

Agreement between the State
(represented by the Ministry of Transport and
Communications) and Telenor ASA on
universal service obligations

Oslo, Norway, 1 September 2004

For the State (represented by the
Ministry of Transport and Communications)

Per Sanderud (signature)
Per Sanderud (by authority)
Secretary General

For Telenor ASA

Jon Fredrik Baksaas (signature)
Jon Fredrik Baksaas
President and CEO

1. About the Agreement

Telenor ASA and the State (represented by the Ministry of Transport and Communications) have this day, 1 September 2004, entered into an agreement on universal service obligations.

The purpose of the Agreement is to ensure the national provision of universal services. By entering into this Agreement, Telenor ASA is a universal service provider, cf. chapter 5 of Act No. 83 of 4 July 2003 relating to electronic communications (the Electronic Communications Act) on universal service obligations and chapter 5 of Regulation No. 401 of 16 February 2004 on electronic communications networks and services (the Ecom Regulations) on universal service obligations.

If disputes should arise in connection with this Agreement or if doubts regarding interpretation should arise as a consequence of differences in formulations of the Agreement and Acts of law, regulations or individual decisions, the provisions of the Acts, regulations and individual decisions in force at the time in question shall take precedence over the text of the Agreement. This also applies if the service obligation or the obligations otherwise in pursuance of the Agreement, are changed by law, regulation or individual decision.

2. Scope of the Agreement

The Agreement covers the universal service obligations pursuant to section 5-1 of the Electronic Communications Act and chapter 5 of the Ecom Regulations, including

1. access to public telephone service and digital electronic communications networks throughout the country
2. public pay telephones
3. directory enquiry services
4. telephone directories
5. special services for the disabled and other end users with special needs.
6. overview and control of end user's expenditure etc.

3. Geographic scope of the Agreement

The Agreement covers the entire geographic scope of the Electronic Communications Act, cf. section 1-3 of the Electronic Communications Act and Regulation No. 882 of 4 July 2003 on the geographic scope of the Act relating to electronic communications regarding Svalbard, Jan Mayen, the Dependencies and the Antarctic.

4. Access to public telephone service and digital electronic communications networks

Established practice for Telenor's universal service obligation for access to public telephone service and digital electronic communications networks shall continue.

Telenor shall offer every user access to public telephone service in the fixed network and digital electronic communications network at any location with a permanent year-round settlement or industry, cf. section 5-1, first paragraph, of the Ecom Regulations. "Permanent year-round settlement" normally means where a user has his permanent year-round address registered in the

Population Register. The term “industry” means activity that constitutes the user’s primary economic base.

Within the ordinary supply area Telenor shall provide connection on ordinary terms and conditions and at ordinary prices. “Ordinary supply area” means locations with year-round industry and permanent year-round settlement connected therewith, cf. section 5-1, second paragraph, of the Ecom Regulations. In addition, the ordinary supply area also covers local geographic areas with normal settlement such as e.g. towns and rural districts and built-up areas/geographic areas covered by the network under the individual exchanges. Farms operated year-round as a principal business and other industry connected with the location and engaged in as a principal business are included in the ordinary supply area, even if the farm/industry is in a remote location. “Year-round industry” means industry as defined in the previous paragraph that is engaged in year-round and is connected with the location.

For connection outside the ordinary supply area, Telenor may charge the customer for the additional connection cost, cf. section 5-1, second paragraph, of the Ecom Regulations. “Additional cost” means the cost of building and maintaining the portion of the connection located outside of the ordinary supply area. Such connection shall be done in the most favourable manner possible (price and quality) for the user outside of the ordinary supply area. The additional cost for the connection outside of the ordinary supply area shall be set in each case according to a specific assessment of this cost.

The clarification in the Ecom Regulations, cf. section 5-1, second paragraph, third sentence, whereby in the event of a loss of industry the status of ordinary supply area is maintained on the condition that established infrastructure is available for continued supply, is limited to cases where only ordinary fault correction and maintenance of the infrastructure are required. Telenor may normally demand that costs over and above this be covered.

Access includes establishment, operation and maintenance of public telephone service in the fixed network and digital electronic communications network. Access shall enable any user to make and receive national and international telephone calls, send and receive faxes and connect to the Internet.

Telenor may fulfil its universal service obligation for public telephone service in the fixed network within the ordinary supply area by means of a wireless connection. If Telenor chooses wireless connection, the cost to the end user shall not exceed the total amount for the subscription and traffic (incoming and outgoing) calculated on the basis of the standard tariffs for services/products covered by public telephone service in the fixed network, cf. section 5-1 of the Ecom Regulations.

The universal service obligation to an end user connected to a private communications network, cf. section 5-1, last paragraph, of the Ecom Regulations, shall also not apply when the owner or lessee of the private electronic communications network charges Telenor a rental fee for conveying signals to the end user in the private electronic communications network.

Any questions of doubt regarding specific cases relating to an ordinary supply area are to be settled in the first instance by the Norwegian Post and Telecommunications Authority. Appeals shall be decided by the Ministry of Transport and Communications, cf. section 11-6 of the Electronic Communications Act. The Norwegian Post and Telecommunications Authority may

grant dispensations from the universal service obligation in cases where the provision of service would result in an unreasonable burden on Telenor, cf. section 10-4 of the Ecom Regulations.

5. Public Pay Telephones

Telenor shall offer public pay telephones in the ordinary supply area, cf. section 5-2 of the Ecom Regulations. Public pay telephones are pay telephones intended for the use of the general public.

To meet the users' reasonable needs for public pay telephones, Telenor shall offer a sufficient number of pay telephones, spread geographically to ensure an appropriate distribution among municipalities and counties. Telenor shall offer a sufficient number of pay telephones that are adapted for disabled persons. When upgrading or installing new pay telephones, Telenor shall adapt them to the needs of the disabled as far as this is technically possible or economically justified.

The supply of public pay telephones shall at all times satisfy the relevant requirements pursuant to the Electronic Communications Act with regulations, included those pertaining to quality, ability to make calls, and relation to emergency numbers.

Public pay telephones shall include both cash and card telephones, cf. section 5-2 of the Ecom Regulations. Telenor shall tailor the type of pay telephone to demand.

Telenor shall annually submit a report to the Norwegian Post and Telecommunications Authority of the number of pay telephones, their geographic location, including also their breakdown by municipality and county, adaptation for disabled persons, means of payment, time in service, interruptions in service, revenue and costs.

Material changes in the service must be submitted in advance to the Ministry of Transport and Communications for approval.

6. Directory enquiry services

Telenor is responsible for offering directory enquiry services, cf. section 5-3 of the Ecom Regulations, which upon request provide directory enquiry information on all end users of public telephone service in Norway, on both fixed and mobile networks. This however does not apply to end users who have reserved the right not to be listed in such directory enquiry services, cf. section 6-2, third paragraph, of the Ecom Regulations. Nor does this apply to numbers assigned to end users internally in a company, unless the company so desires.

Telenor shall also ensure that directory enquiry services are offered that cover end users of public telephone service in foreign countries to the extent that such information is available.

Directory enquiry information received from providers of public telephone service shall be processed in a non-discriminatory manner.

The directory enquiry services shall furnish relevant information to users on a non-discriminatory basis.

The directory enquiry services shall be kept updated and comply with privacy legislation. No information shall be disclosed in violation of a statutory duty of confidentiality.

7. Telephone directories

Telenor is responsible for publishing a telephone directory listing all end users of public telephone service in Norway, on both fixed and mobile networks. However, this does not apply to listing numbers of end users who have reserved the right not to be listed in the directory. Nor does this apply to numbers assigned to end users internally in a company, until the company or end user so desires.

The telephone directory shall be published in printed and electronic form, cf. section 5-4, second paragraph, of the Ecom Regulations. The telephone directory shall be updated regularly and published at least once a year. The directory shall be distributed in printed form to end users who have not reserved the right not to receive such a directory. End users listed with more than one number are entitled only to one printed copy of the directory each. The directory shall be made available in electronic form to end users who desire this.

Information received from providers of public telephone service shall be processed in a non-discriminatory manner, cf. section 5-4 of the Ecom Regulations.

The emergency numbers in effect at the time in question shall appear prominently in the directory.

The information shall be treated in compliance with privacy legislation. No information shall be disclosed in violation of a statutory duty of confidentiality.

8. Services for the disabled and end users with special needs

Telenor shall offer services to disabled persons and other end users with special needs, cf. section 5-5 of the Ecom Regulations.

Telenor shall offer such services and terms as appear in section 5-5, second paragraph, nos. 1-3, of the Ecom Regulations. The requirement for discount and refund schemes is limited to Telenor's own customers.

Telenor shall continue the established level of research and development activity on the needs of the disabled, elderly, and other users for the special adaptation of electronic communications services. Telenor shall submit a report each year to the Norwegian Post and Telecommunications Authority on the status of and relevant projects in this area.

9. Overview of the end user's expenditure

Telenor shall offer a functionality giving end users an overview and control of their own expenditure, cf. section 5-6 of the Ecom Regulation.

This universal service obligation applies from the date the Agreement is concluded insofar as it is technically possible, and such that complete delivery pursuant to section 5-6 of the Ecom Regulations must be in place by no later than 1 January 2006. Telenor shall, insofar as it is

technically possible, offer alternative solutions adapted to the user's needs, until the full functionality as described in section 5-6 of the Ecom Regulations is in place.

The universal service obligation includes offering functionality limiting call access to a predefined selection of numbers at the request of the end user, cf. section 5-6, no. 1, of the Ecom Regulations. Predefined selection means number types to be further specified or a selection of numbers that can be implemented as technical solutions permit.

Telenor shall offer functionality to block certain types of incoming or outgoing calls or numbers at the request of the end user, cf. section 5-6, no. 2, of the Ecom Regulations, and pre-payment, cf. section 5-6, no. 3, of the Ecom Regulations. Such blocking of certain types of incoming calls requires that the end user might otherwise have been billed.

Telenor shall offer end users the opportunity to make part payment of connection fees, cf. section 5-6, no. 4, of the Ecom Regulations. This applies to connection fees over NOK 1,500.

Telenor shall offer end users the opportunity to set an upper limit on variable costs for the billing period concerned and offer blocking if the billing amount exceeds this limit. The blocking shall not include outgoing calls that are free of charge to the end user or free incoming calls.

10. Restriction on product bundling

Telenor shall offer universal services on terms and conditions as stated in section 5-10 of the Ecom Regulations.

11. Reporting

Telenor shall report to the Norwegian Post and Telecommunications Authority as stated in section 5-9 of the Ecom Regulations.

12. Supervision and sanctions

The Norwegian Post and Telecommunications Authority shall oversee Telenor's compliance with its obligations pursuant to this Agreement. Sections 10-1 through 10-5 of the Ecom Regulations shall apply wherever appropriate.

In the event of a breach of this Agreement, the Norwegian Post and Telecommunications Authority may impose sanctions stated in chapter 10 of the Electronic Communications Act, including ordering rectification and amendments, cf. section 10-6, and imposing penalties, cf. section 10-7.

13. Compensation

This Agreement implies no coverage of costs or other compensation from the State (as represented by the Ministry of Transport and Communications) to Telenor. If Telenor desires compensation, the procedures in sections 5-7 and 5-8 of the Ecom Regulations shall be followed. The granting of compensation shall lead to the termination of this Agreement, cf. clauses 14 and 15.

14. Entry into force and duration

The Agreement enters into force from the date it is concluded. The Agreement will cease to be in force as a consequence of termination by one of the parties pursuant to clause 15.

15. Amendments and termination

The parties have a mutual right to demand amendments to the Agreement. Amendments to the Agreement require the agreement of the parties.

The parties have a mutual right to terminate the Agreement. At least three months' notice of termination of the Agreement must be given to Telenor ASA and at least nine months' notice must be given to the Ministry of Transport and Communications.

The Ministry of Transport and Communication's competency to make individual decisions pursuant to the Electronic Communications Act and the Ecom Regulations is not restricted as a consequence of this Agreement. This includes the ability of the Ministry of Transport and Communications by means of an individual decision to order Telenor to maintain its obligations pursuant to the Agreement until a new universal service provider has been designated and a new agreement has entered into force.

Amendments, termination or revisions pursuant to this Agreement do not entitle Telenor ASA or others to compensation from the State.

16. Resolution of disputes

If a dispute arises between the parties regarding the understanding of this Agreement, the parties shall attempt to resolve the dispute through negotiation. If such negotiations are unsuccessful, and the dispute cannot be resolved by the authorities pursuant to a special authorisation, the dispute shall be settled in the ordinary courts of law, unless the parties agree otherwise.