






Universal Services in Norway

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Telenor / Norway




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Telenor Short introduction




Telenor

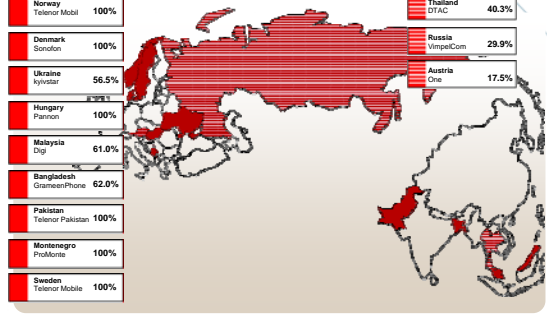
- One of the world's 12 largest GSM operators with more than 67 million mobile subscribers worldwide
- Largest mobile consolidated operations:

–Kyivstar	9.3 mill
–Digi.Com	3.8 mill
–GrameenPhone	3.7 mill
–Pannon GSM	2.8 mill
–Telenor Mobil	2.7 mill
–Sonofon	1.3 mill
- Norway's leading telecommunications company
- Largest provider of TV services to the Nordic market
- Total workforce: 22,400 people (11,300 in Norway)



Telenor's mobile operations





Norway	Telenor Mobil	100%
Denmark	Sonofon	100%
Ukraine	Kyivstar	56.5%
Hungary	Pannon	100%
Malaysia	Digi	61.0%
Bangladesh	GrameenPhone	62.0%
Pakistan	Telenor Pakistan	100%
Montenegro	ProMonte	100%
Sweden	Telenor Mobil	100%
Thailand	DTAC	40.3%
Russia	VimpelCom	29.9%
Austria	One	17.5%

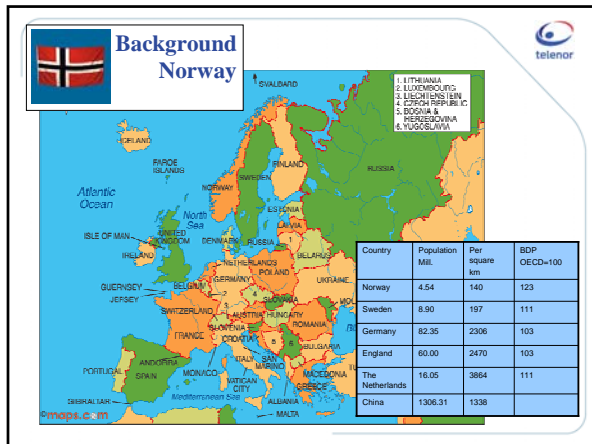


Record-high subscriber growth

Subscriber figures (in millions)



Quarter	Total Consolidated	Total Pro Rata	100% figures (all companies)
Q1 2004	13.2	16.9	34.2
Q2 2004	14.3	18.7	38.9
Q3 2004	16.5	21.3	45.2
Q4 2004	19	24.8	52.7
Q1 2005	21.4	27.8	60.1
Q2 2005	24.8	31.2	67.1



Background - Norway

- Norway is a long country with large area
- Harsh climate (cold winters with lots of snow)
- High mountains
- Fjords – deep and narrow
-> high building cost
- Small population
-> few per switch
- Scattered population
-> long access lines

➔ Telecommunications should be costly in Norway

Background – Telecommunications market

- Liberalized gradually through the 90' – Fully opened and liberalized since 1998
- Fixed networks (97-98% penetration):
 - Telenor has a fixed network covering the whole country
 - Several other fixed network providers
- Two nationwide mobile networks (>100% penetration)
- All households have access to the network
 - Many have both fixed and mobile access
 - Many have ISDN and/or broadband access
- Comparable low prices

Background – Norway and the EU

- European Economic Area agreement (EEA)
- Norway has implemented the EU telecommunications framework including the US directive

Universal Services Before 1998

- Monopoly and state owned company
- Queue to get a phone up to the late 80'
- USO (telephony etc) and SSO
- Gradual liberalization – fully opened by 1998

Universal Services From 1998

- Definition**
 - Split between USO and SSO
 - Minimum set of services to all end users at an affordable price
- Scope**
 - Telephony
 - Directory enquiry and directories
 - Public pay telephones
 - Disabled users
- Mechanism**
 - Financing of US / compensation
 - Telenor has not requested compensation (Provide US if not a fund)
 - Price regulation / price cap introduced by 1998
 - Normal delivery area, duty to contract and non-discrimination
- Fixed network, but fixed mobile solutions in some places

Universal Services in EU/Europe



- Minimum set of services of specified quality to which all end-users have access at an affordable price in the light of specific national conditions. (Universal Service directive – 2002/22/EC)
- Only Austria, France and Italy have implemented a compensation / sharing mechanism, but the mechanism of these countries are disputed.
- Other countries have not designated an US provider or the designated provider is viewed as incurred no significant competitive disadvantage in providing the universal services.

Achievements (Norway)



- Fully liberalized and a competitive market
 - Real choice for end-users from various providers and services
- All households have a telephony service
 - Choice from various providers (telecom, cable-TV and electricity companies)
 - Many end-users have ISDN or broadband access
- Two country wide mobile networks and several providers
 - Pre-paid and low cost of entry to telecommunication services
 - Many have only a mobile phone
- Competing directory services
- Tailored services for disabled users
- Comparable low prices (see for example OECD statistics)



“US is not an issue in Norway today”

Learning lesson



- Available services throughout effective competition (USO is only relevant when the needs of end-users are not met by the market)
- Operators and providers are motivated to provide services to everybody when the regulatory environment is right
- No technology or provider should be predetermined
 - Wireless technologies can be cost efficient and give fast roll-out
 - Speed of wireless solutions is fast improving
- Low cost of entry
 - Mass production of terminals and equipment
 - Production of low cost terminals
 - High penetration
 - Pre-paid mobile (low entry and cost control)
- Communication centre and village phones
 - Example: GrameenPhone in Bangladesh

Thank you ...

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