

TELIO



Telio – IPO and listing on Oslo Stock Exchange

Investor presentation - May, 2006



Disclaimer

- This presentation and its appendices (jointly the “presentation”) is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy any financial instruments in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.
- This presentation has not been reviewed or registered with any public authority or stock exchange. This presentation and the information contained herein is confidential. Recipients of this presentation may not reproduce, redistribute or pass on, in whole or in part, the presentation to any other person.
- The distribution of this presentation and the offering, subscription, purchase or sale of financial instruments issued by Telio Holding or any company within the Telio Holding group in certain jurisdictions is restricted by law. Persons into whose possession this presentation may come are required by Telio Holding to inform themselves about and to comply with all applicable laws and regulations in force in any jurisdiction in or from which it invests or receives or possesses this presentation and must obtain any consent, approval or permission required under the laws and regulations in force in such jurisdiction, and neither Telio Holding nor any of its advisors or representatives shall have any responsibility or liability for these obligations. In particular, neither this presentation nor any copy of it may be taken or transmitted or distributed, directly or indirectly, in or into Canada, USA or Japan.
- In relation to the United Kingdom, this presentation and its contents are confidential and its distribution (which term shall include any form of communication) is restricted pursuant to Section 21 (Restrictions on Financial Promotion) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. In relation to the United Kingdom, this presentation is only directed at, and may only be distributed to, persons who fall within the meaning of article 19 (Investment Professionals) and 49 (High Net Worth Companies, Unincorporated Associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or who are persons to whom the document may otherwise lawfully be distributed.
- No reliance may be placed for any purposes whatsoever on the information and statements contained in this presentation or on their completeness. No representation or warranty, express or implied, is given by or on behalf of Telio Holding or any of its advisors or any other person as to the accuracy or completeness of the information or statements contained in this presentation and no liability is accepted for any such information or statements.
- This presentation includes and is based on, among other things, forward-looking information and statements. Such forward-looking information and statements are based on the current expectations, estimates and projections of Telio Holding or assumptions based on information available to the company. Such forward-looking information and statements reflect current views with respect to future events and are subject to risks, uncertainties and assumptions. Telio Holding cannot give any assurance as to the correctness of such information and statements. Many factors could cause the actual results, performance or achievements of the Telio Holding group to be materially different from any future results, performance or achievements that may be expressed or implied by statements and information in this presentation, including, among others, risks or uncertainties associated with the company’s products, technological development, growth management, financing, market acceptance of new products and services and relations with customers and, more generally, general economic and business conditions, changes in domestic and foreign laws and regulations, taxes, changes in competition and pricing environments, fluctuations in currency exchange rates and interest rates and other factors. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this document. Telio Holding does not intend, and does not assume any obligation, to update or correct the information included in this presentation.
- There may have been changes in matters which affect the Telio Holding group subsequent to the date of this presentation. Neither the issue nor delivery of this presentation shall under any circumstance create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that the affairs of the Telio Holding-group have not since changed, and Telio Holding does not intend, and does not assume any obligation, to update or correct any information included in this presentation.
- The contents of this presentation are not to be construed as legal, business, investment or tax advice. Each recipient should consult with its own legal, business, investment and tax adviser as to legal, business, investment and tax advice.
- This presentation is subject to Norwegian law, and any dispute arising in respect of this presentation is subject to the exclusive jurisdiction of the Norwegian courts.

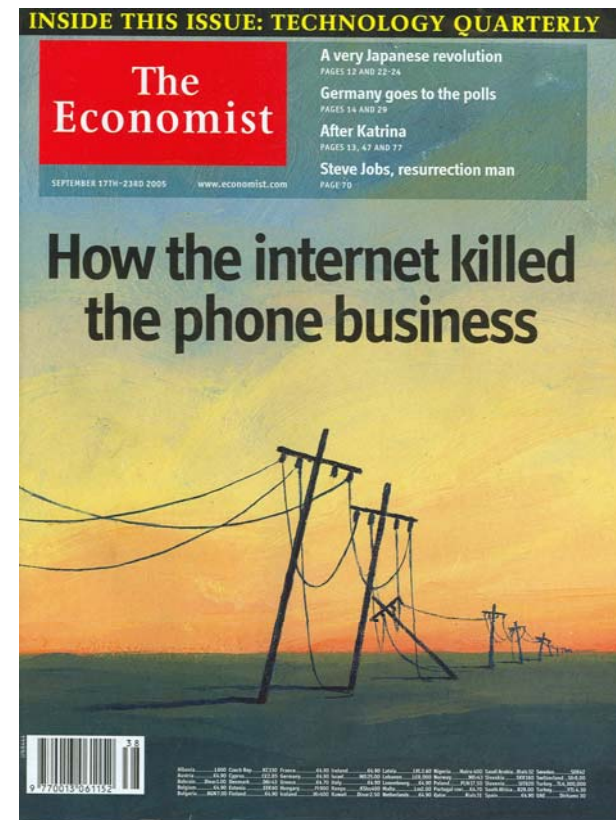
The Telio Opportunity

- **IP revolution is creating new winners**
- Telio is uniquely positioned to succeed
- Demonstrated leadership and performance
- Additional financing will fuel growth



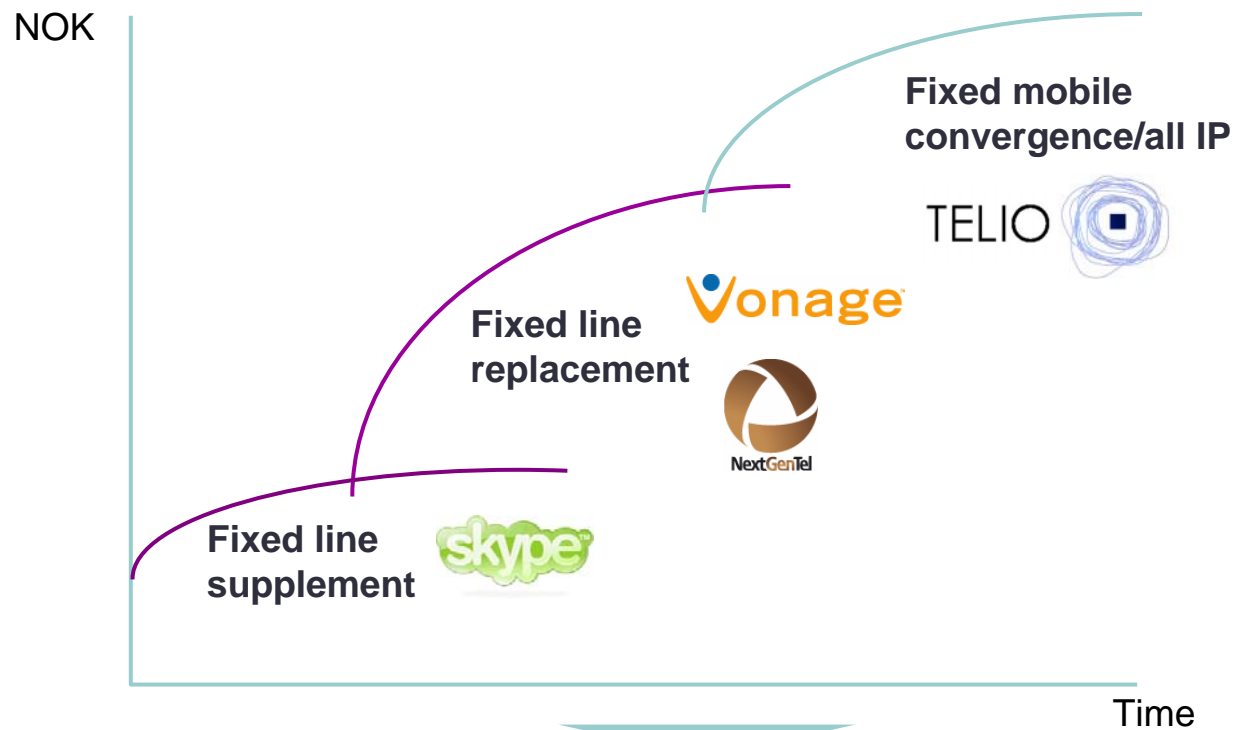
Telecom Has Changed Forever

- IP replaces the telecom integrated value chain
- IP introduces the creativity of internet to telecom – VoIP
- Broadband penetration is the key driver for VoIP growth
- VoIP will capture fixed and mobile
- New winners are created



Fixed Mobile Convergence Is The Next Step

TELIO



The IP revolution has only just begun!



Superior Value Proposition Drives Growth

Cheaper

- Better utilization of network
- Easier to operate

CAPEX light

- Network independent
- Limited infrastructure investments

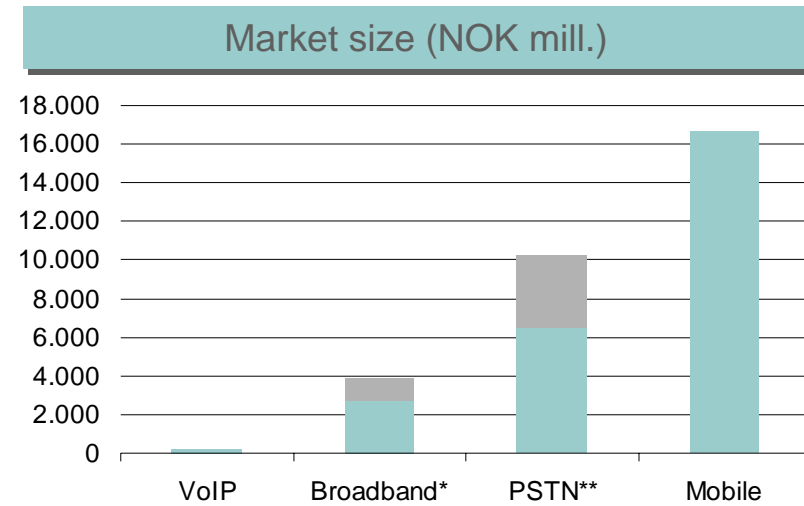
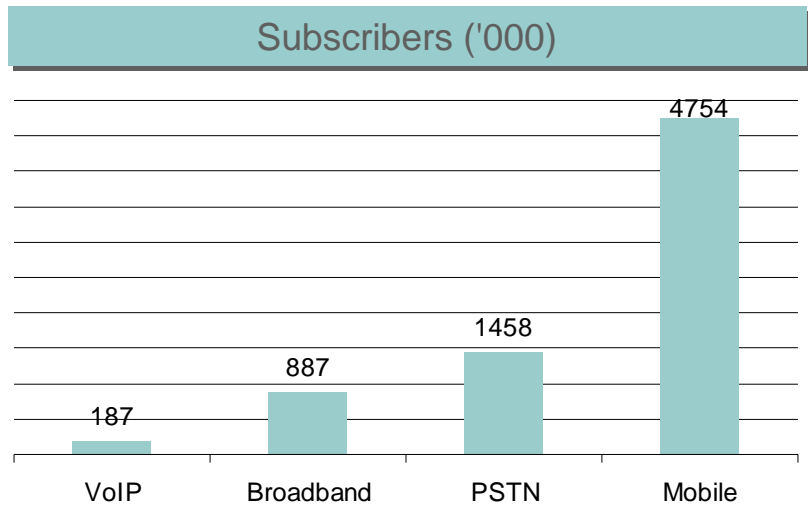
New Services

- New services not possible on PSTN
- Services available anytime anywhere
- Keep your number for life



Significant Growth Opportunities In Norway

31 December 2005



* Broadband divided into residential (NOK 2.7 bn) and Business (NOK 1.1 bn)
 ** PSTN divided into residential (NOK 6.5 bn) and Business (NOK 3.75 bn)

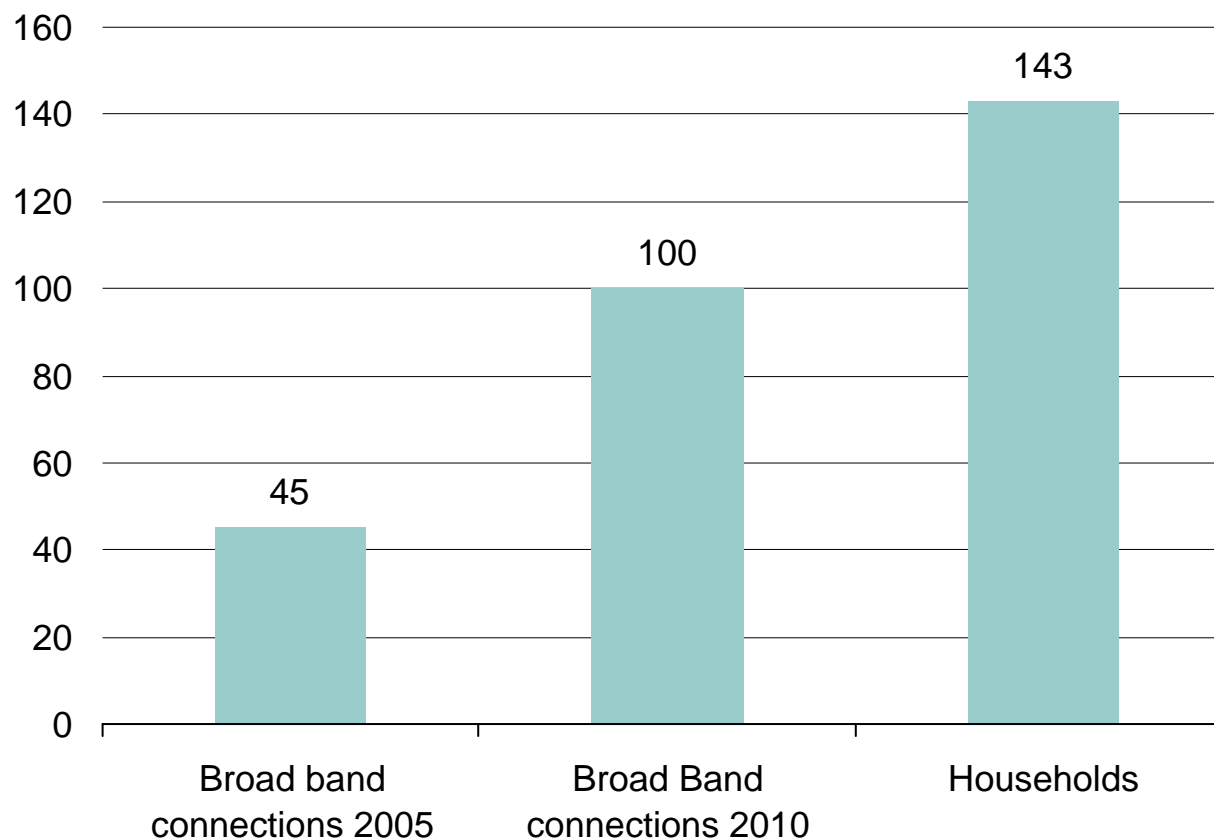
Total addressable market in Norway: NOK 30 billion

Source: Norwegian Post and Telecommunication Authority, per 31.12.05



International Opportunities Are Even Bigger

15 largest EU countries, million



Source: OECD

The Telio Opportunity

- IP revolution is creating new winners
- **Telio is uniquely positioned to succeed**
- Demonstrated leadership and performance
- Additional financing will fuel growth



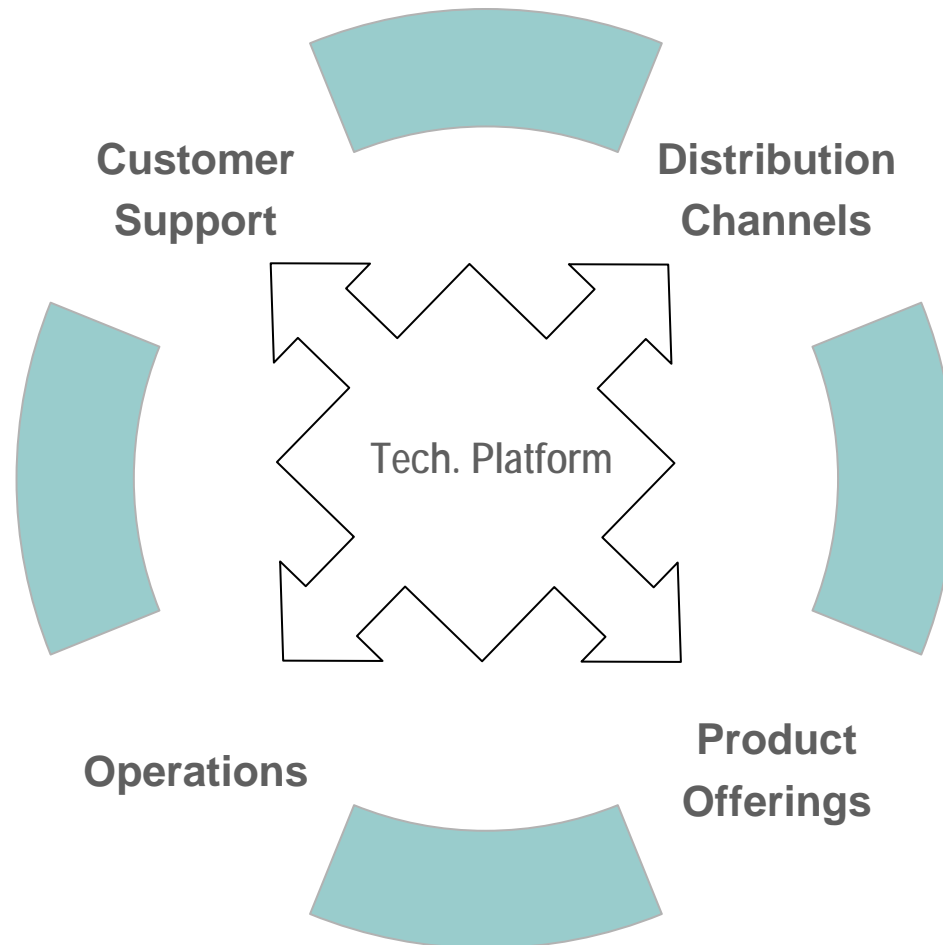
Telio Captures The Strategic Sweet Spot



- Skype, MSN, Google:
 - Offer no real customer support
 - Not tailored to specific needs of each country e.g. local numbers
 - More of a supplement than a replacement
 - Closed network
- PSTN:
 - Knowledge gap
 - Change requires cannibalization of customers and profits
 - Legacy systems not ready for VoIP

Flexible, Scalable World Class Technology

TELIO



- Impacts all aspects of business
- Enables telecom class stability
- Reduces support costs
 - Easy installation of ATA
 - Support tools
- Creates competitive advantages
 - Network independence
 - Addresses 100% of the market
 - Easy to introduce new channels
- Speeds time-to-market

Leaders in Technology

<p>Alan Duric Founder & CTO</p>	<p>Ericsson, Deltathree and GIPS. Director of Sipfoundry.org and Kayote's boards of directors, advisor for XTEN's. Contributed to IETF, ETSI and ITU standards.</p>
<p>Werner Erikssen VP Engineering</p>	<p>Ericsson for 10 years, lead development and standardization three IP multimedia communication product generations</p>
<p>Hisham Khartabil VP Research and systems development</p>	<p>Ericsson, Hotsip and Nokia Mobile Phones. Co-chair SIMPLE, contributed to IETF standards related to SIP</p>
<p>Thomas Vasen VP Business Development</p>	<p>B2 Bredband AB setup and operations of VoIP service to approximately 300,000 end users.</p>
<p>Advisory Board</p>	<p>Jeff Pulver – Pulver.com, Patrik Fältström – Cisco, Jonathan D. Rosenberg – Ph.D, Cisco, Cullen Jennings – Ph.D, Cisco</p>

- World renowned and respected
- Tapped in to the core IP community
- Participates in setting the industry standards



The Right Strategy And The Right Execution

<p>Arild Nilsen Chief Executive Officer</p>	<p>MSc and MBA (INSEAD), McKinsey, top management positions at NetCom GSM, CEO Glastad Invest, numerous board positions</p>
<p>Kyrre Grinde-Andersen Chief Financial Officer</p>	<p>MSc (Economy) and AMP (INSEAD), Deloitte, Schlumberger, Eastman Kodak Nordic, CFO Sense Communications, numerous board positions</p>
<p>Alan Duric Co-founder and Chief Technology Officer</p>	<p>Ericsson, Deltathree and GIPS. Director of Sipfoundry.org and Kayote's boards of directors, advisor for XTEN's. Contributed to IETF, ETSI and ITU standards</p>
<p>Espen Fjogstad Co-founder Bus. Dev., Board member</p>	<p>MSc and MBA (INSEAD), McKinsey, Odin, Smedvig, Founder GIPS, Serial founder, numerous board positions including Telio</p>
<p>Aril Resen Co-founder, Board member</p>	<p>MBA, Derivative floor of San Francisco Stock Exchange, stockbroker Alfred Berg, Angel investor, numerous board positions including Telio</p>
<p>Jimmie Wiklund Sales & Marketing Director</p>	<p>Finance and Marketing Degree, Sales and Market director at GratisTel AB, Business Unit Manager at Bredbåndsbolaget AB</p>

- IP knowledge/vision
 - Technology shifts
 - Market entry
 - Customer focus
 - Value proposition
 - Economic model

- Operational excellence
 - CAC optimization
 - Churn management
 - Low cost operations
 - Scalability

First To Market With Flat Rate Subscription Model



Subscription Offering	Establishment fee*	Monthly subscription**
Telio Mini	495,-	NOK 159,-
Telio Medium	495,-	NOK 199,-

*CPE adapter included

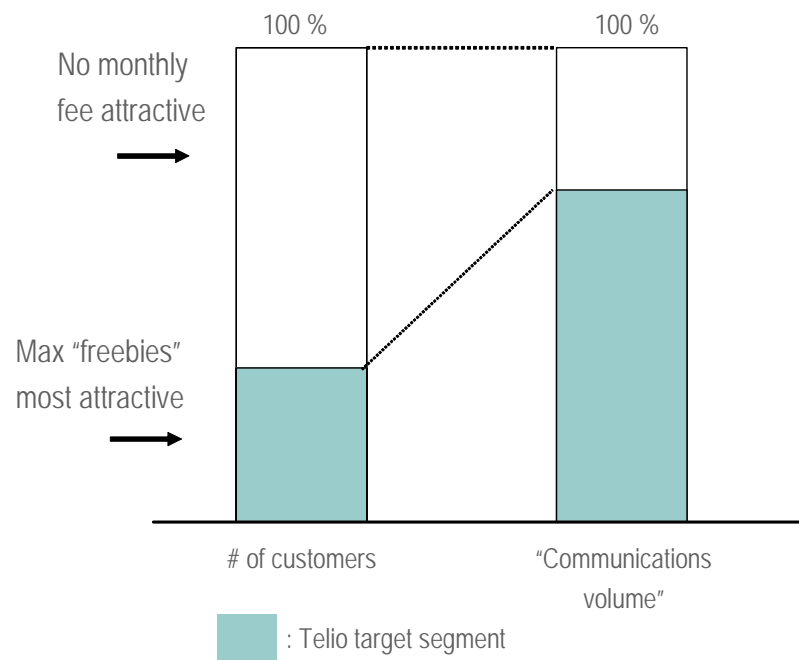
Telio CPE adapter – "Plug and play"



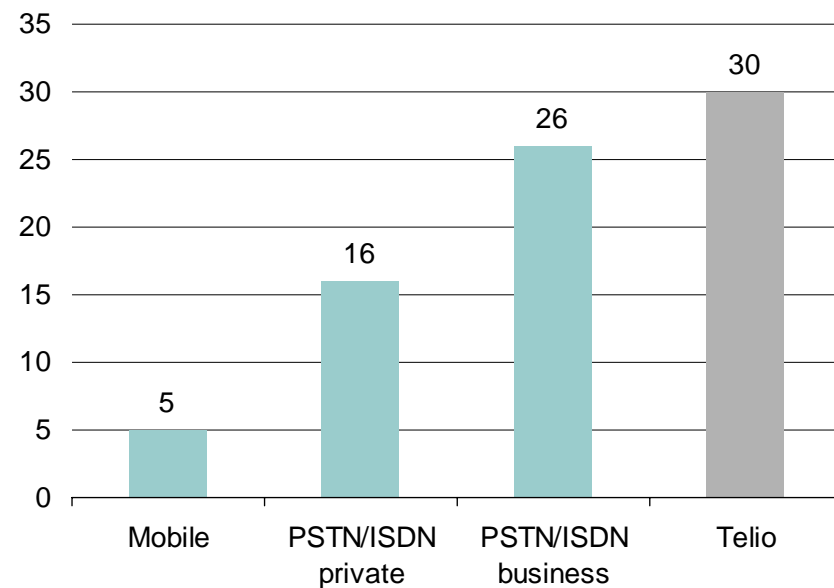
- Attractive flat rate subscription model
- Free international calls to 23 destinations, 111 destinations partially free
- Near mobile – available anytime anywhere
- Easy installation; plug and play
- Value added services
- Includes real customer support
- Clear characteristics of a premium internet content provider

Clear Segmentation

Targets heavy users of communication services



Minutes usage per day (in and outgoing)



Source: Norwegian Post and Telecommunications Authority and Telio

Telio flat rate model has successfully attracted high volume callers

Telio offers a more natural bundle

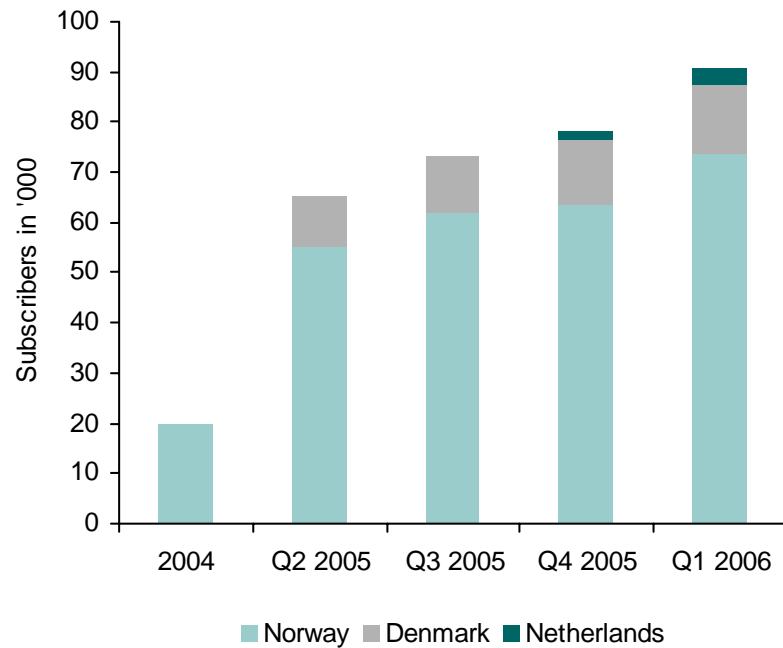
Telio bundle	Triple play provider bundle
All communications: fixed and mobile	TV, telephony, and broadband
Always with you	One location only
Customized to your preference	One size fits all
Built on open standards	Closed/proprietary
Best of breed	???
Additional services - free	Additional services – premium price
On the customer's side	Customer milking strategy
Significant cost savings	Limited cost savings
Telio's singular focus	Today's promotion

The Telio Opportunity

- IP revolution is creating new winners
- Telio is uniquely positioned to succeed
- **Demonstrated leadership and performance**
- Additional financing will fuel growth

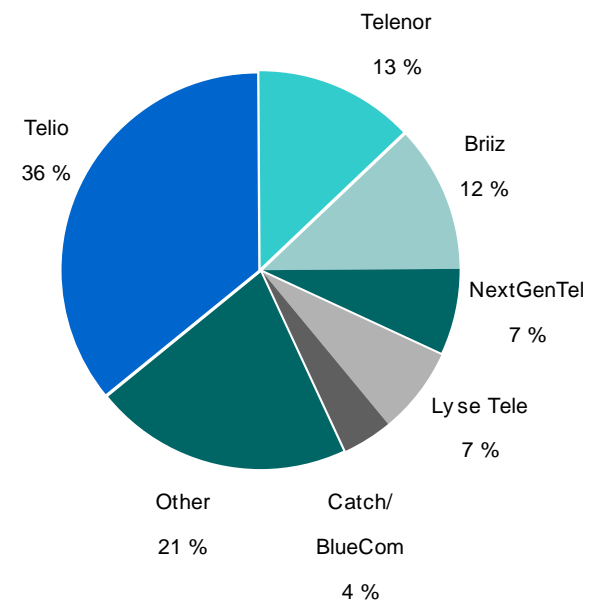
The Clear Norwegian Market Leader

Telio subscriber growth



Source: Telio

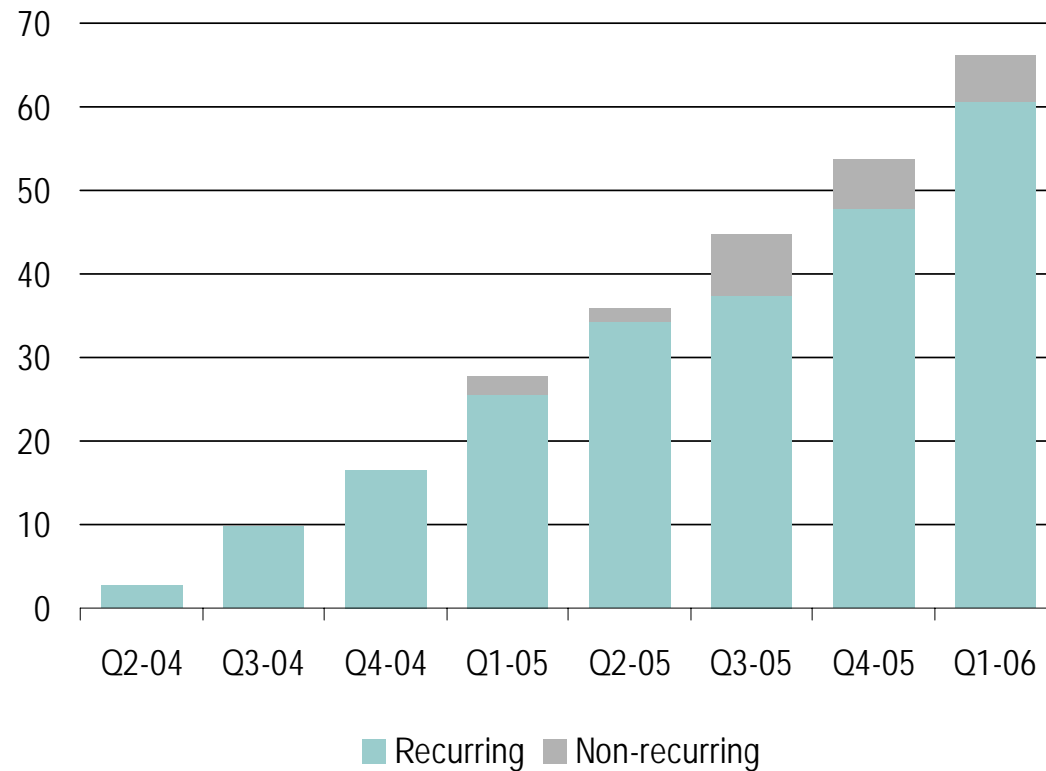
Market share Norwegian VoIP providers



Source: Norwegian Post and Telecommunication Authority, per 31.12.05

Strong Revenue Growth

NOK millions*



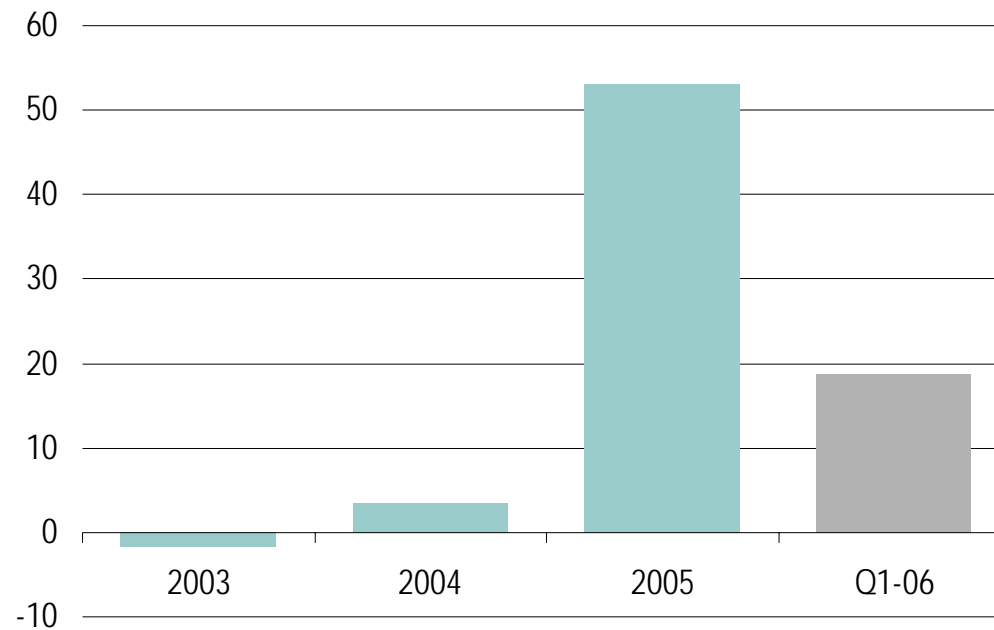
* According to IFRS (2004 estimates)

Recurring revenues includes Subscription, Traffic and Termination

Source: Telio

Operations Highly Cash Flow Positive

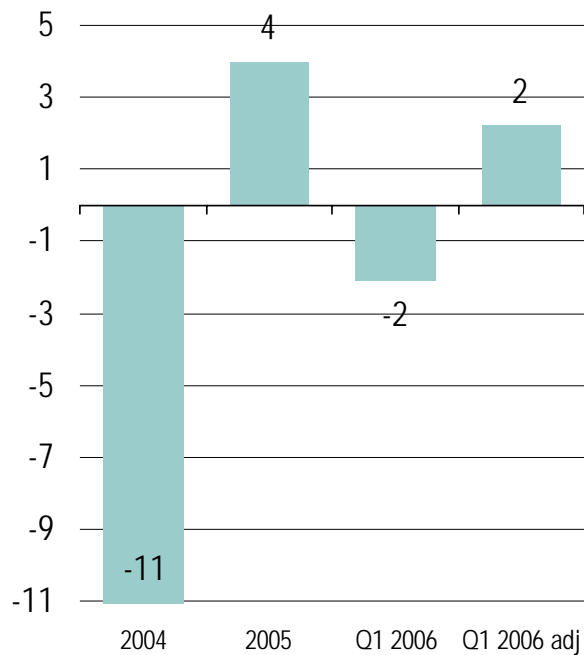
Cash flow operating activities, NOK millions



Source: Telio

Profits reinvested into growth

EBIT, NOK millions



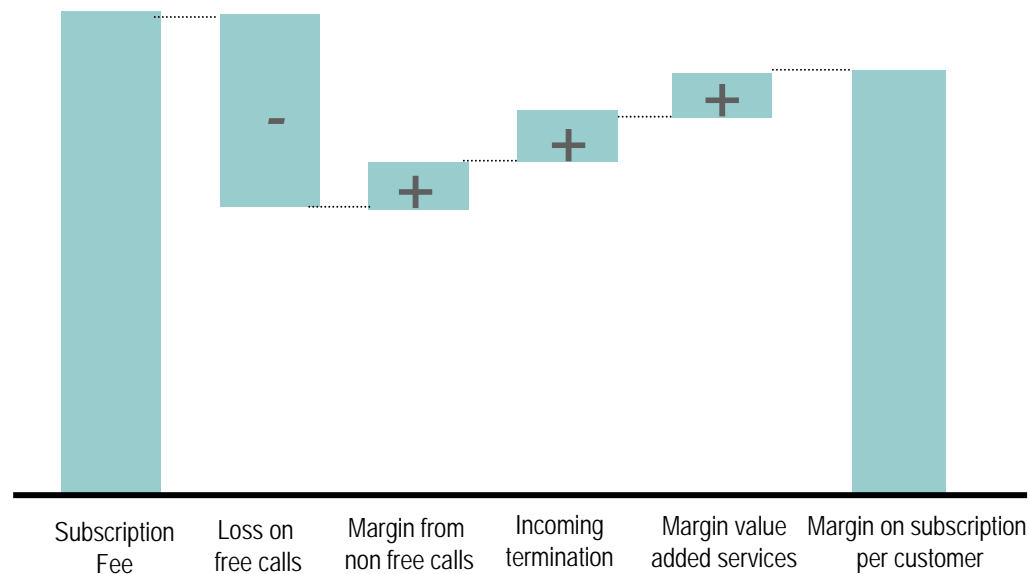
- Q1 2006 special items
 - Costs related to IPO: NOK 2.7 mill
 - Acquisition of assets from IPtech: NOK 1.5 mill

- Profits reinvested into growth
 - CAC increases as low hanging fruit is harvested
 - High lifetime value of customers justifies up-front marketing spend

Source: Telio



High Margin Contribution Per Subscriber



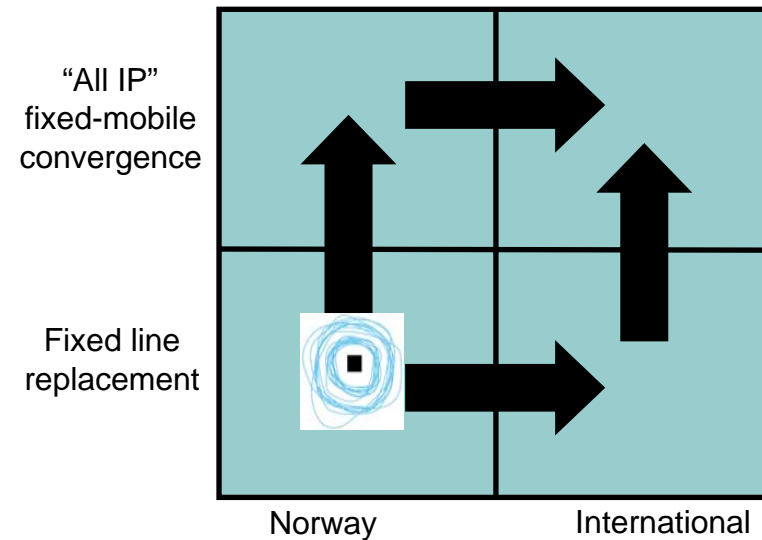
- Subscription based model
- As costs shrink, pass on savings to customers
- Objective of new services is to attract and retain customers
- Increase profits by adding customers

The Telio Opportunity

- IP revolution is creating new winners
- Telio is uniquely positioned to succeed
- Demonstrated leadership and performance
- **Additional financing will fuel growth**

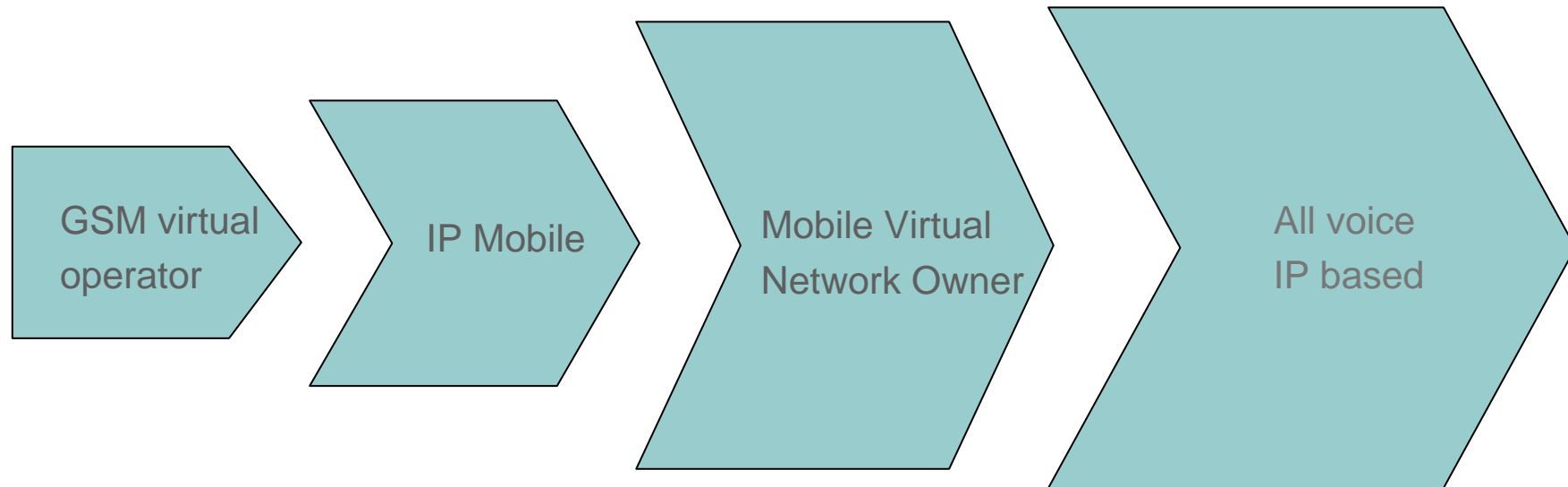
Telio Expands Along Two Dimensions

- Add mobile as a feature to increase value to customers
- Over time, eliminate distinction between mobile and fixed
- Introduce low risk, Pan European flat rate offering
- Over time, expand into Europe as regulatory regimes mature





Fixed Mobile Convergence In Four Steps



- Feature to VoIP
- Sold at cost
- Integrated billing
- Joint customer care

- Combined WLAN GSM phones
- VoIP over WLAN preferred service
- Home and office calling approx. 70% of total calling

- Mobile core network (switches, SMSC, etc.)
- Full control over GSM and WLAN calling
- Improved economics
- New FMC services

- 4G networks (WiMax, etc.)
- VoIP and all other services available anytime, anywhere
- No distinction between fixed and mobile voice
- All calling based on fixed fee

Introduce Low Risk, Pan European Flat Rate Offering

TELIO



Telio strategy for geographic expansion

- Key regulatory requirements are naked DSL and number portability
- Phase 1: Deliver 2nd-line service
- Phase 2: Deliver 1st-line service as regulatory regime ripens
- Strong and compelling value proposition
 - Flat rate price
 - Ease of use
 - Plug and play, easy to install
 - Access independence

European readiness for 1st line replacement

Country	DSL	Year	Cable/FTTH	Year
Austria	2	2007	1	Now
Belgium	3	2008	2	2006
Denmark	2	2006	1	Now
Finland	3	2008	3	2008
France	2	2006	1	Now
Germany	3	2008	3	2008
Greece	3	2009	3	2008
Ireland	3	2007	3	2007
Italy	3	2007	2	2007
Netherlands	2	2007	1	Now
Norway	1	Now	1	Now
Portugal	3	2008	2	2007
Spain	3	2007	2	2007
Sweden	2	2006	1	Now
Switzerland	3	2007	1	Now
UK	3	2007	2	2006

1= VoIP possible, 2= Regulation expected to improve, 3=VoIP currently not possible

Source: Telio estimates

Intelligent expansion to precede regulatory development



Proceeds from IPO Will Accelerate Growth

- Maintain growth of fixed line replacement in Norway
- Aggressively grow mobile in Norway
- Fund international expansion
- Create liquid currency for M&A

Transaction Highlights

- | | |
|---|---------------------------------------|
| ○ Indicative price range: | NOK 31 – 37 per share |
| ○ No of shares pre issue: | 18,252,500 |
| ○ No of options: | 2,796,200 |
| ○ Market cap before issue: | NOK 565 – 675 million |
| ○ Market cap before issue, fully diluted: | NOK 652 – 779 million |
| ○ Issue size: | 3 million shares, NOK 93 – 111 mill. |
| ○ Secondary sale (founders): | Up to 1 mill. shares, 31 – 37 million |
| ● Aril Resen | Up to 334,000 shares |
| ● Alan Duric | Up to 333,000 shares |
| ● Espen Fjogstad | Up to 333,000 shares |
| ○ Start subscription period: | 18 May 2006 |
| ○ End subscription period: | 30 May 2006 |
| ○ Listing - first day of trading (conditional): | 2 June 2006 |
| ○ Payment date: | 2 June 2006 |

Appendix

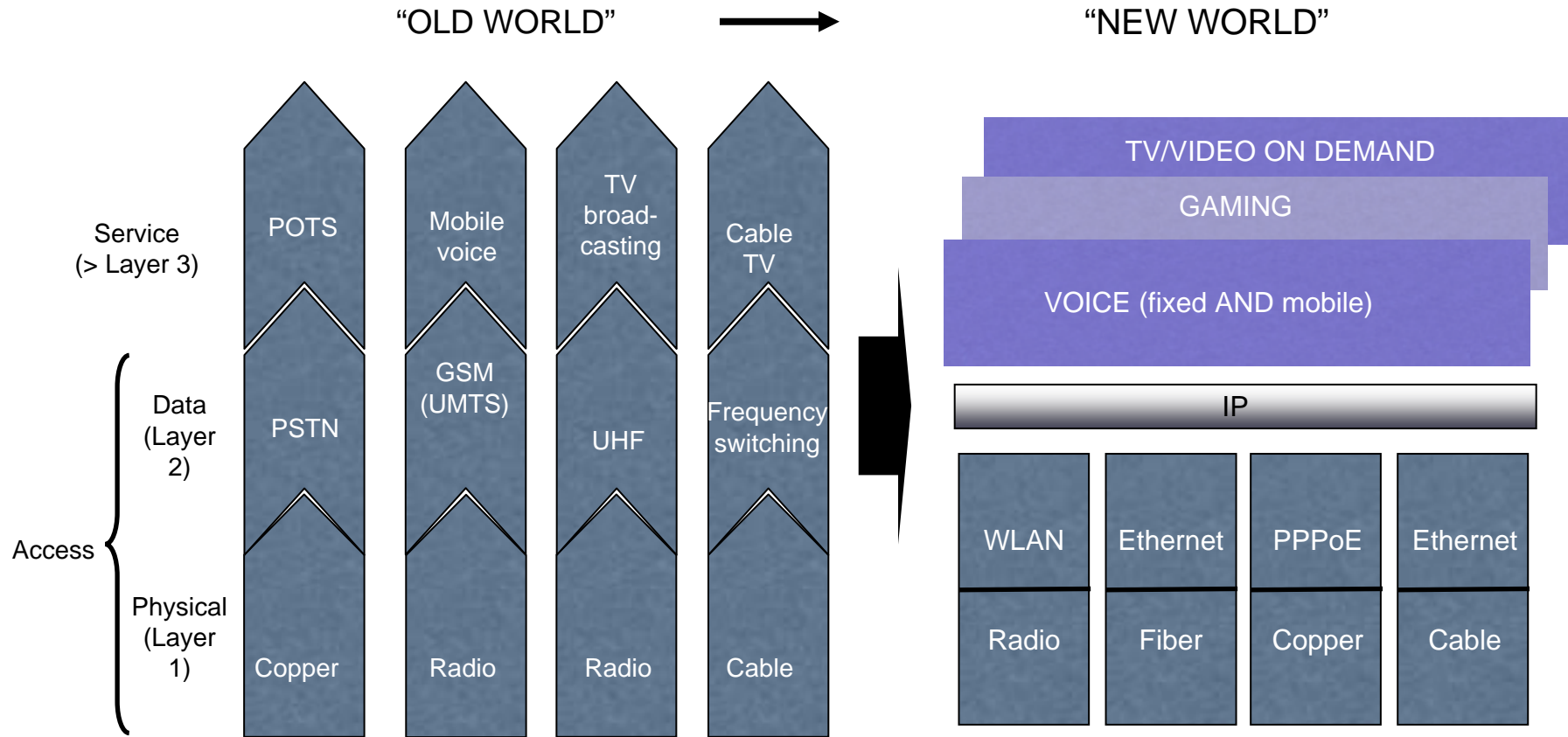


Shareholder structure

Main shareholders	Shares owned before the Offering	
	Number	Percentage
Xfile AS (controlled by Mr. Aril Resen)	2,751,000	15.1%
Lombard Odier Darier Hentsh & Cie (custodian and nominee for Alan Duric)	2,510,000	13.8%
Synesi AS (controlled by Mr. Espen Fjogstad)	2,276,667	12.5%
Pershing LLC	1,139,181	6.2%
Creo Investments II AS	818,100	4.5%
EMA Telio Limited Partnership	607,319	3.3%
Gambak	550,000	3.0%
Lime Venture AS	505,334	2.8%
Institusjonen Fritt Ord	489,500	2.7%
Veen A/S T.D.	300,000	1.6%
Total 10 largest shareholders	11,924,601	65.3%
Other shareholders	6,327,899	34.7%
Total	18,252,500	100.0%

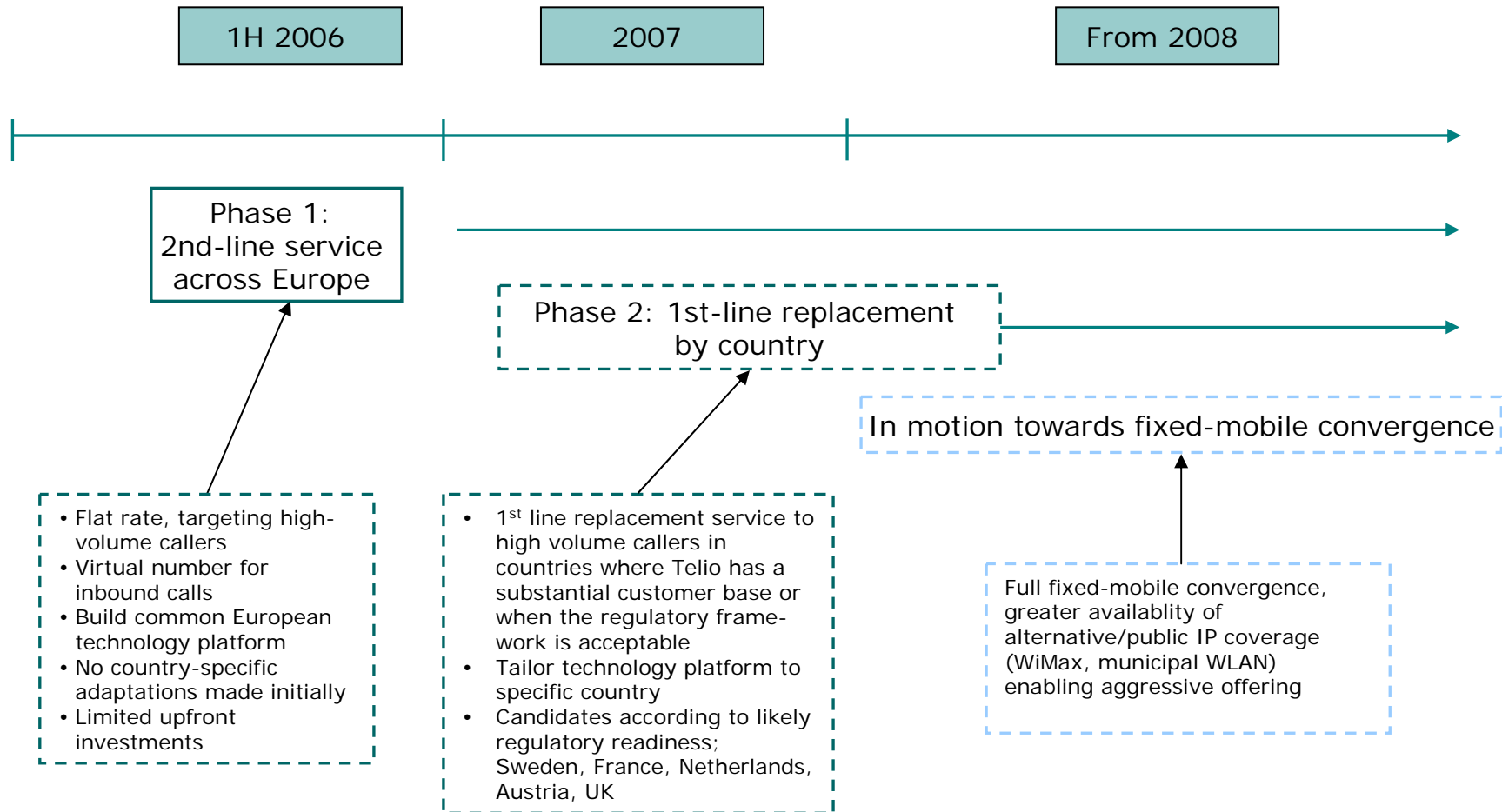
Internet fundamentally changes how the parts of a network relate to each other

TELIO



This is **NOT** "just another telecom technology shift"

Geographic Expansion road-map



Why the legal split in Telio SA and Telio Telecom?

- Telio believes the future role of a service provider in an IP world will be the role of a communications facilitator, not a signaling and transport provider, and the business model of such a facilitator will be a fixed monthly “retainer fee”
 - The value of signaling and transport being the service will gradually disappear
 - The value of interconnect to the PSTN network will decrease over time
 - Telio SA is the legal Telio entity assigned this “future proof” communications facilitator role

- But, for the foreseeable future, the value of IP-communications can be significantly enhanced if consumers are offered the option to interconnect with legacy networks, enabling IP-endpoints to replace PSNT endpoints. Telio Telecom is the legal Telio entity assigned the important role of developing and operating products that bridge the “past & future”