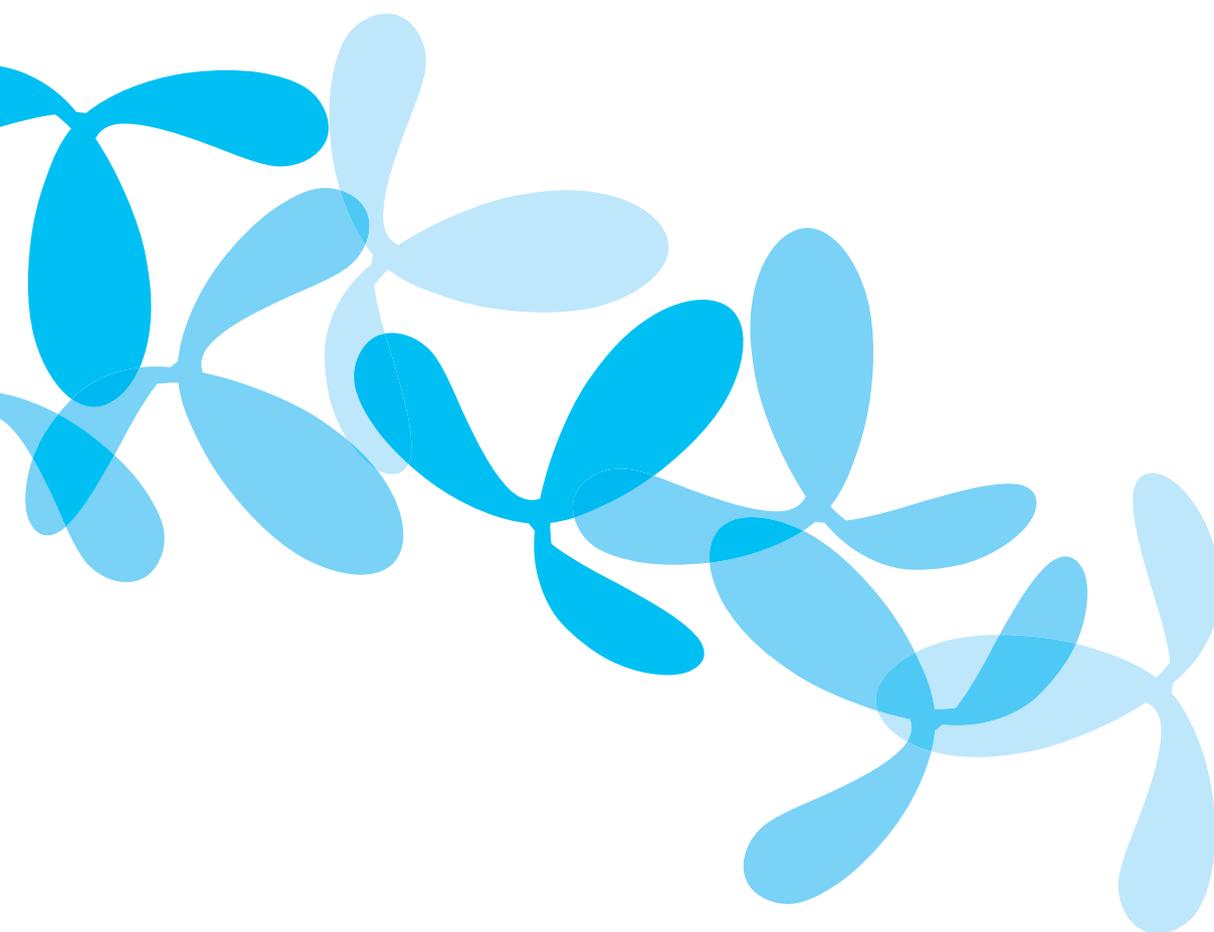


# Q3 2010

Interim report  
January–September 2010



telenor  
group



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# Strengthened growth, margins and outlook



## Highlights

### Third quarter 2010

- Organic revenue growth of 6%
- EBITDA margin of 33%
- Cash flow margin 23%
- Earnings per share of NOK 1.03<sup>1)</sup>

### First three quarters 2010

- Organic revenue growth of 5%
- EBITDA margin of 31%
- Cash flow margin of 21%
- Earnings per share of NOK 7.40<sup>1)</sup>

“Telenor Group delivered yet another strong quarter, with increased organic revenue growth, solid EBITDA margin and an operating cash flow of NOK 5.5 billion. During the quarter our consolidated operations added 7 million mobile subscriptions<sup>2)</sup>.

Our established operations in Asia reached an organic growth in revenues of 13% this quarter with annualised operating cash flow of NOK 9.3 billion. At the same time all market positions were maintained or improved. Telenor Pakistan performed better than we expected following the flooding which has severely affected the country.

I am pleased to see promising development for Uninor in India this quarter with strong growth in subscriptions and increased average revenue per user. These improvements are a result of a focused market approach and other measures. Going forward we will continue our efforts to increase revenues and improve business processes.

The Nordic region continues to benefit from mobile data growth. However, total revenue growth was impacted by reduced international roaming fees, lower growth in handset revenues and increased competitive pressure.

In Norway, we introduced new service offerings in the business segment in October to strengthen our position. Despite the ongoing mobile network modernisation we are delivering an annualised operating cash flow of NOK 10.1 billion. In addition, our broadcast business achieved 4% organic revenue growth combined with strong margins.

During the quarter, we are pleased to have entered into important agreements regarding network modernisation and mobile Internet that in the longer term will benefit our customers.

Our outlook for 2010 has been revised upwards, as a result of strengthened operational performance, as well as the deconsolidation of EDB Business Partner. We now expect higher organic revenue growth and EBITDA margin, as well as a somewhat reduced capex to sales ratio.”

Jon Fredrik Baksaas  
President & CEO

## Key figures<sup>3)</sup>

|  | 3rd quarter |        | First three quarters |        | Year   |
|--|-------------|--------|----------------------|--------|--------|
|  | 2010        | 2009   | 2010                 | 2009   | 2009   |
| (NOK in millions except earnings per share)                    | Group       | Group  | Group                | Group  | Group  |
| Revenues   | 24 096      | 22 767 | 69 985               | 68 330 | 90 748 |
| EBITDA before other income and expenses                        | 7 885       | 8 188  | 22 042               | 23 737 | 30 670 |
| EBITDA before other income and expenses/Revenues (%)           | 32.7        | 36.0   | 31.5                 | 34.7   | 33.8   |
| Adjusted operating profit                                      | 3 891       | 4 601  | 10 053               | 12 619 | 15 765 |
| Adjusted operating profit/Revenues (%)                         | 16.1        | 20.2   | 14.4                 | 18.5   | 17.4   |
| Profit after taxes and non-controlling interests <sup>1)</sup> | 1 698       | 3 489  | 12 230               | 6 486  | 8 653  |
| Earnings per share from total operations, basic, in NOK        | 1.03        | 2.11   | 7.40                 | 3.92   | 5.22   |
| Capex <sup>4)</sup>  | 2 302       | 4 430  | 7 905                | 10 267 | 15 722 |
| Capex excl. licences and spectrum                              | 2 302       | 4 430  | 7 572                | 10 267 | 15 722 |
| Capex excl. licences and spectrum/Revenues (%)                 | 9.6         | 19.5   | 10.8                 | 15.0   | 17.3   |
| Operating cash flow <sup>5)</sup>                              | 5 583       | 3 757  | 14 470               | 13 470 | 14 948 |
| Net interest-bearing liabilities                               |             |        | 19 787               | 28 628 | 26 332 |

## Extract from outlook for 2010

Based on the current Group structure including Uninor, excluding EDB Business Partner and currency rates as of 30 September 2010, Telenor expects organic revenue<sup>6)</sup> growth around 5%. The EBITDA margin before other income and expenses is expected to be in the range of 30–31%, while capital expenditure as a proportion of revenues, excluding licences and spectrum, is expected to be around 12%.

Please refer to page 11 for the full outlook for 2010, and page 20 for definitions.

<sup>1)</sup> 'Profit after tax and non-controlling interests' included actual figures for Kyivstar GSM JSC and estimated results for OJSC VimpelCom until 31 December 2009. As of the first quarter 2010, figures for OJSC VimpelCom and Kyivstar GSM JSC were included with a one quarter lag. The second quarter included a gain related to the contribution of Kyivstar to the new entity VimpelCom Ltd. of approximately NOK 6.5 billion. Please refer to 'Associated companies' on page 9 for further details.

<sup>2)</sup> As of the third quarter we have a total of 195 million mobile subscriptions, including 91 million subscriptions from VimpelCom Ltd.

<sup>3)</sup> EDB Business Partner ASA has been reclassified to discontinued operations. Historical figures have been restated accordingly. See note 3 for further details.

<sup>4)</sup> Capex is defined as capital expenditures from continuing operations.

<sup>5)</sup> Operating cash flow is defined as EBITDA before other income and expenses – Capex, excluding licences and spectrum.

<sup>6)</sup> Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects.

# Interim report

## Telenor's operations

The statements below are related to Telenor's development in the third quarter of 2010 compared to the third quarter of 2009, unless otherwise stated. All comments on EBITDA are made on development in EBITDA before other income and expenses (other items). Please refer to page 9 for 'Specification of other income and expenses'. Additional information is available at: [www.telenor.com/ir](http://www.telenor.com/ir)



## Nordic

### Norway

|  | 3rd quarter  |              | First three quarters |               | Year          |
|--|--------------|--------------|----------------------|---------------|---------------|
| (NOK in millions)                      | 2010         | 2009         | 2010                 | 2009          | 2009          |
| <b>Revenues mobile operation</b>       |              |              |                      |               |               |
| Subscription and traffic               | 2 477        | 2 478        | 7 321                | 7 034         | 9 444         |
| Interconnect revenues                  | 340          | 319          | 1 029                | 1 020         | 1 353         |
| Other mobile revenues                  | 353          | 391          | 1 095                | 1 143         | 1 530         |
| Non-mobile revenues                    | 256          | 222          | 697                  | 489           | 759           |
| <b>Total revenues mobile operation</b> | <b>3 426</b> | <b>3 410</b> | <b>10 142</b>        | <b>9 687</b>  | <b>13 085</b> |
| <b>Revenues fixed operation</b>        |              |              |                      |               |               |
| Telephony                              | 932          | 1 040        | 2 972                | 3 233         | 4 273         |
| Broadband                              | 658          | 685          | 1 995                | 2 050         | 2 731         |
| Data services                          | 144          | 156          | 430                  | 480           | 631           |
| Other fixed revenues                   | 310          | 346          | 1 059                | 1 055         | 1 458         |
| <b>Total retail revenues</b>           | <b>2 044</b> | <b>2 227</b> | <b>6 457</b>         | <b>6 818</b>  | <b>9 093</b>  |
| Wholesale revenues                     | 1 063        | 1 000        | 3 025                | 3 087         | 4 071         |
| <b>Total revenues fixed operation</b>  | <b>3 106</b> | <b>3 227</b> | <b>9 483</b>         | <b>9 905</b>  | <b>13 164</b> |
| <b>Total revenues</b>                  | <b>6 532</b> | <b>6 637</b> | <b>19 625</b>        | <b>19 592</b> | <b>26 249</b> |
| EBITDA before other items              | 2 627        | 2 749        | 7 898                | 7 978         | 10 476        |
| <b>Operating profit</b>                | <b>1 680</b> | <b>2 007</b> | <b>5 139</b>         | <b>5 800</b>  | <b>7 425</b>  |

|  |      |      |       |       |       |
|--|------|------|-------|-------|-------|
| EBITDA before other items/Total revenues (%) | 40.2 | 41.4 | 40.2  | 40.7  | 39.9  |
| Capex  | 675  | 560  | 1 928 | 1 923 | 2 597 |
| Investments in businesses                    | 3    | -    | 3     | 5     | 9     |

|                             |     |     |     |     |     |
|-----------------------------|-----|-----|-----|-----|-----|
| Mobile ARPU – monthly (NOK) | 308 | 317 | 307 | 308 | 307 |
|-----------------------------|-----|-----|-----|-----|-----|

| No. of subscriptions – Change in quarter/Total (in thousands): |      |      |       |       |       |
|--|------|------|-------|-------|-------|
| Mobile   | 39   | 50   | 3 071 | 2 967 | 2 991 |
| Fixed telephony  | (24) | (27) | 1 111 | 1 215 | 1 190 |
| Fixed broadband  | (8)  | (4)  | 612   | 631   | 628   |

- The total number of mobile subscriptions increased by 39,000 during the quarter, while the estimated voice subscription market share remained stable at 52%. The number of large screen mobile broadband subscriptions increased by 20,000 to 287,000.
- Mobile ARPU decreased by 3% as reduced roaming charges from 1 July and pressure on domestic voice revenues were partly offset by increased revenues from mobile data usage.
- Total revenues declined by 2%.
- Mobile revenues increased slightly driven by increased handset sales, a larger subscription base and increased mobile data usage.
- Fixed revenues fell by 4% driven by reduction in the number of telephony and broadband subscriptions partly offset by an increase in international wholesale traffic volumes.
- EBITDA decreased following the continued decline in high-margin fixed telephony revenues only partly offset by lower operating expenses driven by reduced fault rate and price reductions related to IS/IT operation.
- Capital expenditure was primarily driven by network roll-out related to fixed and mobile broadband and maintenance of core network. Accelerated depreciation has been applied to the existing mobile network equipment in the quarter due to the ongoing network upgrade.

## Sweden

| (NOK in millions)                      | 3rd quarter  |              | First three quarters |              | Year         |
|--|--------------|--------------|----------------------|--------------|--------------|
|  | 2010         | 2009         | 2010                 | 2009         | 2009         |
| <b>Revenues mobile operation</b>       |              |              |                      |              |              |
| Subscription and traffic               | 1 194        | 1 112        | 3 420                | 3 226        | 4 308        |
| Interconnect revenues                  | 176          | 187          | 553                  | 604          | 792          |
| Other mobile revenues                  | 104          | 95           | 285                  | 236          | 288          |
| Non-mobile revenues                    | 282          | 241          | 804                  | 620          | 902          |
| <b>Total revenues mobile operation</b> | <b>1 756</b> | <b>1 635</b> | <b>5 062</b>         | <b>4 686</b> | <b>6 290</b> |
| <b>Revenues fixed operation</b>        | <b>625</b>   | <b>723</b>   | <b>1 904</b>         | <b>2 154</b> | <b>2 826</b> |
| Eliminations                           | -            | (22)         | -                    | (66)         | (85)         |
| <b>Total revenues</b>                  | <b>2 381</b> | <b>2 336</b> | <b>6 966</b>         | <b>6 774</b> | <b>9 031</b> |

|                                |           |            |            |              |              |
|--------------------------------|-----------|------------|------------|--------------|--------------|
| EBITDA before other items      | 609       | 637        | 1 705      | 1 430        | 1 959        |
| <b>Operating profit (loss)</b> | <b>48</b> | <b>114</b> | <b>122</b> | <b>(140)</b> | <b>(185)</b> |

|  |      |      |      |      |      |
|--|------|------|------|------|------|
| EBITDA before other items/Total revenues (%) | 25.6 | 27.3 | 24.5 | 21.1 | 21.7 |
| Capex  | 172  | 127  | 622  | 588  | 825  |
| Investments in businesses                    | -    | 1    | -    | 1    | 1    |

|                             |     |     |     |     |     |
|-----------------------------|-----|-----|-----|-----|-----|
| Mobile ARPU – monthly (NOK) | 225 | 224 | 221 | 222 | 221 |
|-----------------------------|-----|-----|-----|-----|-----|

| No. of subscriptions – Change in quarter/Total (in thousands): |      |     |       |       |       |
|--|------|-----|-------|-------|-------|
| Mobile   | 45   | 12  | 2 053 | 1 958 | 1 970 |
| Fixed telephony  | (11) | (7) | 396   | 432   | 419   |
| Fixed broadband  | (11) | (8) | 545   | 588   | 574   |

|               |   |   |        |        |        |
|---------------|---|---|--------|--------|--------|
| Exchange rate | - | - | 0.8286 | 0.8261 | 0.8223 |
|---------------|---|---|--------|--------|--------|

- The number of mobile subscriptions increased by 45,000 during the quarter, driven by a continued growth in the number of mobile broadband subscriptions, as well as strong development in voice subscriptions. The estimated mobile subscription market share was stable at 17%. The number of large screen mobile broadband subscriptions increased by 25,000 to 331,000.
- The number of fixed broadband subscriptions was 545,000 at the end of the quarter. The estimated subscription market share for fixed broadband in the consumer market decreased slightly to 19%.
- Total revenues in local currency increased by 1%.
- Revenues from mobile operations in local currency increased by 6% mainly due to higher handset sales and increased revenues from data and subscription fees, partly offset by lower interconnect revenues as a result of reduced interconnect rates from 1 July 2010.
- Fixed revenues in local currency decreased by 13% driven by the reduction in number of telephony and broadband subscriptions combined with lower telephony ARPU.
- The EBITDA margin decreased by 2 percentage points mainly as a result of higher sales and marketing activities towards the contract segment, and lower contribution from fixed products. Other operating expenses declined by 10% following reduced personnel and consultancy costs.
- Capital expenditure was mainly related to ongoing network replacement and LTE roll-out.

## Denmark

| (NOK in millions)                      | 3rd quarter  |              | First three quarters |              | Year         |
|--|--------------|--------------|----------------------|--------------|--------------|
|  | 2010         | 2009         | 2010                 | 2009         | 2009         |
| <b>Revenues mobile operation</b>       |              |              |                      |              |              |
| Subscription and traffic               | 953          | 992          | 2 824                | 2 933        | 3 863        |
| Interconnect revenues                  | 270          | 359          | 903                  | 1 132        | 1 498        |
| Other mobile revenues                  | 108          | 93           | 300                  | 295          | 383          |
| Non-mobile revenues                    | 147          | 144          | 420                  | 388          | 515          |
| <b>Total revenues mobile operation</b> | <b>1 479</b> | <b>1 588</b> | <b>4 446</b>         | <b>4 748</b> | <b>6 259</b> |
| <b>Revenues fixed operation</b>        | <b>300</b>   | <b>387</b>   | <b>958</b>           | <b>1 259</b> | <b>1 618</b> |
| Eliminations                           | -            | (14)         | -                    | (49)         | (64)         |
| <b>Total revenues</b>                  | <b>1 779</b> | <b>1 961</b> | <b>5 404</b>         | <b>5 958</b> | <b>7 813</b> |

|                           |            |            |            |            |            |
|---------------------------|------------|------------|------------|------------|------------|
| EBITDA before other items | 413        | 492        | 1 254      | 1 411      | 1 899      |
| <b>Operating profit</b>   | <b>135</b> | <b>173</b> | <b>413</b> | <b>221</b> | <b>284</b> |

|  |      |      |      |      |      |
|--|------|------|------|------|------|
| EBITDA before other items/Total revenues (%) | 23.2 | 25.1 | 23.2 | 23.7 | 24.3 |
| Capex  | 208  | 234  | 948  | 781  | 928  |
| Investments in businesses                    | -    | -    | -    | 111  | 111  |

|                             |     |     |     |     |     |
|-----------------------------|-----|-----|-----|-----|-----|
| Mobile ARPU – monthly (NOK) | 194 | 225 | 197 | 236 | 231 |
|-----------------------------|-----|-----|-----|-----|-----|

| No. of subscriptions – Change in quarter/Total (in thousands): |      |     |       |       |       |
|--|------|-----|-------|-------|-------|
| Mobile   | (39) | 53  | 2 075 | 2 018 | 2 038 |
| Fixed telephony  | 8    | (8) | 269   | 284   | 271   |
| Fixed broadband  | (6)  | (1) | 245   | 262   | 259   |

|               |   |   |        |        |        |
|---------------|---|---|--------|--------|--------|
| Exchange rate | - | - | 1.0733 | 1.1873 | 1.1722 |
|---------------|---|---|--------|--------|--------|

- The number of mobile subscriptions decreased by 39,000 during the quarter, primarily driven by competition in the prepaid segment. The estimated subscription market share decreased slightly to 27%. The number of large screen mobile broadband subscriptions increased by 7,000 to 168,000.
- Fixed broadband subscriptions decreased by 6,000 to 245,000 during the quarter.
- Mobile ARPU in local currency was down 5% mainly due to lower interconnect rates from 1 May 2010, as well as an increased proportion of mobile broadband customers with lower ARPU.
- Total revenues in local currency remained stable.
- Mobile revenues in local currency increased by 3% as a result of a higher subscription base both within voice and mobile broadband.
- Fixed revenues in local currency decreased by 15% driven by a declining fixed telephony subscription base and continuous price pressure in the fixed broadband market.
- The EBITDA margin decreased by 2 percentage points following one-time effects including a write-down of bad debt.
- In September 2010, a reorganisation was executed resulting in a workforce reduction of 193 full time equivalents or approximately 10% of the total workforce.

## Central and Eastern Europe

### Hungary

| (NOK in millions)         | 3rd quarter  |              | First three quarters |              | Year         |
|---------------------------|--------------|--------------|----------------------|--------------|--------------|
|                           | 2010         | 2009         | 2010                 | 2009         | 2009         |
| <b>Revenues</b>           |              |              |                      |              |              |
| Subscription and traffic  | 891          | 1 083        | 2 674                | 3 099        | 4 117        |
| Interconnect revenues     | 234          | 297          | 702                  | 851          | 1 141        |
| Other mobile revenues     | 34           | 24           | 80                   | 62           | 76           |
| Non-mobile revenues       | 44           | 40           | 126                  | 128          | 190          |
| <b>Total revenues</b>     | <b>1 204</b> | <b>1 444</b> | <b>3 582</b>         | <b>4 140</b> | <b>5 524</b> |
| EBITDA before other items | 599          | 669          | 1 599                | 1 799        | 2 289        |
| <b>Operating profit</b>   | <b>395</b>   | <b>477</b>   | <b>1 013</b>         | <b>1 265</b> | <b>1 566</b> |

|  |      |      |      |      |      |
|--|------|------|------|------|------|
| EBITDA before other items/Total revenues (%) | 49.8 | 46.3 | 44.7 | 43.5 | 41.4 |
| Capex  | 47   | 96   | 189  | 303  | 420  |

|  |      |      |        |        |        |
|--|------|------|--------|--------|--------|
| No. of subscriptions – Change in quarter/Total (in thousands): | (15) | (41) | 3 413  | 3 441  | 3 501  |
| ARPU – monthly (NOK)   | 109  | 133  | 109    | 125    | 125    |
| Exchange rate  | -    | -    | 0.0291 | 0.0312 | 0.0312 |

- The number of subscriptions decreased by 15,000 during the quarter, while the estimated market share remained stable at 33%. The number of large screen mobile broadband subscriptions increased by 11,000 to 167,000.
- Revenues in local currency decreased by 5% as an increase of 9% in average usage was more than offset by the effects of lower interconnect rates from 1 January 2010, increased utilisation of free minutes and lower average prices.
- EBITDA in local currency increased by 1% as the reduction in revenues was more than offset by reduced operating expenses and a one-time adjustment of bad debt provision. Decreased operating expenses related to the workforce reduction in March 2010 and other cost measures, more than offset increased sales and marketing expenses in the quarter. Excluding the one-time adjustment, the EBITDA margin was 44%.
- Capital expenditure decreased in anticipation of the upcoming network replacement.
- On 18 October 2010, Hungarian authorities announced the introduction of a tax on telecommunication services, see note 6 for further details.

### Serbia

| (NOK in millions)         | 3rd quarter |            | First three quarters |                | Year           |
|---------------------------|-------------|------------|----------------------|----------------|----------------|
|                           | 2010        | 2009       | 2010                 | 2009           | 2009           |
| <b>Revenues</b>           |             |            |                      |                |                |
| Subscription and traffic  | 487         | 591        | 1 366                | 1 653          | 2 141          |
| Interconnect revenues     | 145         | 159        | 396                  | 460            | 605            |
| Other mobile revenues     | 34          | (7)        | 84                   | 52             | 84             |
| Non-mobile revenues       | 37          | 16         | 89                   | 59             | 119            |
| <b>Total revenues</b>     | <b>704</b>  | <b>759</b> | <b>1 935</b>         | <b>2 224</b>   | <b>2 949</b>   |
| EBITDA before other items | 285         | 321        | 768                  | 928            | 1 202          |
| <b>Operating profit</b>   | <b>165</b>  | <b>153</b> | <b>293</b>           | <b>(1 553)</b> | <b>(1 417)</b> |

|  |      |      |      |      |      |
|--|------|------|------|------|------|
| EBITDA before other items/Total revenues (%) | 40.5 | 42.3 | 39.7 | 41.7 | 40.8 |
| Capex  | 36   | 58   | 108  | 198  | 290  |
| Investments in businesses                    | -    | -    | -    | 31   | 31   |

|  |     |    |        |        |        |
|--|-----|----|--------|--------|--------|
| No. of subscriptions – Change in quarter/Total (in thousands): | 102 | 31 | 2 984  | 2 862  | 2 843  |
| ARPU – monthly (NOK)   | 72  | 88 | 68     | 83     | 80     |
| Exchange rate  | -   | -  | 0.0785 | 0.0943 | 0.0929 |

- The number of subscriptions increased by 102,000 due to campaigns both in the prepaid and contract segment, as well as churn prevention activities. The subscription market share increased to above 35%.
- Revenues in local currency grew by 14%, as a result of increased handset sales and roaming revenues, and a one-time accounting adjustment. Revenues from own subscriptions increased by 4% following the increased subscription base.
- EBITDA in local currency improved by 10% as higher revenues and lower salaries and personnel expenses more than offset increased sales and marketing expenses.
- Capital expenditure decreased in anticipation of a network replacement.

### Montenegro

| (NOK in millions)         | 3rd quarter |            | First three quarters |            | Year       |
|---------------------------|-------------|------------|----------------------|------------|------------|
|                           | 2010        | 2009       | 2010                 | 2009       | 2009       |
| <b>Revenues</b>           | <b>200</b>  | <b>225</b> | <b>487</b>           | <b>577</b> | <b>731</b> |
| EBITDA before other items | 106         | 110        | 216                  | 257        | 311        |
| <b>Operating profit</b>   | <b>93</b>   | <b>86</b>  | <b>109</b>           | <b>187</b> | <b>201</b> |

|  |      |      |      |      |      |
|--|------|------|------|------|------|
| EBITDA before other items/Total revenues (%) | 52.8 | 48.9 | 44.4 | 44.5 | 42.5 |
| Capex  | 5    | 9    | 25   | 25   | 46   |

|  |    |    |        |        |        |
|--|----|----|--------|--------|--------|
| No. of subscriptions – Change in quarter/Total (in thousands): | 72 | 67 | 519    | 503    | 465    |
| Exchange rate  | -  | -  | 7.9906 | 8.8422 | 8.7285 |

- The number of subscriptions increased by 72,000 due to an increased prepaid subscription base during the tourist season. The subscription market share increased slightly to 41%.
- ARPU decreased 8% mainly due to lower contract subscription and interconnect revenues.
- Revenues in local currency decreased by 2% mainly driven by reduced interconnect and voice revenues.
- The EBITDA margin increased by 4 percentage points due to lower operating expenses.
- Capital expenditure was mainly related to network roll-out.

## Asia

### DTAC – Thailand

| (NOK in millions)         | 3rd quarter  |              | First three quarters |              | Year          |
|---------------------------|--------------|--------------|----------------------|--------------|---------------|
|                           | 2010         | 2009         | 2010                 | 2009         | 2009          |
| <b>Revenues</b>           |              |              |                      |              |               |
| Subscription and traffic  | 2 483        | 2 190        | 7 228                | 6 836        | 8 998         |
| Interconnect revenues     | 892          | 614          | 2 190                | 1 941        | 2 540         |
| Other mobile revenues     | 73           | 88           | 253                  | 295          | 391           |
| Non-mobile revenues       | 140          | 24           | 422                  | 72           | 115           |
| <b>Total revenues</b>     | <b>3 588</b> | <b>2 916</b> | <b>10 093</b>        | <b>9 144</b> | <b>12 044</b> |
| EBITDA before other items | 1 296        | 909          | 3 513                | 2 736        | 3 689         |
| <b>Operating profit</b>   | <b>910</b>   | <b>522</b>   | <b>2 313</b>         | <b>1 528</b> | <b>2 108</b>  |

|  |      |      |      |      |       |
|--|------|------|------|------|-------|
| EBITDA before other items/Total revenues (%) | 36.1 | 31.2 | 34.8 | 29.9 | 30.6  |
| Capex  | 168  | 201  | 481  | 746  | 1 089 |

| No. of subscriptions – Change in quarter/Total (in thousands): | 296 | 71 | 20 936 | 19 271 | 19 657 |
|--|-----|----|--------|--------|--------|
| ARPU – monthly (NOK)   | 51  | 49 | 51     | 51     | 50     |
| Exchange rate  | -   | -  | 0.1886 | 0.1871 | 0.1829 |

At the end of the third quarter of 2010, Telenor's economic stake in DTAC was 65.5%.

- The number of subscriptions increased by 296,000 during the quarter and the estimated subscription market share remained at 30%.
- ARPU in local currency declined by 3% as a result of subscription dilution from lower revenue segments.
- Revenues in local currency grew by 13% mainly driven by a one-time interconnect revenue of approximately NOK 160 million from CAT/Hutch, and higher handset sales. Excluding the one-time interconnect item, revenues increased by 8%.
- EBITDA in local currency increased by 32% as a result of increased revenues, an improved interconnect balance and reduction in operating expenses, the latter driven by lower operation and maintenance costs. The one-time interconnect adjustment impacted the EBITDA margin in the third quarter positively by approximately 2 percentage points.
- On 16 September 2010, The Supreme Administrative Court made a ruling which resulted in the suspension of 3G licensing process, stating the National Telecommunications Commission (NTC) was not authorised to award the 3G licence.

### DiGi – Malaysia

| (NOK in millions)         | 3rd quarter  |              | First three quarters |              | Year         |
|---------------------------|--------------|--------------|----------------------|--------------|--------------|
|                           | 2010         | 2009         | 2010                 | 2009         | 2009         |
| <b>Revenues</b>           |              |              |                      |              |              |
| Subscription and traffic  | 2 327        | 1 861        | 6 482                | 5 774        | 7 577        |
| Interconnect revenues     | 194          | 240          | 666                  | 725          | 946          |
| Other mobile revenues     | 33           | 20           | 98                   | 79           | 101          |
| Non-mobile revenues       | 93           | 25           | 202                  | 83           | 119          |
| <b>Total revenues</b>     | <b>2 647</b> | <b>2 146</b> | <b>7 449</b>         | <b>6 661</b> | <b>8 743</b> |
| EBITDA before other items | 1 167        | 912          | 3 271                | 2 909        | 3 791        |
| <b>Operating profit</b>   | <b>775</b>   | <b>576</b>   | <b>2 166</b>         | <b>1 902</b> | <b>2 466</b> |

|  |      |      |      |      |       |
|--|------|------|------|------|-------|
| EBITDA before other items/Total revenues (%) | 44.1 | 42.5 | 43.9 | 43.7 | 43.4  |
| Capex  | 373  | 365  | 771  | 892  | 1 279 |

| No. of subscriptions – Change in quarter/Total (in thousands): | 142 | 163 | 8 247  | 7 393  | 7 720  |
|--|-----|-----|--------|--------|--------|
| ARPU – monthly (NOK)   | 103 | 96  | 99     | 100    | 98     |
| Exchange rate  | -   | -   | 1.8730 | 1.8189 | 1.7809 |

At the end of the third quarter of 2010 Telenor's ownership interest in DiGi was 49.0%.

- The number of subscriptions increased by 142,000 during the quarter.
- ARPU measured in local currency was reduced by 5%.
- Revenues in local currency increased by 9% following a higher uptake of handset bundles and increased traffic from a larger subscription base. The growth was partly offset by lower domestic interconnect revenues following a reduction in interconnect rates from MYR 0.08 to MYR 0.05, effective from 15 July 2010.
- The EBITDA margin increased to 44% as a result of higher revenues and stable operating expenses.
- Capital expenditure was mainly related to 3G network roll-out, and capitalisation of DiGi's new technical operation centre which opened in August 2010.

## Grameenphone – Bangladesh

| (NOK in millions)   | 3rd quarter  |              | First three quarters |              | Year         |
|---|--------------|--------------|----------------------|--------------|--------------|
|   | 2010         | 2009         | 2010                 | 2009         | 2009         |
| <b>Revenues</b>   |              |              |                      |              |              |
| Subscription and traffic  | 1 496        | 1 298        | 4 251                | 4 039        | 5 276        |
| Interconnect revenues   | 174          | 124          | 475                  | 472          | 593          |
| Other mobile revenues   | 5            | 3            | 14                   | 12           | 16           |
| Non-mobile revenues   | 45           | 33           | 106                  | 46           | 62           |
| <b>Total revenues</b>   | <b>1 721</b> | <b>1 458</b> | <b>4 846</b>         | <b>4 569</b> | <b>5 947</b> |
| EBITDA before other items   | 892          | 830          | 2 410                | 2 673        | 3 390        |
| <b>Operating profit</b>   | <b>519</b>   | <b>462</b>   | <b>1 321</b>         | <b>1 513</b> | <b>1 879</b> |
| <b>EBITDA before other items/Total revenues (%)</b>                   |              |              |                      |              |              |
|   | 51.8         | 56.9         | 49.7                 | 58.5         | 57.0         |
| Capex   | 120          | 130          | 391                  | 595          | 944          |
| <b>No. of subscriptions – Change in quarter/Total (in thousands):</b> |              |              |                      |              |              |
|   | 2 199        | 822          | 28 655               | 21 985       | 23 259       |
| ARPU – monthly (NOK)  | 20           | 22           | 21                   | 24           | 23           |
| Exchange rate   | -            | -            | 0.0878               | 0.0940       | 0.0910       |

At the end of the third quarter of 2010, Telenor's ownership interest in Grameenphone was 55.8%.

- The number of subscriptions increased by 2.2 million during the quarter, while the subscription market share remained at 44%.
- ARPU in local currency decreased by 10% as a result of subscription dilution from lower revenue generating segments.
- Revenues in local currency increased by 17% mainly due to increased voice revenues and higher interconnect revenues driven by a higher subscription base.
- The EBITDA margin decreased by 5 percentage points due to higher subscription acquisition costs related to SIM tax subsidies. This was partly offset by higher revenues and lower interconnect costs as a one-time adjustment of international interconnect costs was recognised during the quarter. This adjustment impacted the EBITDA margin in the third quarter positively by 2.5 percentage points.
- Capital expenditure decreased in anticipation of an upcoming network modernisation.

## Pakistan

| (NOK in millions)   | 3rd quarter  |              | First three quarters |              | Year         |
|---|--------------|--------------|----------------------|--------------|--------------|
|   | 2010         | 2009         | 2010                 | 2009         | 2009         |
| <b>Revenues</b>   |              |              |                      |              |              |
| Subscription and traffic  | 923          | 824          | 2 775                | 2 653        | 3 486        |
| Interconnect revenues   | 179          | 178          | 533                  | 558          | 733          |
| Other mobile revenues   | 9            | 5            | 17                   | 13           | 14           |
| Non-mobile revenues   | 57           | 32           | 154                  | 68           | 117          |
| <b>Total revenues</b>   | <b>1 169</b> | <b>1 039</b> | <b>3 480</b>         | <b>3 292</b> | <b>4 350</b> |
| EBITDA before other items   | 347          | 254          | 1 054                | 746          | 1 055        |
| <b>Operating profit (loss)</b>  | <b>(29)</b>  | <b>(52)</b>  | <b>52</b>            | <b>(196)</b> | <b>(267)</b> |
| <b>EBITDA before other items/Total revenues (%)</b>                   |              |              |                      |              |              |
|   | 29.7         | 24.4         | 30.3                 | 22.7         | 24.3         |
| Capex   | 124          | 199          | 459                  | 722          | 1 325        |
| <b>No. of subscriptions – Change in quarter/Total (in thousands):</b> |              |              |                      |              |              |
|   | 38           | 766          | 23 836               | 21 659       | 22 501       |
| ARPU – monthly (NOK)  | 15           | 16           | 16                   | 17           | 17           |
| Exchange rate   | -            | -            | 0.0716               | 0.0802       | 0.0771       |

- The subscription base increased by 38,000 during the quarter, while the subscription market share remained at 23%.
- ARPU in local currency increased slightly. A 12% increase in usage was offset by lower prices following reduced interconnect rates from 1 January 2010, market focus on voice and SMS bundling and off-peak offerings.
- Revenues in local currency increased by 15% mainly due to an increased subscription base and higher usage. Steady growth in revenues over the last few quarters was halted by the severe flooding in major parts of the country.
- The EBITDA margin was up 5 percentage points on the basis of higher sales.
- Capital expenditure continued to be focused on network capacity investments.

## Uninor – India

| (NOK in millions)              | 3rd quarter    |              | First three quarters |              | Year         |
|--------------------------------|----------------|--------------|----------------------|--------------|--------------|
|                                | 2010           | 2009         | 2010                 | 2009         | 2009         |
| Revenues                       | 214            | -            | 373                  | -            | 3            |
| EBITDA before other items      | (1 115)        | (149)        | (3 221)              | (229)        | (906)        |
| <b>Operating profit (loss)</b> | <b>(1 337)</b> | <b>(150)</b> | <b>(3 772)</b>       | <b>(230)</b> | <b>(985)</b> |

| EBITDA before other       |     |       |       |       |       |
|---------------------------|-----|-------|-------|-------|-------|
| items/Total revenues (%)  | nm  | nm    | nm    | nm    | nm    |
| Capex                     | 198 | 2 076 | 1 274 | 2 500 | 3 696 |
| Investments in businesses | -   | -     | -     | 17    | 17    |

| No. of subscriptions – Change    |       |    |        |        |        |
|----------------------------------|-------|----|--------|--------|--------|
| in quarter/Total (in thousands): | 4 045 | -  | 7 918  | -      | 1 008  |
| ARPU – monthly (NOK)             | 13    | nm | 12     | nm     | nm     |
| Exchange rate                    | -     | -  | 0.1322 | 0.1325 | 0.1298 |

\*<sup>1</sup>) Please note that the definition for active subscriptions in Uninor is more conservative than the Group definition on page 20, due to high churn following the prevailing multi-SIM standard in the Indian market. In Uninor, subscriptions are counted as active if there has been activity during the last 30 days.

At the end of the third quarter of 2010 Telenor's ownership interest in Uninor was 67.25%.

- The number of subscriptions increased by 4 million during the quarter, taking the total subscription base to 7.9 million.
- ARPU in local currency increased by 8% compared to last quarter, driven by higher usage per subscription.
- Revenues in local currency more than doubled from last quarter due to higher subscription base and increased ARPU.
- The total EBITDA loss for the quarter was NOK 1,115 million versus a loss of NOK 1,132 million in the second quarter of 2010.
- Capital expenditure was mainly related to roll-out of additional sites and other network components.
- During the quarter, there have been changes in key positions in the Uninor management to transform the company from launch to an operational phase.

## Broadcast

| (NOK in millions)         | 3rd quarter  |              | First three quarters |              | Year         |
|---------------------------|--------------|--------------|----------------------|--------------|--------------|
|                           | 2010         | 2009         | 2010                 | 2009         | 2009         |
| <b>Revenues</b>           |              |              |                      |              |              |
| Canal Digital Group       | 1 732        | 1 679        | 5 113                | 4 948        | 6 667        |
| Transmission & Encryption | 616          | 567          | 1 795                | 1 737        | 2 326        |
| Other/Eliminations        | (111)        | (79)         | (341)                | (332)        | (428)        |
| <b>Total revenues</b>     | <b>2 237</b> | <b>2 167</b> | <b>6 567</b>         | <b>6 353</b> | <b>8 565</b> |

### EBITDA before other items

|  |            |            |              |              |              |
|--|------------|------------|--------------|--------------|--------------|
| Canal Digital Group                    | 270        | 193        | 735          | 520          | 710          |
| Transmission & Encryption              | 357        | 328        | 990          | 954          | 1 277        |
| Other/Eliminations                     | (8)        | (6)        | (44)         | (27)         | (43)         |
| <b>Total EBITDA before other items</b> | <b>619</b> | <b>515</b> | <b>1 681</b> | <b>1 447</b> | <b>1 944</b> |

### Operating profit

|                               |            |            |            |            |              |
|-------------------------------|------------|------------|------------|------------|--------------|
| Canal Digital Group           | 193        | 105        | 461        | 275        | 364          |
| Transmission & Encryption     | 229        | 178        | 593        | 575        | 754          |
| Other/Eliminations            | (38)       | (20)       | (97)       | (76)       | (113)        |
| <b>Total operating profit</b> | <b>383</b> | <b>263</b> | <b>956</b> | <b>774</b> | <b>1 005</b> |

### EBITDA before other

|                           |      |      |       |      |       |
|---------------------------|------|------|-------|------|-------|
| items/Total revenues (%)  | 27.7 | 23.8 | 25.6  | 22.8 | 22.7  |
| Capex                     | 211  | 317  | 550   | 790  | 1 941 |
| Investments in businesses | -    | 73   | 1 099 | 161  | 230   |

### No. of subscribers – Change in quarter / Total (in thousands):

|                          |      |     |       |       |       |
|--------------------------|------|-----|-------|-------|-------|
| DTH TV                   | (14) | (8) | 1 025 | 1 071 | 1 060 |
| Cable TV                 | 4    | -   | 717   | 732   | 729   |
| Cable TV Internet access | 8    | 15  | 270   | 231   | 246   |

- The number of DTH subscribers decreased by 14,000, while the number of cable broadband subscribers increased by 8,000 during the quarter.
- Revenues in the Canal Digital Group increased mainly as a result of higher sale of additional services for cable and increased prices for DTH. This was partly offset by the reduced DTH subscriber base, lower sales to small antenna TV networks and currency effects.
- EBITDA in the Canal Digital Group increased mainly due to revenue growth and reduced sales and marketing costs.
- Operating profit includes a NOK 20 million gain from sale of cable TV networks in Norway.
- Revenues and EBITDA in Transmission & Encryption increased due to higher revenues from encryption services, higher sales from satellite transmission to Canal Digital Group, and contribution from Norkring Belgie which was consolidated from 1 December 2009.

## Other Units

| (NOK in millions)                        | 3rd quarter |            | First three quarters |              | Year         |
|--|-------------|------------|----------------------|--------------|--------------|
|  | 2010        | 2009       | 2010                 | 2009         | 2009         |
| <b>Revenues</b>                          |             |            |                      |              |              |
| New Business                             | 60          | 54         | 157                  | 136          | 183          |
| Corporate functions and Group activities | 598         | 588        | 1 843                | 1 790        | 2 422        |
| Other/eliminations                       | 154         | 143        | 459                  | 421          | 565          |
| <b>Total revenues</b>                    | <b>812</b>  | <b>785</b> | <b>2 459</b>         | <b>2 347</b> | <b>3 170</b> |

### EBITDA before other items

|  |           |             |              |              |              |
|--|-----------|-------------|--------------|--------------|--------------|
| New Business                             | (10)      | (41)        | (67)         | (129)        | (172)        |
| Corporate functions and Group activities | (41)      | (99)        | (277)        | (450)        | (538)        |
| Other/eliminations                       | 84        | 68          | 240          | 224          | 302          |
| <b>Total EBITDA before other items</b>   | <b>33</b> | <b>(72)</b> | <b>(105)</b> | <b>(355)</b> | <b>(408)</b> |

### Operating profit (loss)

|  |             |              |              |              |              |
|--|-------------|--------------|--------------|--------------|--------------|
| New Business                             | (20)        | (55)         | (92)         | (171)        | (271)        |
| Corporate functions and Group activities | (145)       | (197)        | (588)        | (742)        | (933)        |
| Other/eliminations                       | 86          | 67           | 235          | 223          | 290          |
| <b>Total operating profit (loss)</b>     | <b>(80)</b> | <b>(185)</b> | <b>(445)</b> | <b>(690)</b> | <b>(914)</b> |

|                                    |      |     |     |     |     |
|------------------------------------|------|-----|-----|-----|-----|
| Capex from continuing operations   | (32) | 63  | 166 | 213 | 351 |
| Capex from discontinued operations | 82   | 106 | 258 | 273 | 385 |
| Investments in businesses          | 27   | 21  | 44  | 97  | 106 |

### EDB Business Partner

- EDB Business Partner ASA was reclassified to discontinued operations in the third quarter 2010 and for comparative figures accordingly. External transactions are removed from the Operating profit (loss) and remaining internal transactions from EDB Business Partner ASA are now presented on the line 'Other/eliminations'. See note 3 for further explanations.

### New Business

- Cinclus Technology was presented as a discontinued operation from the second quarter of 2009. See Note 3 for further details. EBITDA improved in other companies in the New Business portfolio as these business models developed.

### Corporate functions and Group activities

- EBITDA improved due to a lower activity level within corporate projects.
- Capital expenditure was affected by an allocation from Corporate functions to the business units of NOK 92 million.

## Group overview

The statements below are related to Telenor's development in the first three quarters of 2010 compared to the first three quarters of 2009 unless otherwise stated. The statements are based on reported figures, where EDB Business Partner ASA is presented as a discontinued operation. Please refer to note 3 for further information.

### Revenues

- Revenues increased by NOK 1,656 million, or 2.4%. The strong subscription growth in our Asian operations more than offset the negative currency effects from the strengthening of the Norwegian Krone.

### EBITDA before other items

- EBITDA decreased by NOK 1,694 million compared to last year due to the negative contribution from Uninor partly offset by improved performance by the established Asian operations. In addition, improved results in Broadcast and Other Units were offset by lower EBITDA from operations in Central Eastern Europe.

### Specification of other income and expenses

| (NOK in millions)   | 3rd quarter  |              | First three quarters |               | Year          |
|---|--------------|--------------|----------------------|---------------|---------------|
|   | 2010         | 2009         | 2010                 | 2009          | 2009          |
| EBITDA before other income and expenses                   | 7 885        | 8 188        | 22 042               | 23 737        | 30 670        |
| EBITDA margin before other income and expenses (%)        | 32,7         | 36,0         | 31,5                 | 34,7          | 33,8          |
| Gains (losses) on disposal of fixed assets and operations | (8)          | (49)         | (27)                 | (67)          | (247)         |
| Workforce reductions and loss contracts                   | (86)         | (97)         | (283)                | (169)         | (348)         |
| One-time effects to pension costs                         | (46)         | -            | (46)                 | -             | -             |
| <b>EBITDA</b>   | <b>7 746</b> | <b>8 042</b> | <b>21 686</b>        | <b>23 501</b> | <b>30 075</b> |
| EBITDA margin (%)   | 32.1         | 35.3         | 31.0                 | 34.4          | 33.1          |

- In the third quarter of 2010 'Other income and expenses' mainly consisted of the following items:
  - Workforce reductions in Denmark (NOK 56 million), Sweden (NOK 26 million) and Norway (NOK 19 million).
  - Gains (losses) on sale of fixed assets were related to gain on a real estate sale in DTAC of NOK 49 million, loss on disposal of equipment in Telenor Pakistan of NOK 49 million and gain on sale of three cable networks in Broadcast of NOK 20 million.
  - NOK 30 million were related to scrapping of parts of an IT system in Broadcast.
  - NOK 46 million were related to a one-time effect to pension costs due to closing of the current AFP pension scheme in Norwegian companies.
- Accumulated for the first three quarters of 2010 other income and expenses also include:
  - Workforce reductions in our operations in Hungary, Denmark, Norway, Sweden and Serbia.
  - Loss contracts mainly relates to provision for a loss contract in Hungary.

### Operating profit

- In addition to the decreased EBITDA after other items, operating profit has been reduced by NOK 719 million primarily as a result of increased depreciations, reduced by the impairment of goodwill in Serbia of NOK 1,967 million in 2009.

### Associated companies

| (NOK in millions)                                 | 3rd quarter  |              | First three quarters |              | Year         |
|---|--------------|--------------|----------------------|--------------|--------------|
|   | 2010         | 2009         | 2010                 | 2009         | 2009         |
| <b>Telenor's share of</b>                         |              |              |                      |              |              |
| Profit after taxes                                | 1 115        | 1 913        | 2 195                | 3 449        | 3 958        |
| Amortisation of Telenor's net excess values       | (95)         | (49)         | (174)                | (215)        | (291)        |
| Impairment losses of Telenor's net excess values  | -            | -            | -                    | (17)         | -            |
| Gains (losses) on disposal of ownership interests | 29           | -            | 6 543                | -            | -            |
| <b>Profit (loss) from associated companies</b>    | <b>1 049</b> | <b>1 864</b> | <b>8 564</b>         | <b>3 234</b> | <b>3 667</b> |

- Telenor's share of the net result from VimpelCom Ltd. and Kyivstar GSM for the second quarter of 2010 of NOK 1,023 million is included in Telenor's income statement for the third quarter of 2010. From the first quarter of 2010, Telenor started to include actual reported figures for VimpelCom Ltd. and Kyivstar GSM with a one quarter lag.
- According to telecom analysts, VimpelCom Ltd. had approximately 91 million mobile subscriptions at the end of September 2010, of which 69 million in VimpelCom and 23 million in Kyivstar.
- In continuance of Kyivstar GSM's merger into VimpleCom Ltd, the gain of NOK 6.5 billion on the contribution of Kyivstar GSM to the new entity recorded in the second quarter of 2010 has been reduced by NOK 25 million on account of Telenor Group's share of the net result from Kyivstar GSM for the period from 1 April to 20 April 2010.
- A gain of NOK 53 million was recorded in the third quarter of 2010 related to the sale of Intelcom Holding II AS.

## Financial items

| (NOK in millions)   | 3rd quarter  |              | First three quarters |                | Year           |
|---|--------------|--------------|----------------------|----------------|----------------|
|   | 2010         | 2009         | 2010                 | 2009           | 2009           |
| Financial income  | 314          | 116          | 595                  | 391            | 586            |
| Financial expenses  | (475)        | (737)        | (1 290)              | (2 011)        | (2 513)        |
| Net currency gains (losses)   | (387)        | (230)        | (892)                | (326)          | (443)          |
| Net change in fair value of financial instruments                     | 59           | 207          | 21                   | 316            | 431            |
| Net gains (losses and impairment) of financial assets and liabilities | 39           | 1            | 69                   | 1              | (83)           |
| <b>Net financial income (expenses)</b>                                | <b>(451)</b> | <b>(643)</b> | <b>(1 498)</b>       | <b>(1 629)</b> | <b>(2 022)</b> |
| Gross interest expenses   | (449)        | (711)        | (1 233)              | (2 020)        | (2 469)        |
| Net interest expenses   | (315)        | (627)        | (889)                | (1 782)        | (2 155)        |

- Financial income in the third quarter of 2010 included income on termination of the Cross Border QTE Leases of NOK 158 million.
- The net currency losses in the third quarter of 2010 were primarily related to financial liabilities in other currencies than functional currencies.
- The net currency losses in the first three quarters of 2010 included losses of NOK 387 million related to the discontinuation of the hedging of the third and fourth equity injection to Uninor in January and February, as a consequence of the revised IAS 27 Consolidated and Separate Financial Statements effective from 1 January 2010.

## Income taxes

- The effective tax rates for the third quarter and the first three quarters of 2010 were 53% and 22%, respectively. The effective tax rate for the third quarter was high mainly due to a tax expense provision of NOK 814 million following a reassessment by the Norwegian tax authorities of Telenor's 2006 and 2007 tax returns concerning a Total Return Swap agreement related to the shares in DJSC VimpelCom as underlying object. The effective tax rate for the first three quarters was relatively low mainly due to a 5% effective capital gains tax on the NOK 6.5 billion gain realised during the second quarter of 2010 from the contribution of Kyivstar to VimpelCom Ltd.
- The effective tax rate for the full year 2010 is estimated to be 24%.

## Investments

- Capital expenditure decreased by NOK 2,377 million as lower network investments in most operations were only partly offset by the investments in Uninor in 2010.

| (NOK in millions)                              | 3rd quarter |       | First three quarters |        | Year   |
|--|-------------|-------|----------------------|--------|--------|
|  | 2010        | 2009  | 2010                 | 2009   | 2009   |
| Capex  | 2 384       | 4 536 | 8 163                | 10 540 | 16 107 |
| Capex from continuing operations               | 2 302       | 4 430 | 7 905                | 10 267 | 15 722 |
| Capex excl. licences and spectrum              | 2 302       | 4 430 | 7 572                | 10 267 | 15 722 |
| Capex excl. licences and spectrum/Revenues (%) | 9.6         | 19.5  | 10.8                 | 15.0   | 17.3   |

## Financial position

- During the first three quarters of 2010, non-current assets increased by NOK 6.1 billion, primarily due to an increase in the carrying amounts of associated companies mainly resulting from the contribution of Kyivstar GSM to VimpelCom Ltd. upon their merger. The increase has been partially offset by decrease in non-current assets by NOK 5.4 billion due to the deconsolidation of EDB Business Partner ASA (EDB) from Telenor consolidated financial statements pursuant to a merger announced by Ergo Group AS and EDB as disclosed in note 3. The effect from the deconsolidation of EDB on current assets was NOK 2.5 billion.
- Total liabilities decreased by NOK 3.8 billion to NOK 77.1 billion with an effect from the EDB deconsolidation of NOK 6 billion. Net interest-bearing liabilities decreased by NOK 6.5 billion to NOK 19.8 billion mainly due to debt repayments and the EDB deconsolidation effect of NOK 2.7 billion partially offset by increase in cash and cash equivalents during the period.
- As of 30 September 2010, the Norwegian Krone had depreciated against most of the functional currencies of Telenor's subsidiaries and associated companies outside Norway compared to 31 December 2009. Total comprehensive income, mainly consisting of net income and the effects from translation differences, increased equity by NOK 18.1 billion, and were partially offset by dividend, share buy back reserve and other equity adjustments amounting to NOK 7.6 billion. Total equity increased by NOK 10.5 billion to NOK 95.6 billion.

## Cash flow

- The net cash inflow from operating activities in the first three quarters of 2010 was NOK 21.0 billion, a decrease of NOK 4.8 billion. The reduction is mainly explained by a NOK 1.8 billion decrease in EBITDA, NOK 1.9 billion higher income tax payments and NOK 3.2 billion lower dividends received from associated companies. These negative effects were partly offset by positive change in working capital and currency effects of NOK 2.3 billion.
- The net cash outflow from investing activities in the first three quarters of 2010 was NOK 11.8 billion, an increase of NOK 1.1 billion. The increase is mainly explained by the acquisition of C More Group AB in the second quarter of 2010. Despite high capital expenditure payments in Uninor, the capital expenditure payments for the Group were at the same level as last year.
- The net cash outflow from financing activities in the first three quarters of 2010 was NOK 8.0 billion, a net increase of NOK 0.7 billion. The net increase mainly consists of increase in dividend payments to shareholders of Telenor ASA and non-controlling interests, as well as share buyback totalling NOK 5.9 billion which was partly offset by reduction in net debt repayments of NOK 5.2 billion.
- Cash and cash equivalents increased by NOK 1.7 billion to NOK 13.3 billion as of 30 September 2010.

## Transactions with related parties

For detailed information on related party transactions refer to Note 34 in Telenor's Annual Report 2009. In addition to transactions described in the Annual Report the following new significant related party transactions occurred in 2010:

- On 13 January 2010, the extraordinary general meeting of shareholders of Kyivstar approved additional dividends of UAH 0.8 billion (approximately NOK 0.5 billion) for the fiscal year of 2008, of which Telenor has received its appropriate share of approximately NOK 230 million. The dividend distributed is a proportion of total net profit of UAH 5.1 billion for the fiscal year of 2008.
- On 21 April 2010, VimpelCom Ltd. successfully completed the Exchange Offer for OJSC VimpelCom shares and American Depository Shares. As part of the transaction, Telenor's shares in Kyivstar was transferred to VimpelCom Ltd. and a gain of approximately NOK 6.5 billion was recognised in the second quarter of 2010. Refer to note 4 for further information.
- On 11 May 2010, at the same time as Telenor Media Content & Services acquired 35% of the shares in C More Entertainment commented on in note 4, Telenor received a payment of approximately NOK 0.5 billion related to a sublicense agreement with C More Entertainment of certain Danish sports rights entered into in 2009.
- On 28 June 2010, Canal Digital Group signed a 3-year agreement with TV 2 for distribution of Premier League matches from the 2010/2011 season until the 2012/2013 season to Canal Digital's cable and satellite subscribers.
- On 8 July 2010, the proposed merger between EDB Business Partner ASA and ErgoGroup AS was approved in the extraordinary general meeting of EDB Business Partner ASA. The closing of the merger is carried out with accounting effect from 30 September 2010. Refer to note 3 and 4 for further information.

## Outlook for 2010

Based on the current Group structure including Uninor, excluding EDB Business Partner and currency rates as of 30 September 2010 Telenor expects:

- Organic revenue growth around 5%.
- An EBITDA margin before other income and expenses in the range of 30–31%.
- Capital expenditure as a proportion of revenues, excluding licences and spectrum, around 12%.

Telenor expects that Uninor will contribute with an EBITDA loss of around NOK 4.5 billion and capital expenditure in the range of NOK 1.5–2.0 billion.

## Risks and uncertainties

The existing risks and uncertainties described below are expected to remain for the next three months.

A growing share of Telenor's revenues and profits is derived from operations outside Norway. Currency fluctuations may influence the reported figures in Norwegian Kroner to an increasing extent. Political risk, including regulatory conditions, may also influence the profits.

For additional explanations regarding risks and uncertainties, please refer to the Report of the Board of Directors for 2009, section Risk Factors and Risk Management, and Telenor's Annual Report 2009 Note 30 Financial Instruments and Risk Management and Note 35 Commitments and Contingencies. Readers are also referred to the disclaimer at the end of this section.

New aspects of risks and uncertainties since the publication of Telenor's Annual Report for 2009 are:

### Financial aspects

Telenor's exposure to exchange rates has decreased due to additional borrowings in USD in relation to hedging of net investment.

## Disclaimer

This report contains statements regarding the future in connection with Telenor's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section 'Outlook for 2010' contains forward-looking statements regarding the Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

Fornebu, 26 October 2010  
The Board of Directors of Telenor ASA

# Condensed Interim Financial Information

## Consolidated Income Statement

Telenor Group

| (NOK in millions)                              | 3rd quarter  |              | First three quarters |               | Year          |
|--|--------------|--------------|----------------------|---------------|---------------|
|  | 2010         | 2009         | 2010                 | 2009          | 2009          |
| Revenues                                       | 24 096       | 22 767       | 69 985               | 68 330        | 90 748        |
| Costs of materials and traffic charges         | (6 455)      | (6 161)      | (18 935)             | (18 411)      | (24 510)      |
| Salaries and personnel costs                   | (2 426)      | (2 452)      | (7 933)              | (7 898)       | (10 659)      |
| Other operating expenses                       | (7 330)      | (5 966)      | (21 075)             | (18 283)      | (24 909)      |
| Other income and (expenses)                    | (139)        | (146)        | (356)                | (236)         | (595)         |
| <b>EBITDA</b>                                  | <b>7 746</b> | <b>8 042</b> | <b>21 686</b>        | <b>23 501</b> | <b>30 075</b> |
| Depreciation and amortisation                  | (3 994)      | (3 586)      | (11 989)             | (11 118)      | (14 905)      |
| Impairment losses                              | -            | 10           | -                    | (1 967)       | (1 938)       |
| <b>Operating profit</b>                        | <b>3 751</b> | <b>4 465</b> | <b>9 697</b>         | <b>10 416</b> | <b>13 232</b> |
| <b>Profit (loss) from associated companies</b> | <b>1 049</b> | <b>1 864</b> | <b>8 564</b>         | <b>3 234</b>  | <b>3 667</b>  |
| Net financial items                            | (451)        | (643)        | (1 498)              | (1 629)       | (2 022)       |
| <b>Profit before taxes</b>                     | <b>4 349</b> | <b>5 686</b> | <b>16 763</b>        | <b>12 021</b> | <b>14 877</b> |
| Income taxes                                   | (2 300)      | (1 438)      | (3 745)              | (3 756)       | (4 122)       |
| <b>Profit from continuing operations</b>       | <b>2 050</b> | <b>4 248</b> | <b>13 018</b>        | <b>8 265</b>  | <b>10 755</b> |
| Profit (loss) from discontinued operations     | (279)        | (462)        | (516)                | (609)         | (652)         |
| <b>Net income</b>                              | <b>1 771</b> | <b>3 786</b> | <b>12 502</b>        | <b>7 656</b>  | <b>10 104</b> |

### Net income attributable to:

|  |       |       |        |       |       |
|--|-------|-------|--------|-------|-------|
| Non-controlling interests (Minority interests) | 72    | 297   | 272    | 1 170 | 1 451 |
| Equity holders of Telenor ASA                  | 1 698 | 3 489 | 12 230 | 6 486 | 8 653 |

### Earnings per share in NOK

#### From continuing operations:

|         |      |      |      |      |      |
|---------|------|------|------|------|------|
| Basic   | 1.20 | 2.39 | 7.71 | 4.28 | 5.62 |
| Diluted | 1.20 | 2.38 | 7.70 | 4.28 | 5.61 |

#### From total operations:

|         |      |      |      |      |      |
|---------|------|------|------|------|------|
| Basic   | 1.03 | 2.11 | 7.40 | 3.92 | 5.22 |
| Diluted | 1.03 | 2.11 | 7.39 | 3.91 | 5.22 |

The interim financial information has not been subject to audit or review.

## Consolidated statement of comprehensive income

Telenor Group

| (NOK in millions)  | 3rd quarter    |                | First three quarters |                 | Year            |
|--|----------------|----------------|----------------------|-----------------|-----------------|
|  | 2010           | 2009           | 2010                 | 2009            | 2009            |
| <b>Net income</b>  | <b>1 771</b>   | <b>3 786</b>   | <b>12 502</b>        | <b>7 656</b>    | <b>10 104</b>   |
| Translation differences on net investment in foreign operations        | (2 779)        | (5 658)        | 1 954                | (14 987)        | (16 055)        |
| Income taxes   | 135            | (122)          | 117                  | (513)           | (613)           |
| Amount transferred to the income statement on disposal                 | (9)            | -              | 3 495                | -               | 5               |
| Net gain (loss) on hedge of net investment                             | (43)           | 945            | 287                  | 2 383           | 2 676           |
| Income taxes   | 12             | (264)          | (80)                 | (667)           | (749)           |
| Amount transferred to the income statement on disposal                 | (36)           | -              | (36)                 | -               | -               |
| Income taxes on amount transferred to the income statement on disposal | 10             | -              | 10                   | -               | -               |
| Valuation gains (losses) on available-for-sale investments             | (21)           | 38             | 23                   | -               | (3)             |
| Valuation gains (losses) on cash flow hedges                           | (3)            | (301)          | 559                  | (424)           | (334)           |
| Income taxes   | -              | 85             | (157)                | 118             | 93              |
| Amount transferred to the income statement on disposal                 | 24             | -              | 24                   | -               | -               |
| Income taxes on amount transferred to the income statement on disposal | (7)            | -              | (7)                  | -               | -               |
| Share of other comprehensive income (loss) of associated companies     | 57             | 1              | (636)                | (93)            | (74)            |
| <b>Other comprehensive income (loss), net of taxes</b>                 | <b>(2 659)</b> | <b>(5 276)</b> | <b>5 554</b>         | <b>(14 183)</b> | <b>(15 054)</b> |
| <b>Total comprehensive income (loss)</b>                               | <b>(889)</b>   | <b>(1 490)</b> | <b>18 056</b>        | <b>(6 527)</b>  | <b>(4 950)</b>  |

### Total comprehensive income (loss) attributable to:

|  |         |         |        |         |         |
|--|---------|---------|--------|---------|---------|
| Non-controlling interests (minority interests) | 327     | (429)   | 960    | (65)    | 280     |
| Equity holders of Telenor ASA                  | (1 216) | (1 061) | 17 096 | (6 462) | (5 230) |

The interim financial information has not been subject to audit or review.

## Consolidated Statement of Financial Position

Telenor Group

|  | 30 September<br>2010 | 30 June<br>2010 | 30 September<br>2009 | 31 December<br>2009 |
|--|----------------------|-----------------|----------------------|---------------------|
| (NOK in millions)                                    |                      |                 |                      |                     |
| Deferred tax assets                                  | 1 661                | 1 665           | 966                  | 1 811               |
| Goodwill   | 24 716               | 28 547          | 29 448               | 28 873              |
| Intangible assets                                    | 27 175               | 29 587          | 28 577               | 28 120              |
| Property, plant and equipment                        | 53 082               | 56 652          | 54 005               | 55 598              |
| Associated companies                                 | 31 013               | 30 872          | 17 365               | 17 241              |
| Other non-current assets                             | 3 322                | 3 217           | 4 745                | 3 215               |
| <b>Total non-current assets</b>                      | <b>140 969</b>       | <b>150 541</b>  | <b>135 106</b>       | <b>134 858</b>      |
| Trade receivables                                    | 8 026                | 8 744           | 8 642                | 9 178               |
| Other current assets                                 | 9 548                | 10 648          | 9 677                | 9 317               |
| Assets classified as held for sale                   | -                    | -               | 278                  | 258                 |
| Other financial current assets                       | 762                  | 660             | 1 137                | 941                 |
| Cash and cash equivalents                            | 13 361               | 14 628          | 15 420               | 11 479              |
| <b>Total current assets</b>                          | <b>31 697</b>        | <b>34 680</b>   | <b>35 154</b>        | <b>31 173</b>       |
| <b>Total assets</b>                                  | <b>172 666</b>       | <b>185 220</b>  | <b>170 260</b>       | <b>166 031</b>      |
| Equity attributable to equity holders of Telenor ASA | 86 839               | 88 577          | 74 314               | 75 976              |
| Non-controlling interests (minority interests)       | 8 726                | 10 422          | 8 680                | 9 089               |
| <b>Total equity</b>                                  | <b>95 566</b>        | <b>98 999</b>   | <b>82 994</b>        | <b>85 065</b>       |
| Non-current interest-bearing liabilities             | 26 867               | 33 465          | 34 754               | 32 959              |
| Non-current non-interest-bearing liabilities         | 1 008                | 1 337           | 720                  | 718                 |
| Deferred tax liabilities                             | 2 917                | 3 103           | 4 159                | 3 834               |
| Pension obligations                                  | 1 978                | 2 118           | 2 158                | 2 089               |
| Other provisions                                     | 1 850                | 2 038           | 2 127                | 1 863               |
| <b>Total non-current liabilities</b>                 | <b>34 620</b>        | <b>42 060</b>   | <b>43 918</b>        | <b>41 463</b>       |
| Current interest-bearing liabilities                 | 7 936                | 8 144           | 11 106               | 6 383               |
| Trade payables                                       | 7 113                | 8 001           | 8 971                | 7 605               |
| Current non-interest-bearing liabilities             | 27 432               | 28 016          | 22 993               | 25 231              |
| Liabilities classified as held for sale              | -                    | -               | 278                  | 284                 |
| <b>Total current liabilities</b>                     | <b>42 480</b>        | <b>44 161</b>   | <b>43 348</b>        | <b>39 503</b>       |
| <b>Total equity and liabilities</b>                  | <b>172 666</b>       | <b>185 220</b>  | <b>170 260</b>       | <b>166 031</b>      |
| Equity ratio including non-controlling interests (%) | 55.3                 | 53.4            | 48.7                 | 51.2                |
| Net interest-bearing liabilities                     | 19 787               | 25 546          | 28 628               | 26 332              |

The interim financial information has not been subject to audit or review.

## Consolidated Statement of Cash Flows

Telenor Group

| (NOK in millions)   | 3rd quarter    |                | First three quarters |                 | Year            |
|---|----------------|----------------|----------------------|-----------------|-----------------|
|   | 2010           | 2009           | 2010                 | 2009            | 2009            |
| Profit before taxes from total operations   | 3 995          | 5 375          | 16 165               | 11 610          | 14 184          |
| Income taxes paid   | (761)          | (626)          | (3 971)              | (2 028)         | (2 491)         |
| Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities | (91)           | (90)           | (61)                 | (181)           | (57)            |
| Depreciation, amortisation and impairment losses  | 4 268          | 4 069          | 12 463               | 13 788          | 17 653          |
| Loss (profit) from associated companies   | (1 049)        | (1 864)        | (8 564)              | (3 234)         | (3 667)         |
| Dividends received from associated companies  | 1              | 39             | 396                  | 3 592           | 4 757           |
| Currency (gains) losses not related to operating activities   | 258            | 247            | 769                  | 68              | 82              |
| Changes in other operating working capital assets and liabilities   | 611            | 720            | 3 844                | 2 219           | 161             |
| <b>Net cash flow from operating activities</b>  | <b>7 232</b>   | <b>7 870</b>   | <b>21 041</b>        | <b>25 834</b>   | <b>30 622</b>   |
| Purchases of property, plant and equipment (PPE) and intangible assets                                      | (2 942)        | (2 887)        | (10 000)             | (9 922)         | (13 014)        |
| Purchases of subsidiaries and associated companies, net of cash acquired                                    | (27)           | (82)           | (1 154)              | (611)           | (655)           |
| Proceeds of PPE, intangible assets and businesses, net of cash disposed                                     | (163)          | 69             | (173)                | 109             | 75              |
| Proceeds and purchases of other investments   | (31)           | 30             | (445)                | (218)           | (72)            |
| <b>Net cash flow from investing activities</b>  | <b>(3 163)</b> | <b>(2 870)</b> | <b>(11 772)</b>      | <b>(10 642)</b> | <b>(13 666)</b> |
| Proceeds from and repayments of borrowings  | (2 904)        | (4 462)        | (988)                | (6 233)         | (12 218)        |
| Proceeds from issuance of shares, incl. from non-controlling interests in subsidiaries                      | -              | -              | -                    | -               | 518             |
| Share buyback by Telenor ASA  | (1 378)        | (5)            | (1 386)              | (5)             | (5)             |
| Repayment of equity and dividends paid to non-controlling interests in subsidiaries                         | (281)          | (395)          | (1 450)              | (1 022)         | (1 530)         |
| Dividends paid to equity holders of Telenor ASA   | (134)          | -              | (4 141)              | -               | -               |
| <b>Net cash flow from financing activities</b>  | <b>(4 697)</b> | <b>(4 862)</b> | <b>(7 965)</b>       | <b>(7 260)</b>  | <b>(13 235)</b> |
| Effects of exchange rate changes on cash and cash equivalents   | (639)          | (893)          | 505                  | (1 408)         | (1 094)         |
| <b>Net change in cash and cash equivalents</b>  | <b>(1 267)</b> | <b>(755)</b>   | <b>1 809</b>         | <b>6 524</b>    | <b>2 627</b>    |
| Cash and cash equivalents at the beginning of the period  | 14 628         | 16 204         | 11 552               | 8 925           | 8 925           |
| <b>Cash and cash equivalents at the end of the period<sup>1)</sup></b>                                      | <b>13 361</b>  | <b>15 449</b>  | <b>13 361</b>        | <b>15 449</b>   | <b>11 552</b>   |
| Of which cash and cash equivalents in discontinued operations at the end of the period                      | -              | 29             | -                    | 29              | 73              |
| <b>Cash and cash equivalents in continuing operations at the end of the period</b>                          | <b>13 361</b>  | <b>15 420</b>  | <b>13 361</b>        | <b>15 420</b>   | <b>11 479</b>   |

<sup>1)</sup> The first three quarters of 2010 includes restricted cash of NOK 126 million, while the first three quarters of 2009 included restricted cash of NOK 1,021 million.

The statement includes discontinued operations prior to their disposal.

### Cash flow from discontinued operations

| (NOK in millions)                       | 3rd quarter |       | First three quarters |       | Year  |
|---|-------------|-------|----------------------|-------|-------|
|   | 2010        | 2009  | 2010                 | 2009  | 2009  |
| Net cash flow from operating activities | (118)       | 56    | (413)                | 42    | 369   |
| Net cash flow from investing activities | (74)        | (51)  | (246)                | (270) | (379) |
| Net cash flow from financing activities | (23)        | (160) | (333)                | (332) | (417) |

The cash flows ascribed to discontinued operations are only cash flows from external transactions. Hence, the cash flows presented for discontinued operations do not reflect these operations as if they were stand alone entities.

The interim financial information has not been subject to audit or review.

## Consolidated Statement of Changes in Equity

Telenor Group

| (NOK in millions)   | Attributable to equity holders of Telenor ASA |                |                   |                                    |               | Non-controlling interests | Total equity  |
|---|---|----------------|-------------------|------------------------------------|---------------|---------------------------|---------------|
|   | Paid in capital                               | Other reserves | Retained earnings | Cumulative translation differences | Total         |                           |               |
| <b>Equity as of 31 December 2008 (Restated)</b>             | <b>10 016</b>                                 | <b>11 915</b>  | <b>56 190</b>     | <b>2 826</b>                       | <b>80 947</b> | <b>7 621</b>              | <b>88 568</b> |
| Total comprehensive income                                  | -   | (334)          | 8 653             | (13 549)                           | (5 230)       | 280                       | (4 950)       |
| Transactions with non-controlling interests                 | -   | 282            | -                 | -                                  | 282           | 2 722                     | 3 004         |
| Equity adjustments in associated companies                  | -   | 28             | -                 | -                                  | 28            | -                         | 28            |
| Dividends   | -   | -              | -                 | -                                  | -             | (1 530)                   | (1 530)       |
| Share buy back  | (13)  | (70)           | -                 | -                                  | (83)          | (5)                       | (88)          |
| Sale of shares, share issue, and share options to employees | 2   | 30             | -                 | -                                  | 32            | 1                         | 33            |
| <b>Equity as of 31 December 2009</b>                        | <b>10 005</b>                                 | <b>11 851</b>  | <b>64 843</b>     | <b>(10 723)</b>                    | <b>75 976</b> | <b>9 089</b>              | <b>85 065</b> |
| Total comprehensive income                                  | -   | (203)          | 12 230            | 5 069                              | 17 096        | 960                       | 18 056        |
| Transactions with non-controlling interests                 | -   | (768)          | -                 | -                                  | (768)         | 164                       | (604)         |
| Equity adjustments in associated companies                  | -   | 29             | -                 | -                                  | 29            | -                         | 29            |
| Dividends   | -   | (4 141)        | -                 | -                                  | (4 141)       | (1 479)                   | (5 620)       |
| Share buy back  | (88)  | (1 290)        | -                 | -                                  | (1 378)       | (8)                       | (1 386)       |
| Sale of shares, share issue, and share options to employees | 2   | 22             | -                 | -                                  | 25            | -                         | 25            |
| <b>Equity as of 30 September 2010</b>                       | <b>9 919</b>                                  | <b>5 501</b>   | <b>77 073</b>     | <b>(5 654)</b>                     | <b>86 839</b> | <b>8 726</b>              | <b>95 565</b> |

| (NOK in millions)   | Attributable to equity holders of Telenor ASA |                |                   |                                    |               | Non-controlling interests | Total equity  |
|---|---|----------------|-------------------|------------------------------------|---------------|---------------------------|---------------|
|   | Total paid in capital                         | Other reserves | Retained earnings | Cumulative translation differences | Total         |                           |               |
| <b>Equity as of 31 December 2008 (Restated)</b>                         | <b>10 016</b>                                 | <b>11 915</b>  | <b>56 190</b>     | <b>2 826</b>                       | <b>80 947</b> | <b>7 621</b>              | <b>88 568</b> |
| Total comprehensive income for the period                               | -   | (416)          | 6 486             | (12 532)                           | (6 462)       | (65)                      | (6 527)       |
| Business combinations and increased ownership interests in subsidiaries | -   | -              | -                 | -                                  | -             | -                         | -             |
| Transactions with non-controlling interests                             | -   | 6              | -                 | -                                  | 6             | 2 150                     | 2 156         |
| Equity adjustments in associated companies                              | -   | (116)          | -                 | -                                  | (116)         | -                         | (116)         |
| Dividends   | -   | -              | -                 | -                                  | -             | (1 021)                   | (1 021)       |
| Share buy back  | (13)  | (70)           | -                 | -                                  | (83)          | (5)                       | (88)          |
| Sale of shares, share issue, and share options to employees             | 1   | 21             | -                 | -                                  | 22            | -                         | 22            |
| <b>Equity as of 30 September 2009</b>                                   | <b>10 004</b>                                 | <b>11 340</b>  | <b>62 676</b>     | <b>(9 706)</b>                     | <b>74 314</b> | <b>8 680</b>              | <b>82 994</b> |

The interim financial information has not been subject to audit or review.

# Notes to the Consolidated Interim Financial Statements

## Note 1 – General accounting principles

Telenor (the Group) consists of Telenor ASA (the Company) and its subsidiaries. Telenor ASA is a limited company, incorporated in Norway. The condensed consolidated interim financial statements consist of the Group and the Group's interests in associated companies and joint ventures. As a result of rounding differences, numbers or percentages may not add up to the total.

These interim condensed consolidated financial statements for the nine months ending 30 September 2010 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's Annual Report 2009.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Financial Statements for the year ended 31 December 2009, except for the adoption of new standards and interpretations as of 1 January 2010 noted below.

### Revised IFRS 3 Business Combinations

The revised standard introduces changes in the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. The effects of the revised standard in the first nine months of 2010 are insignificant.

### Revised IAS 27 Consolidated and Separate Financial Statements

The revised standard requires that changes in ownership interest of a subsidiary are accounted for as an equity transaction. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary, as well as the loss of control of a subsidiary. In the first quarter of 2010, the revised standard had an impact on transactions with non-controlling interests which were accounted for as equity transactions with no goodwill effect. Losses on foreign currency forward contracts related to acquisitions of non-controlling interests have been recognised in the income statement, since the derivatives no longer meet the criteria for hedge accounting according to the revised IAS 27. The merger of EDB Business Partner ASA and ErgoGroup AS was accounted for under the new rules, see also note 4 below.

Other standards and interpretations as mentioned in the Group's Annual Report 2009 Note 1 and effective from 1 January 2010 do not have a significant impact on the Group's consolidated interim financial statements.

## Note 2 – Transactions with non-controlling interests

### Unitech Wireless (Uninor) – India

On 7 January 2010, the Group acquired an 11.1% ownership interest in addition to the previously acquired ownership of 49.0%. On 10 February 2010, the Group acquired an additional 7.15% ownership interest, increasing the ownership to 67.25%. The transactions were completed by capital contributions of NOK 1.8 billion and NOK 2.6 billion, respectively. The acquisitions of non-controlling interests have been accounted for as equity transactions according to the revised IAS 27 and NOK 768 million have been charged to the equity of the controlling interest. Please refer to the statement of changes in equity on page 15 for further details.

## Note 3 – Discontinued operations

### Cinclus Technology

The assets and liabilities of Cinclus Technology were classified as 'Assets held for sale' and 'Liabilities held for sale' in the statement of financial position until 30 June 2010. Income and expenses from external transactions were presented as discontinued operations in the income statement for the periods until 30 June 2010. Refer to Note 15 in the Group's Annual Report 2009 for further information.

### EDB Business Partner ASA

In the extraordinary general meeting of EDB Business Partner ASA held on 8 July 2010, the general meeting approved the proposed combination with ErgoGroup AS. At 15 September 2010 the Norwegian Competition Authority notified the parties that the Authority has decided not to intervene against the merger. This means that the merger is cleared by the Norwegian Competition Authority. Furthermore EDB Business Partner ASA announces that the closing of the merger with ErgoGroup AS will be carried out with accounting effect from 30 September 2010 and that the merger will be completed on 14 October 2010 once the remaining formalities have been completed. As a consequence of this, EDB Business Partner ASA is disposed as a subsidiary and deconsolidated as of 30 September 2010.

EDB Business Partner ASA is for prior periods presented as a discontinued operation in the income statement. Discontinued operations remain consolidated in the consolidated financial statements, which means that internal transactions between continued and discontinued operations are eliminated as usual in the consolidation. As a consequence, the amounts reclassified to discontinued operations are income and expenses from external transactions only. Thus, the results presented as discontinued operations would not represent the activities of the operations on a standalone basis. Going forward, the new company EDB ErgoGroup ASA is presented as an associated company, see also note 4. Along with the transition from a subsidiary to an associated company a gain of NOK 15 million is recognised in the third quarter of 2010 and presented in the income statement line "Profit (loss) from discontinued operations".

## Note 4 – Associated companies

On 21 April 2010, VimpelCom Ltd. successfully completed the Exchange Offer for OJSC VimpelCom shares and American Depository Shares, with an aggregate combined tender representing 97.29% of the outstanding shares. The Group now holds 39.6% of the economic interests and 36.0% of the voting rights in VimpelCom Ltd., which began trading on the New York Stock Exchange on 22 April 2010.

In conjunction with the completion of the listing of VimpelCom Ltd, the Telenor Group recognised a gain of NOK 6.5 billion on the contribution of Kyivstar GSM to the new entity.

Until 31 December 2009, the income statement line 'Profit (loss) from associated companies' included actual figures for Kyivstar GSM and estimated results for OJSC VimpelCom, adjusted for deviations between actual and estimated figures for the previous quarter. As of the first quarter 2010, figures for OJSC VimpelCom, Kyivstar GSM and VimpelCom Ltd. going forward, will be included with a one quarter lag.

On 11 May 2010, Telenor Media & Content Services acquired 35% of the shares in C More Group AB for a consideration of NOK 1.1 billion. The net cash

payment was approximately NOK 0.6 billion, as certain sports rights owned by Telenor, such as SAS Ligaen and FIFA World Cup 2010 in Denmark, were sublicensed to C More Entertainment.

On 30 September 2010, it was concluded that Telenor lost control of EDB Business Partner ASA due to the merger with Ergo Group AS and therefore EDB Business Partner ASA was discontinued as a subsidiary from this date. The merger is diluting Telenor's ownership interest in EDB Business Partner ASA to 27.21% and hence the new company EDB ErgoGroup ASA is accounted for as an associated company going forward. According to the revised IAS 27 the opening carrying amount of the associated company should be measured at fair value at the date of loss of control. Thus, the value of the associated company EDB ErgoGroup ASA as of 30 September 2010 is based on the market equity value as of this date.

## Note 5 – Income taxes

During third quarter 2010 Telenor ASA received a reassessment by the Norwegian tax authorities of its 2006 and 2007 tax returns, concerning gain on a Total Return Swap agreement related to shares in OJSC VimpelCom as underlying object.

Following the receipt of the reassessment Telenor has during the third quarter 2010 provided for a tax expense of NOK 814 million. Telenor disagrees with the tax authority's position and will appeal the reassessment.

## Note 6 – Events after the reporting period

On 4 October 2010, VimpelCom Ltd., where Telenor owns 39.6% economic interest and 36.0% voting interest, announced that it had signed an agreement to combine the VimpelCom Ltd. Group with Weather Investments S.p.A. If the transaction is completed, Telenor's ownership in VimpelCom will be 31.7% economic and 29.3% voting post transaction. The transaction requires final approval from the VimpelCom Ltd. board.

The Hungarian Parliament has passed an extra crisis tax on 18 October 2010. This affects certain industries including telecommunication. The tax will be based on mobile revenues and is to be paid in advance. The amount for 2010 is to be calculated on the current year's statutory accounts, while the advance payment due on 20 December 2010 is calculated based on the 2009 revenue figures. Telenor Hungary will be affected by this with an estimated amount of approximately HUF 10–11 billion (NOK 290–320 million) for 2010.

## Note 7 – Segment table and reconciliation of EBITDA before other income and expenses

The definition of operating segments was changed from the first quarter of 2010. Telenor Norway is now defined as one single operating segment since the fixed and mobile operations have been merged and are no longer monitored separately by Group management. Uninor is now reported as a segment, and Telenor Serbia and Telenor Montenegro are reported separately (previously "Other mobile operations"). In addition, Kyivstar is no longer defined as an operating segment due to the combination with OJSC VimpelCom into the new entity VimpelCom Ltd. EDB Business Partner ASA was reclassified to discontinued operation in the third quarter of 2010 and external transactions are now excluded from the Group Operating profit, see note 3 for further explanations. Total assets are excluded from segment disclosures due to a change in the requirements in IFRS 8 Operating Segments.

### Third quarter

| (NOK in millions)         | Total revenues |               |             | of which internal |          | EBITDA before other income and expenses <sup>*)</sup> |              |              |              |
|---------------------------|----------------|---------------|-------------|-------------------|----------|---|--------------|--------------|--------------|
|                           | 2010           | 2009          | Growth      | 2010              | 2009     | 2010  | Margin       | 2009         | Margin       |
| Norway                    | 6 532          | 6 637         | (1.6%)      | 242               | 259      | 2 627   | 40.2%        | 2 749        | 41.4%        |
| Sweden                    | 2 381          | 2 336         | 1.9%        | 44                | 50       | 609   | 25.6%        | 637          | 27.3%        |
| Denmark                   | 1 779          | 1 961         | (9.3%)      | 42                | 57       | 413   | 23.2%        | 492          | 25.1%        |
| Hungary                   | 1 204          | 1 444         | (16.6%)     | 7                 | 2        | 599   | 49.8%        | 669          | 46.3%        |
| Serbia                    | 704            | 759           | (7.3%)      | 35                | 31       | 285   | 40.5%        | 321          | 42.3%        |
| Montenegro                | 200            | 225           | (11.1%)     | 17                | 18       | 106   | 52.8%        | 110          | 48.9%        |
| DTAC – Thailand           | 3 588          | 2 916         | 23.0%       | 5                 | 5        | 1 296   | 36.1%        | 909          | 31.2%        |
| DiGi – Malaysia           | 2 647          | 2 146         | 23.4%       | 2                 | 2        | 1 167   | 44.1%        | 912          | 42.5%        |
| Grameenphone – Bangladesh | 1 721          | 1 458         | 18.0%       | -                 | 1        | 892   | 51.8%        | 830          | 56.9%        |
| Pakistan                  | 1 169          | 1 039         | 12.5%       | 14                | 10       | 347   | 29.7%        | 254          | 24.4%        |
| Uninor – India            | 214            | -             | nm          | -                 | -        | (1 115)   | nm           | (149)        | nm           |
| Broadcast                 | 2 237          | 2 167         | 3.2%        | 25                | 23       | 619   | 27.7%        | 515          | 23.8%        |
| Other units               | 812            | 785           | 3.4%        | 670               | 648      | 33  | 4.0%         | (72)         | nm           |
| Eliminations              | (1 092)        | (1 106)       | -           | (1 103)           | (1 106)  | 6   | -            | 11           | -            |
| <b>Group</b>              | <b>24 096</b>  | <b>22 767</b> | <b>5.8%</b> | <b>-</b>          | <b>-</b> | <b>7 885</b>  | <b>32.7%</b> | <b>8 188</b> | <b>36.0%</b> |

### First three quarters

| (NOK in millions)         | Total revenues |               |             | of which internal |          | EBITDA before other income and expenses <sup>*)</sup> |              |               |              |
|---------------------------|----------------|---------------|-------------|-------------------|----------|---|--------------|---------------|--------------|
|                           | 2010           | 2009          | Growth      | 2010              | 2009     | 2010  | Margin       | 2009          | Margin       |
| Norway                    | 19 625         | 19 592        | 0.2%        | 736               | 794      | 7 898   | 40.2%        | 7 978         | 40.7%        |
| Sweden                    | 6 966          | 6 774         | 2.8%        | 139               | 134      | 1 705   | 24.5%        | 1 430         | 21.1%        |
| Denmark                   | 5 404          | 5 958         | (9.3%)      | 149               | 161      | 1 254   | 23.2%        | 1 411         | 23.7%        |
| Hungary                   | 3 582          | 4 140         | (13.5%)     | 18                | 5        | 1 599   | 44.7%        | 1 799         | 43.5%        |
| Serbia                    | 1 935          | 2 224         | (13.0%)     | 76                | 74       | 768   | 39.7%        | 928           | 41.7%        |
| Montenegro                | 487            | 577           | (15.7%)     | 31                | 31       | 216   | 44.4%        | 257           | 44.5%        |
| DTAC – Thailand           | 10 093         | 9 144         | 10.4%       | 26                | 15       | 3 513   | 34.8%        | 2 736         | 29.9%        |
| DiGi – Malaysia           | 7 449          | 6 661         | 11.8%       | 8                 | 7        | 3 271   | 43.9%        | 2 909         | 43.7%        |
| Grameenphone – Bangladesh | 4 846          | 4 569         | 6.1%        | 1                 | 1        | 2 410   | 49.7%        | 2 673         | 58.5%        |
| Pakistan                  | 3 480          | 3 292         | 5.7%        | 26                | 28       | 1 054   | 30.3%        | 746           | 22.7%        |
| Uninor – India            | 373            | -             | nm          | -                 | -        | (3 221)   | nm           | (229)         | nm           |
| Broadcast                 | 6 567          | 6 353         | 3.4%        | 70                | 71       | 1 681   | 25.6%        | 1 447         | 22.8%        |
| Other units               | 2 459          | 2 347         | 4.8%        | 2 008             | 1 980    | (105)   | nm           | (355)         | nm           |
| Eliminations              | (3 278)        | (3 301)       | -           | (3 289)           | (3 301)  | (2)   | -            | 7             | -            |
| <b>Group</b>              | <b>69 985</b>  | <b>68 330</b> | <b>2.4%</b> | <b>-</b>          | <b>-</b> | <b>22 042</b>   | <b>31.5%</b> | <b>23 737</b> | <b>34.7%</b> |

<sup>\*)</sup> The segment profit is EBITDA before other income and expenses

### Reconciliation

| (NOK in millions)   | 3rd quarter  |              | First three quarters |               | Year          |
|---|--------------|--------------|----------------------|---------------|---------------|
|   | 2010         | 2009         | 2010                 | 2009          | 2009          |
| <b>Net income</b>   | <b>1 771</b> | <b>3 786</b> | <b>12 502</b>        | <b>7 656</b>  | <b>10 104</b> |
| Profit (loss) from discontinued operations                | (279)        | (462)        | (516)                | (609)         | (652)         |
| <b>Profit from continuing operations</b>                  | <b>2 050</b> | <b>4 248</b> | <b>13 018</b>        | <b>8 265</b>  | <b>10 755</b> |
| Income taxes  | (2 300)      | (1 438)      | (3 745)              | (3 756)       | (4 122)       |
| <b>Profit before taxes</b>                                | <b>4 349</b> | <b>5 686</b> | <b>16 763</b>        | <b>12 021</b> | <b>14 877</b> |
| Net financial income (expenses)                           | (451)        | (643)        | (1 498)              | (1 629)       | (2 022)       |
| Profit (loss) from associated companies                   | 1 049        | 1 864        | 8 564                | 3 234         | 3 667         |
| Depreciation and amortisation                             | (3 994)      | (3 586)      | (11 989)             | (11 118)      | (14 905)      |
| Impairment losses   | -            | 10           | -                    | (1 967)       | (1 938)       |
| <b>EBITDA</b>   | <b>7 746</b> | <b>8 042</b> | <b>21 686</b>        | <b>23 501</b> | <b>30 075</b> |
| Gains (losses) on disposal of fixed assets and operations | (8)          | (49)         | (27)                 | (67)          | (247)         |
| Workforce reductions and loss contracts                   | (86)         | (97)         | (283)                | (169)         | (348)         |
| One-time effects to pension costs                         | (46)         | -            | (46)                 | -             | -             |
| <b>EBITDA before other income and expenses</b>            | <b>7 885</b> | <b>8 188</b> | <b>22 042</b>        | <b>23 737</b> | <b>30 670</b> |

| EBITDA       |              |              |              | Operating profit (loss) |              |              |              |
|--------------|--------------|--------------|--------------|-------------------------|--------------|--------------|--------------|
| 2010         | Margin       | 2009         | Margin       | 2010                    | Margin       | 2009         | Margin       |
| 2 573        | 39.4%        | 2 720        | 41.0%        | 1 680                   | 25.7%        | 2 006        | 30.2%        |
| 581          | 24.4%        | 623          | 26.7%        | 48                      | 2.0%         | 114          | 4.9%         |
| 356          | 20.0%        | 445          | 22.7%        | 135                     | 7.6%         | 173          | 8.8%         |
| 530          | 44.1%        | 660          | 45.7%        | 395                     | 32.8%        | 477          | 33.0%        |
| 285          | 40.5%        | 321          | 42.3%        | 165                     | 23.5%        | 153          | 20.2%        |
| 106          | 52.9%        | 107          | 47.6%        | 93                      | 46.4%        | 86           | 38.2%        |
| 1 345        | 37.5%        | 904          | 31.0%        | 910                     | 25.4%        | 522          | 17.9%        |
| 1 167        | 44.1%        | 908          | 42.3%        | 775                     | 29.3%        | 576          | 26.8%        |
| 892          | 51.8%        | 830          | 56.9%        | 519                     | 30.2%        | 462          | 31.7%        |
| 298          | 25.5%        | 253          | 24.4%        | (29)                    | nm           | (52)         | nm           |
| (1 115)      | nm           | (149)        | nm           | (1 337)                 | nm           | (150)        | nm           |
| 613          | 27.4%        | 487          | 22.5%        | 383                     | 17.1%        | 263          | 12.1%        |
| 27           | 3.4%         | (78)         | (9.9%)       | (80)                    | nm           | (185)        | nm           |
| 87           | -            | 11           | -            | 94                      | -            | 20           | -            |
| <b>7 746</b> | <b>32.1%</b> | <b>8 042</b> | <b>35.3%</b> | <b>3 751</b>            | <b>15.6%</b> | <b>4 465</b> | <b>19.6%</b> |

| EBITDA        |              |               |              | Operating profit (loss) |              |               |              |
|---------------|--------------|---------------|--------------|-------------------------|--------------|---------------|--------------|
| 2010          | Margin       | 2009          | Margin       | 2010                    | Margin       | 2009          | Margin       |
| 7 813         | 39.8%        | 7 922         | 40.4%        | 5 139                   | 26.2%        | 5 800         | 29.6%        |
| 1 666         | 23.9%        | 1 384         | 20.4%        | 122                     | 1.7%         | (140)         | nm           |
| 1 171         | 21.7%        | 1 340         | 22.5%        | 413                     | 7.6%         | 221           | 3.7%         |
| 1 495         | 41.7%        | 1 780         | 43.0%        | 1 013                   | 28.3%        | 1 265         | 30.6%        |
| 757           | 39.1%        | 927           | 41.7%        | 293                     | 15.2%        | (1 553)       | nm           |
| 216           | 44.5%        | 254           | 44.0%        | 109                     | 22.4%        | 187           | 32.4%        |
| 3 564         | 35.3%        | 2 732         | 29.9%        | 2 313                   | 22.9%        | 1 528         | 16.7%        |
| 3 270         | 43.9%        | 2 909         | 43.7%        | 2 166                   | 29.1%        | 1 902         | 28.6%        |
| 2 411         | 49.7%        | 2 673         | 58.5%        | 1 321                   | 27.3%        | 1 513         | 33.1%        |
| 1 005         | 28.9%        | 743           | 22.6%        | 52                      | 1.5%         | (196)         | nm           |
| (3 221)       | nm           | (229)         | nm           | (3 772)                 | nm           | (230)         | nm           |
| 1 661         | 25.3%        | 1 417         | 22.3%        | 956                     | 14.6%        | 774           | 12.2%        |
| (120)         | nm           | (358)         | nm           | (445)                   | (18.1%)      | (690)         | nm           |
| (2)           | -            | 7             | -            | 17                      | (0.5%)       | 34            | -            |
| <b>21 686</b> | <b>31.0%</b> | <b>23 501</b> | <b>34.4%</b> | <b>9 697</b>            | <b>13.9%</b> | <b>10 416</b> | <b>15.2%</b> |

# Definitions

- Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects.
- Capital expenditure (Capex) is investments in tangible and intangible assets.
- Operating cash flow is defined as EBITDA before other income and expenses – Capex, excluding licences and spectrum.
- Investments in businesses comprise acquisitions of shares and participations, including acquisitions of subsidiaries and businesses not organised as separate companies.

## Mobile operations

### Revenues

#### Subscription and traffic

– consist of subscription and connection fees, revenues from voice, outgoing airtime, non-voice traffic, outbound roaming and other mobile service revenues. Subscription and traffic includes only revenues from the company's own subscriptions.

#### Interconnect

– consist of revenues from incoming traffic. Revenues from incoming traffic related to service provider subscriptions are not included.

#### Other mobile

– consist of inbound roaming, national roaming and revenues related to service providers and MVNOs (Mobile Virtual Network Operators).

#### Non-mobile

– consist of revenues from customer equipment and businesses that are not directly related to mobile operations.

## Key Figures

### Subscriptions

Contract subscriptions are counted until the subscription is terminated.

Prepaid subscriptions are counted as active if there has been outgoing or incoming traffic or if the SIM card has been reloaded during the last three months. Service provider and MVNO subscriptions are not included. Data only SIM cards are included, but SIM cards used for telemetric applications and Twin SIM cards are excluded. Telemetric is defined as machine-to-machine SIM cards (M2M), for example, vending machines and meter readings.

Total subscriptions are voice SIM cards plus data only SIM cards used for Mobile Broadband.

#### Mobile broadband subscriptions

Mobile broadband subscriptions include both data only SIM cards and voice subscriptions having a mobile broadband package as a supplementary service. Hence, the sum of voice subscriptions and mobile broadband subscriptions will exceed the total number of subscriptions.

#### Average traffic minutes per subscription per month (AMPU)

Traffic minutes per subscription per month are calculated based on total outgoing and incoming rated minutes from the company's own subscriptions. This includes zero rated minutes and outgoing minutes from own subscriptions while roaming. Outgoing and incoming minutes related to inbound roaming, national roaming, service providers and MVNOs are not included.

#### Average revenue per subscription per month (ARPU)

ARPU is calculated based on mobile revenues from the company's own subscriptions, divided by the average number of subscriptions for the relevant period.

#### Mobile revenues from company's own subscriptions

– consist of 'Subscription and traffic' and 'Interconnect revenues' and do not include revenues from inbound roaming, national roaming, service providers, MVNOs, sale of customer equipment and incoming traffic related to service provider subscriptions.

## Fixed operations

### Revenues

#### Telephony

– consist of subscription and connection fee, traffic (fixed to fixed, fixed to mobile, to other countries, value added services, other traffic) for PSTN/ISDN and Voice over Internet Protocol (VoIP).

#### Broadband

– consist of subscription fee for xDSL and fibre, in addition to subscription fee and traffic charges for Internet traffic (810/815).

#### Data services

– consist of Frame relay and IP-VPN.

#### Other

– consist of leased lines, managed services and other retail products.

#### Wholesale

– consist of sale to service providers of telephony (PSTN/ISDN) and xDSL, national and international interconnect, transit traffic, leased lines, other wholesale products and contractor services.

## Broadcast

### Revenues

#### Canal Digital Group

– consists of revenues from our DTH subscribers, cable TV subscribers, households in SMATV networks and DTT subscribers in the Nordic region.

#### Transmission & Encryption

– consist of revenues from satellite services from satellite position 1-degree west, and revenues from terrestrial radio and TV transmission in Norway and revenues from conditional access systems.

#### Other

– consist of revenues not directly related to the Canal Digital Group and Transmission & Encryption.





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