by a number of regulatory levers, e.g. MTR levels and net neutrality provisions.

In Norway, the EFTA Surveillance Authority (ESA) and the Norwegian Competition Authority initiated on 4 December 2012 an investigation against Telenor Norge AS regarding possible abuse of dominant market position and/or possible anti-competitive practices in the Norwegian mobile market. Both investigations are still ongoing. A Statement of Objections (SO) was issued by EFTA Surveillance Authority (ESA) on 1 February 2016.

Several governments and regulators have taken an increased interest in regulating cross-border data transfer, which might negatively influence Telenor's operations. Similarly, increased consumer and regulatory interest in privacy and data retention could negatively impact the company's operations.

The European Union has in 2015 initiated a review of the EU's regulatory framework for electronic communications – a series of rules which apply throughout the EU/EEA Member States. Changes to these rules will have a direct impact on Telenor operations in Europe.

In Bangladesh, the regulator has initiated an audit of Grameenphone's compliance with laws and regulations for the tenure of the company's license. The audit is expected to take place during 2016 and the outcome of the audit may have negative operational and financial impact on Grameenphone.

Further, the government has required the industry to verify the identity of existing subscribers through a biometrical verification system before April 30, 2016.

The SIM verification requirement could have a significant operational and financial impact on Grameenphone.

In Myanmar, investment frameworks are still in development and weak institutional

capacity remains a challenge. Further, not meeting the license obligations in the mobile license constitutes a risk.

In Thailand, following the change in government in May 2014, the laws governing the telecommunications sector are being revised by the new government. Changes to existing laws and regulations could have a negative impact on dtac's operations. In addition, the Foreign Dominance regulations constitute a risk despite the matter being subject to discussion at the Council for Trade in Services (WTO) in Geneva.

dtac has a dispute with TOT related to payment of Access Charges to TOT. dtac is of the opinion that the Interconnection Charge regime in force since May 2006 replaces the previous Access Charge regime, and that the claim from TOT is without merit.

Further, CAT and dtac have a number of disputes and disagreements over understanding and reach of the concession agreements. This also includes how the new 3G regime is to be understood in relation to the concession agreements. dtac is of the opinion that the company is operating in accordance with applicable laws and regulations and refutes any allegations from CAT that dtac is operating in violation of concession agreements.

Operational Risk

The introduction of new business models and technologies in the telecom sector may lead to structural changes and different competitive dynamics within the industry. Failure to anticipate and respond to industry dynamics, and to drive a change agenda to meet mature and developing demands in the marketplace, has the potential to impact the Group's position in the value chain, service offerings and customer relationships. This may adversely impact the Group's results of operations.

Telenor Group's portfolio of companies competes on several dimensions, e.g. product portfolio, price, network quality,

network coverage, reliability, sales, distribution and service differentiation.

Revenue growth is partly dependent on the development and deployment of new products, services, technologies and applications. If such new releases are not technically or commercially successful, or if limitations in existing or new services and products affect the customer experience, Telenor Group's ability to attract or retain customers may be impaired.

The quality and reliability of Telenor Group's telecommunications services depends on the stability of its network and the networks of other service providers with which it interconnects. These networks are vulnerable to damage or service interruptions, including interruptions coming from cyber security attacks. Repeated, prolonged or catastrophic network or IT system failures could damage the Group's reputation and ability to attract and retain subscribers. Telenor Group depends on key suppliers and third-party providers for supply and maintenance of equipment and services that the company needs to develop its network and operate its business. Problems that manifest in relation to the supply chain may adversely affect the Group's business and results of operations.

Telenor Group's local partners or other co-shareholders may fail to adequately support the companies in which Telenor has invested or disagree with the Group's strategy and business plans. This may prevent these companies from operating or competing effectively and temporarily or permanently reduce the Group's cash flow from these companies.

Across Telenor Group's portfolio of operations there is depth of experience and knowledge on a broad range of market-related, technical and partner engagement matters that have direct relevance beyond individual business units. Inability to leverage this asset across the Group may contribute to sub-optimisation.

Telenor Group handles substantial volumes of confidential information. Loss, mismanagement or unauthorized disclosure of such information, adversely affect the Group's business and reputation.

Concern has been expressed that electromagnetic signals from mobile handsets and base stations may pose health risks. Any substantiation of such claims may adversely affect the Group's business and results of operations.

The growing scale of Telenor Group's international operations brings with it the potential for exposure to fraud and corruption, both internally and among external stakeholders who may have a differing set of business values from those under which Telenor Group operates. Failure to adhere to the values that Telenor Group commits to in the company's global operations may damage customer perception of the Telenor brand as well as adversely impact the Group's results of operations.

Telenor Group operates in countries where there is a history of political instability and violence. Any recurrence or escalation of such events, including social unrest, terrorist attacks and war, may prevent the Group from operating its business effectively. Telenor Group actively monitors the environments in the countries where it operates and takes additional steps to protect its employees, assets and overall business when necessary. Crisis management is practiced in Telenor, and the company prioritises the safety of its employees in the event of an emergency.

Sustainability risk

Governance and human rights related risks of working in emerging markets will continue to fare high on the wider telecommunication industry agenda. From a Telenor perspective, one of the main challenges related to respecting human rights will remain privacy and freedom of expression particularly due to potential authority misuse of access to telecom data and

networks. Telenor sees that while telecommunications enable the exchange of ideas and expression of opinions, occasions where governments request access to Telenor's data and networks may sometimes present human rights risks. In addition, the challenging business environment of relatively new investment markets such as Myanmar continues to present risks in respecting human rights.

Telenor also acknowledges that while the rapid pace at which children and young people are accessing online content in Telenor markets enables sharing, engaging, learning and entertainment, the risk that children will be exposed to undesirable externalities and have negative experiences and encounters online remains real.

Telenor Group is a multinational company with operations in very different markets. Telenor's governing documents set one single standard which shall govern all business activities, regardless of where such activities take place. Some of the markets in which Telenor operates are emerging economies with potentially complex and sensitive political and social contexts, including markets associated with high corruption risks. This creates challenges that require robust, targeted measures to mitigate such risks. Telenor believes that taking a risk-based approach to mitigate specific local risks and challenges is key to ensuring implementation of Telenor's ethical standard and zero tolerance policy on corruption in all of the company's markets. All local Telenor companies have a responsibility to conduct regular risk assessments. Risks shall be responded to with the adaptation and implementation of remediating measures to ensure that risks are managed in accordance with Telenor's ethical standards.

Scientists and researchers continue to investigate the possibility that EMFs generated by mobile technology could have detrimental health effects. Telenor is confident in, and refers to, the World Health Organization, which has stated that: 'To

date, no adverse health effects have been established as being caused by mobile phone use.' Nevertheless, Telenor is respectful of anyone coming forward with concerns for their health or that of their families.

Telenor strives for high standards and continuous improvement in its own operations and throughout the entire supply chain. It is increasingly important for its business units to be vigilant and systematic in their efforts to engage with their supply chains to ensure responsible business conduct where there are risks for breach of internationally recognized standards related to human rights, health and safety, labour rights, environment and anti-corruption. Capacity building and monitoring of suppliers to ensure long term risk reduction will therefore continue to be a prioritised activity.

In terms of climate-related regulatory risks, the mobile industry may face higher operational cost due to increasing carbon taxes and energy/ fuel taxes as well as higher capital cost due to a required shift towards more energy efficient technology and renewable energy solutions. However, the risk for Telenor in short to medium term is moderate due to low direct carbon emissions per customer from our operations.

Climate-related physical risks include potential risks to telecoms and utility infrastructure such as increase in the frequency and intensity of storms, increase in the frequency and intensity of floods, increase in temperature, and sea level rise. The impact of climate change is expected to be greatest in Telenor's countries of operation in Asia.

Growing demand for ICT products and devices, and their increasingly short lifespans, has resulted in electronic waste becoming one of the fastest growing waste streams globally. E-waste contains toxic materials that may present health hazards and the industry runs the risk of environmental damage through land

contamination or water and air pollution as well as not being compliant to international standards and regulations.

Shares and Shareholder issues

The Telenor share is listed on the Oslo Stock Exchange (OSE). Including reinvested dividends, the total return of the Telenor share was 2% in 2015, whereas the benchmark index STOXX Europe 600 Telecommunications Index Gross Return (SXKGR) increased by 13%. The Oslo Stock Exchange Benchmark Index (OSEBX) increased by 6%. The Telenor share closed at NOK 148.30 at year-end 2015, corresponding to an equity value of NOK 223 billion. In 2015, Telenor paid out ordinary dividends of NOK 7.3 per share, around NOK 11 billion in total, for the fiscal year 2014. Last year, Telenor moved to semi-annual dividends, to align Telenor's competitive shareholder remuneration with the company's cash flow profile throughout the year. At year-end, Telenor's share capital was NOK 9,008,748,180, divided into 1,501,458,030 shares. There were no changes in the share capital in 2015.

Telenor had approximately 42,000 shareholders at year-end, an increase of around 13% compared to the previous year. The 20 largest shareholders held 74% of the registered shares. Norwegian institutional investors, including the Norwegian state, held 63% of the total issued share capital at year-end. North American institutional investors owned 12%, while UK institutional investors and other European institutional investors held 6% and 9% of the shares, respectively. Telenor does not hold any treasury shares as of 31 December 2015. Through active communication with the capital market and shareholders in 2015, Telenor ensured that significant information required for an external evaluation of the Telenor Group's securities was published in accordance with applicable rules and guidelines.

Corporate Governance

[Telenor's Report on Corporate Governance](#) Telenor ASA is a publicly limited liability

company established under Norwegian law. Telenor is subject to specific rules and regulations in all the countries where the Group conducts business. The Telenor shares are listed on the Oslo Stock Exchange. As an issuer of shares, Telenor complies with and operates in accordance with rules governing the Norwegian stock exchange, including the at any time applicable rules on Continuing Obligations of Listed Companies as approved by Oslo Børs ASA, with reference to the Norwegian Code of Practice for Corporate Governance (the "Code of Practice") issued by the Norwegian Corporate Governance Board (NCGB). An account of Telenor Group's corporate governance principles and practices, pursuant to Section 3-3b of the Norwegian Accounting Act, and how Telenor operates in accordance with the NCBG's Code of Practice, including any deviations, is provided in the Board of Director's separate yearly "Report on Corporate Governance". The report is publicly available on Telenor's web page www.telenor.com/about-us/corporate-governance/governance-in-telenor.

Telenor had approx 42,000 shareholders at year-end. The 20 largest held 74% of the registered shares.

Telenor's Principles for Corporate Governance

Telenor Group's corporate governance principles and practices are the framework by which the Telenor Group governs and controls its business. It is the role and responsibility of the Board to ensure that Telenor adheres to generally accepted principles for the effective control of company activities, and to provide the

necessary guidelines for such activities and corporate management. The Board shall furthermore observe such standards in its own work and decision making. The Board shall also ensure that Telenor protects its reputation in relation to owners, employees, customers, the public and the capital market effectively.

The Board has a strong focus on implementing a high ethical standard across the Telenor Group, and Telenor's values represent an important foundation for Telenor's corporate governance. The Board believes that sound corporate governance is critical to Telenor's business integrity and for ensuring the greatest possible value creation over time in the best interests of Telenor's shareholders, employees and other stakeholders. Maintaining a high standard of corporate governance across the Telenor Group, in line with Norwegian and international generally accepted rules and recommendations, is of high importance for the Board.

Telenor's principles for Corporate Governance are subject to regular discussions and annual review by the Board and the Board's Governance and Remuneration Committee.

A robust governance model requires both appropriate design and effective implementation. Telenor has adapted a governance framework, including the Telenor Code of Conduct and a set of policies and manuals, processes and systems on monitoring and reporting. Telenor's governance framework is a key management tool and shall ensure operationalisation of good and efficient corporate governance throughout the Telenor Group. The Telenor Code of Conduct sets out rules and guidelines on how Board members, managers, employees and anyone acting for or on behalf of Telenor are expected to conduct business. Telenor has implemented a Governance Work Programme which shall support continuous improvement of Telenor's governance regime. This is an annual process divided

into three phases: Development and approval; distribution and implementation; and monitoring and reporting. Its purpose is to ensure that documents, training and control mechanisms are current and adequate.

The governing documents are adapted and implemented in Telenor ASA and all subsidiaries directly or indirectly controlled by Telenor. In companies not controlled directly or indirectly by Telenor ASA, board members nominated by Telenor shall actively promote adoption of relevant governing documents and Telenor is continuously working on how to achieve such goals in these companies. The Board has in 2015 continued to focus on maintaining and further developing Telenor's ethical platform and corporate governance standard as one key factor for Telenor's business integrity and continuing strong performance. In 2015, the Board decided to perform an assessment of Telenor's general handling of fully and partly owned companies with the aim of identifying areas of improvement. The emphasis will be on business processes and activities that directly or indirectly may affect the reputational risk of Telenor Group. PricewaterhouseCoopers AS (PwC) was engaged to perform the assessment. The assessment will be finalized in 2016 and provide valuable input to a revision and improvement of Telenor's ownership principles and governance of both subsidiaries directly or indirectly controlled by Telenor ASA and companies not directly or indirectly controlled by Telenor ASA going forward.

Composition and work of the Board Role and Responsibility of the Board

The Board of Telenor ASA is responsible for the administration of the Telenor Group and for safeguarding the proper organisation of the business. The Board shall supervise the day-to-day management and Telenor's business in general. The Board makes decisions and in certain cases grants authority to make decisions on issues which, due to the nature of the business, are

unusual or of major significance to the company. The Board shall, to the degree necessary, approve strategies, business plans and rolling forecasts for the activities of Telenor and its subsidiaries. The Telenor Group strategy is available on www.telenor.com/about-us/our-strategy.

The Board appoints the Group's CEO, set his/her terms of employment based on recommendations by the Governance and Remuneration Committee, and devise instructions for the position. The Board shall decide the CEO's terms of employment and salary and any adjustments therein.

The Board issues instructions for its own work as well as for the Chief Executive Officer, with particular emphasis on clear internal allocation of responsibilities and duties. Revised instructions for the Board and the Chief Executive Officer were adopted in 2015. The Board emphasizes the importance on gaining valuable insights and being well informed on relevant technological, regulatory and market developments. In September 2015, the Board visited Telenor Myanmar and dtac, Telenor's business units in Myanmar and Thailand.

The Board systematically evaluates its performance, activities and expertise by undertaking a yearly self-assessment. External resources are used to facilitate the self-assessment and the evaluation of the self-assessment, as recommended by the NCBG's Norwegian Code of Practice for Corporate Governance. The Board's self-assessment was reviewed in a Board meeting on 10 February 2015 and discussed in the Nomination Committee.

Composition of the Board

Telenor's Board shall have a diverse composition and competence tailored to meet the company's needs. By year-end 2015, the Board consisted of ten Board Members, of which three are employee elected members as required by Norwegian company law. With the new Chair assuming her position on 14 January 2016, the Board

consists of eleven members.

None of the Board members, apart from the employee representatives, are employees of Telenor or have carried out work for Telenor. The management is not represented on the Board, and all shareholder representatives on the Board are independent. Information regarding the background, education and other board positions of each Board Member is available on www.telenor.com/about-us/corporate-governance/board-of-directors. The Nomination Committee makes recommendations to the Corporate Assembly regarding the election of shareholder-elected members and deputies to the Board. Telenor's Corporate Assembly, a distinctly Norwegian body pursuant to Norwegian law, elects the members to the Board and the Chair of the Board. Other tasks of the Corporate Assembly are to supervise the Board's and the CEO's management of the company.

At the meeting of the Corporate Assembly on 20 May 2015, the Corporate Assembly elected Regi Aalstad as new member of the Board for a period of up to two years, replacing Barbara Milan Thoralfsson. Aalstad (born in 1964) has held several General Manager and Vice President positions for Procter&Gamble in Asia, Europe, Middle East and Africa. Aalstad was a member of Procter&Gamble's Global Business Leadership Council since 2005 and served as Vice President of Baby Care until 2014. She also completed the High Performance Board Programme at the Institute for Management Development in Lausanne, Switzerland in 2014. Aalstad holds a Master of Business Administration from the University of Michigan. At the same meeting, Svein Aaser, Frank Dangeard, Burckhard Bergmann, Sally Davis, Dag Opedal, Marit Vaagen and Jon Erik Reinhardsen were re-elected as members of the Board for a period of up to two years. In addition, Svein Aaser was re-elected as Chair of the Board for a period of up to two years.

Svein Aaser resigned from his Board duties on 30 October 2015, and the Corporate

Assembly elected Gunn Wærsted as new Chair of the Board at its meeting of 17 December 2015. Wærsted assumed her position on 14 January 2016. Gunn Wærsted (born in 1955) was Executive Vice President and member of the Group Executive Management in Nordea Bank and Country Senior Executive in Nordea Bank Norway. During her career, she has held a number of senior executive positions within banking and insurance, among these are positions as CEO of SpareBank 1 Gruppen and the SpareBank 1 Alliansen, Group Executive Vice President of DNB and CEO of Vital Forsikring. Wærsted is Chair of the Board of Petoro and has previously been Chair of the boards of Ferd Holding and BI Norwegian Business School and a board member of Statoil and Statkraft among others. Wærsted holds a Master in Business and Economics (siviløkonom) from BI Norwegian Business School.

The Board held 26 Board meetings in 2015. The average attendance over the year at the Board meetings was 97%.

[Working Committees of the Board](#)

The Board has appointed three preparatory working committees of the Board: The Audit Committee, the Governance and Remuneration Committee and the Ethics and Sustainability Committee. The Board decided in the autumn of 2014 to appoint an ad hoc sub-committee of the Board to search systematically for a successor to the President and Chief Executive Officer at the time. In addition, the Board appointed in December 2014 an ad hoc sub-committee of the Board related to the VimpelCom investigations.

The Board Committees report to the Board in connection with the scope of work described in the Charters for the Committees. Each member of the Board has access to all working documents including the minutes from the Committee meetings.

[The Audit Committee](#)

The Audit Committee was by year-end 2015 composed of the following members of the

Board: Dag J. Opedal (Chair of the Committee), Jon Erik Reinhardsen (replacing Barbara Milian Thoralfsson from 22 July 2015) and Harald Stavn (employee representative). The Committee held eight meetings in 2015. The average attendance over the year at the Committee meetings was 100%.

The Committee supports the Board in fulfilling its responsibilities with respect to financial reporting, internal control over financial reporting as well as external and internal auditing matters. The Committee oversees the procedures to identify financial and operational risks, as well as understand and assess risk exposures and mitigating actions. The Committee also supports the Board in fulfilling its responsibilities with respect to ethics and compliance related to accounting and auditing matters according to the Code of Conduct and accompanying governing documents.

In addition to fulfilling its responsibilities as described above, the Audit Committee has had a particular focus on legal and regulatory matters in 2015.

[The Governance and Remuneration Committee](#)

The Governance and Remuneration Committee was by year-end 2015 composed of the following members of the Board: Sally Davis (Chair of the Committee, replacing Svein Aaser as Chair from 4 November 2015), Burckhard Bergmann, Frank Dangeard (replacing Svein Aaser from 4 November 2015) and Åse Selfjord (replacing Bjørn André Anderssen as employee representative from 1 July 2015). The Committee held eight meetings in 2015. The average attendance over the year at the Committee meetings was 97%.

The Committee oversees that Telenor sets generally accepted high standards of Corporate Governance and maintains a corporate culture that encourages good corporate governance. The Committee shall also ensure that Telenor has relevant management and control bodies and to

oversee the President and CEO authority and responsibility. The Committee shall also provide support to the Board on matters relating to long term development of culture and leadership. Further, the Committee considers Telenor's remuneration policy and programmes, including bonus programmes and share-based schemes, and presents recommendations to the Board for decision. The Committee annually evaluates the President and CEO's total remuneration and presents recommendations to the Board for decision.

During 2015, the Committee has had a particular focus on the remuneration implications of the change in the role of the President and CEO and the extended Group Executive Management. In addition, the Committee discussed the consequences of changes in the Government guidelines on remuneration to executives, implementation of executive bonus plans, succession planning and development of governance processes. Furthermore, the Committee assessed and made changes to both the Employee Share Programme and the Long Term Incentive programme.

In 2016, the Committee will focus particularly on diversity and the development of the leadership pipeline in Telenor. Furthermore, the Committee will follow the development of Telenor culture and review of governance processes.

[The Ethics and Sustainability Committee](#)

The Ethics and Sustainability Committee was by year-end 2015 composed of the following members of the Board: Marit Vaagen (replacing Frank Dangeard as Chair of the Committee from 4 November 2015), Regi Aalstad (replacing Jon Erik Reinhardsen on 22 June 2015) and Per Gunnar Salomonsen (replacing Brit Østby Fredriksen as employee representative on 1 July 2015). Frank Dangeard was Chair of the Committee in the period from 1 January – 4 November 2015. The Ethics and Sustainability Committee held 7 meetings in 2015. The average attendance over the year at the

Committee meetings was 100%.

The Committee supports the Board in fulfilling its responsibilities with respect to ethics and compliance as stated by law, code of practices and Telenor Group's Code of Conduct and accompanying governing documents. The Committee also supports the Board in fulfilling its responsibilities with respect to employees, in terms of personnel security, occupational health and safety (OHS) and labour rights. The Committee shall also oversee Telenor's efforts on sustainability, described as the company's responsibility for the manner in which its activities affect society and the environment. This includes responsible business practices internally and for the supply chain, as well as ensuring a positive impact on society. In addition, the Committee oversees policies, processes and practices related to IT-security, network integrity, physical security and related areas. For each of these areas the Committee shall review strategies and policies, oversee implementation and organisational capabilities, and consider non-financial Group key performance indicators (KPIs). The Committee may also address other issues it deems relevant for fulfilling its obligations, hereunder issues affecting Telenor's reputation. Moreover, the Committee shall oversee Telenor Group's external non-financial reporting, including non-financial information in the Annual Report, and oversee that Telenor's reporting practices are aligned with and meet stakeholder expectations and relevant regulations.

During 2015, the Committee has had a particular focus on establishing assessments of Telenor's business units on ethics and sustainability, as well as follow-up on Telenor Myanmar. Other addressed topics included: anti-corruption, integrity and ethics awareness and training, Ethics & Compliance function, integrity due diligence, business security, human rights and authority requests, supply chain sustainability, occupational health and safety, as well as Internal Audit. Planned

focus for 2016 includes further developing the country assessments, as well as addressing all main areas within the scope of the Committee's mandate.

[The VimpelCom ad hoc Committee](#)

Telenor ASA's Board decided in December 2014 to appoint an ad hoc sub-committee of the Board related to the investigations of VimpelCom Ltd. The Committee consists of Frank Dangeard (chairman of the Ethics and Sustainability Committee), Dag J. Opedal (chairman of the Audit Committee) and Burckhard Bergmann (member of the Governance and Remuneration Committee). The VimpelCom Committee held 11 meetings in 2015. The average attendance over the year at the Committee meetings was 97%.

The VimpelCom Committee shall, inter alia, follow up and keep itself informed on relevant issues relating to the ongoing investigation of VimpelCom Ltd., Telenor management's actions and handling of the ongoing investment in VimpelCom Ltd. and any other measure or issue which the Committee deems appropriate in connection with the investigations. The VimpelCom Committee shall report regularly to the Board and may present proposals for resolutions to the Board.

[CEO Succession ad hoc Committee](#)

Telenor ASA's Board decided in the autumn of 2014 to appoint an ad hoc sub-committee of the Board to search systematically for a successor to the now former President and Chief Executive Officer. The Committee consisted of Svein Aaser (chair of the Committee), Frank Dangeard (chair of the Ethics and Sustainability Committee), Marit Vaagen (member of the Ethics and Sustainability Committee) and Bjørn Andre Anderssen (employee representative). The CEO Succession Committee held 6 meetings in 2015. The average attendance at the Committee meetings was 100%. In addition, there were Board meetings with the Committee to discuss the progress of the process. The Committee was dissolved with

the appointment of the new CEO.

Events after reporting period

Digi - Malaysia

In February 2016, Digi was pre-allocated spectrum of 2x5 MHz in the 900 MHz frequency band and 2x20 MHz in 1800 MHz frequency band for 15 years, with full implementation starting 1 July 2017. Terms and conditions are not yet determined.

Sale of Amedia

On 22 February 2016, Telenor signed an agreement to dispose of all of its shares in Amedia AS to Sparebankstiftelsen DNB. Telenor holds a 44.2% interest in Amedia. Telenor's share of the consideration will be approximately NOK 190 million, which is below the carrying amount as of 31 December 2015 of NOK 545 million.

Outlook for 2016

Based on the current Group structure, Telenor expects organic revenue growth in the range of 2% to 4%, EBITDA margin before other income and other expenses in

the range of 33%-34%, and capital expenditure as a proportion of revenues, excluding licences and spectrum, in the range of 17% to 19%.

Annual Results and allocation

Telenor ASA's net income for the year 2015 was NOK 424 million, after receipt of a group contribution and dividend of NOK 8,308 million. The Board proposes the following allocation: Transferred to retained earnings: NOK 424 million. After this allocation, Telenor ASA's equity, after deduction of share capital, is 37,970 million. Telenor's policy is to distribute dividend to its shareholders equal to 50-80% of normalised net income and aim for a year-on-year growth in the dividend per share. To maintain a strong financial position to ensure access to funding, Telenor's main priority is to keep reported net debt/EBITDA below 2.0x. As of 31 December 2015 the reported net debt ratio was 1.25x (1.16x as of 31 December 2014).

Dividends of 2015

The Telenor Board of Directors will propose a dividend of NOK 4.00 per share (NOK 6.0 billion) to be resolved by the general meeting in May 2016, and paid out in May 2016. In addition, the Board will ask the general meeting for an authority to resolve further dividends, pursuant to which the Board plans to resolve a dividend of NOK 3.50 per share (NOK 5.3 billion) to be paid in November 2016. In total this will bring the ordinary dividend for the fiscal year 2015 to NOK 7.50 per share (NOK 11.3 billion).

Fornebu, 15 March 2016


Gunn Wærsted
Chair


Jon Erik Reinhardsen
Board member


Marit Vaagen
Board member


Dr. Burckhard Bergmann
Board member


Frank Dangeard
Deputy Chair


Sally Davis
Board member



Dag J. Opedal
Board member


Regi Aalstad
Board member


Per Gunnar Salomonsen
Board member


Ase Selfjord
Board member


Harald Stavn
Board member


Sigve Brekke
President & CEO