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Press Release
April 24, 2012

Shareholders of MegaFon realize value in MegaFon through dividends, sale of shares and a potential public offering

MegaFon's shareholders, TeliaSonera, AF Telecom and Altimo have resolved the governance disputes in Russia's second largest mobile operator and agreed that the company will pay a dividend of USD 5.15 billion and pursue an Initial Public Offering (IPO). The parties have also agreed that AF Telecom will get majority control in MegaFon, Altimo will exit and TeliaSonera will reduce its ownership whilst keeping a long term strategic ownership. TeliaSonera is expected to receive approximately SEK 22 billion, of which approximately SEK 14 billion in the second quarter of 2012, in dividends and proceeds from the divestment of its indirect stake of 8.2 percent in MegaFon. TeliaSonera further aims to keep a long term ownership of 25 percent plus one share in MegaFon after an IPO.

"TeliaSonera has focused on realizing the value and increasing the liquidity of our investment in MegaFon, whilst maintaining a long term strategic ownership in the company. By reaching an agreement with the two other partners, whereby MegaFon will pursue an IPO and adopt an agreed dividend policy, we have resolved the ownership disputes and found a way to increase both the liquidity and value of our asset. By reducing our ownership we expect to realize a significant amount of the accrued value generated by MegaFon since its inception. We look forward to continue developing the long-term potential of MegaFon with AF Telecom and the other shareholders.

As Altimo exits MegaFon, we will continue our partnership with intensified focus on resolving the ownership disputes and establishing a good governance structure in Turkcell. Once this has been achieved the Board can focus entirely on developing Turkcell's potential by growing the business, both in Turkey and abroad," says Lars Nyberg.

"Altimo has taken this opportunity to fully realize the value of its investment in MegaFon. However, our partnership with TeliaSonera will continue with regards to Turkcell. We expect the dispute with regards to the ownership of Cukurova's remaining stake in Turkcell to be resolved in the Privy Council later this year. If our position is confirmed in court, we will establish a governance structure whereby none of the major shareholders can block majority decisions and will focus on developing Turkcell into a world-class telecommunication company," says Michail Fridman, Altimo.

"AF Telecom welcomes the agreement with the other two shareholders in MegaFon, which puts the shareholder disputes firmly behind us. We are pleased that we have been able to reach an agreement to increase our ownership as well as pave the way for a future listing of MegaFon. AF Telecom would like to thank Altimo for years of cooperation and partnership in MegaFon and to wish them success in future projects. We value the long term commitment of TeliaSonera as a strategic partner, to share its telecom experience and contribute to developing the long term potential of MegaFon," says Alisher Usmanov, AF Telecom.

Transaction details:

TeliaSonera's current ownership in MegaFon is 43.8 percent, of which it holds 35.6 percent directly and 8.2 percent indirectly through its 26.1 percent ownership in Telecominvest (TCI).

The shareholders have agreed that MegaFon will pay a dividend of USD 5.15 billion (approx. SEK 35 billion) to the three owners, of which TeliaSonera is expected to receive SEK 12.4 billion before withholding tax for its direct ownership of 35.6 percent. The shareholders have agreed that MegaFon will also adopt a dividend policy pursuant to which the company will pay annually the higher of 50 percent of net income or 70 percent of cash flows in rubles as ordinary dividend. MegaFon shall target to maintain a leverage of net debt/EBITDA ratio between 1.2-1.5x while excess cash shall also be returned to shareholders.

As part of the agreement, AF Telecom will acquire TeliaSonera's shares in TCI for USD 1.45 billion (approx. SEK 9.8 billion). TeliaSonera is expected to receive 20 percent of the proceeds, approximately SEK 2.0 billion, at closing with the remaining amount to be paid in four equal annual instalments plus interest. TeliaSonera is expected to book a capital gain of SEK 4.4 billion in the second quarter of 2012 in connection with this sale.

Altimo will exit from MegaFon and sell its 25.1 percent ownership in two parts; 14.4 percent to a subsidiary of MegaFon for USD 2.16 billion while the remaining 10.7 percent will be sold to AF Telecom for USD 1.61 billion. TeliaSonera has also agreed to pay USD 200 million to Altimo in order to complete the transaction. In total, Altimo will receive USD 5.2 billion including dividends from MegaFon.

Following these transactions, TeliaSonera will own 35.6 percent, AF Telecom 50.0 percent plus one share while MegaFon, through its subsidiary, will own the remaining 14.4 percent.

The shareholders have agreed to work towards an IPO of MegaFon including a listing on the London Stock Exchange as soon as practically possible, involving up to 20 percent of MegaFon's shares will be publicly traded, of which TeliaSonera and MegaFon will contribute with up to 10.6 percent and 9.4 percent, respectively. TeliaSonera and AF Telecom will be represented by three members each on MegaFon's board while there will be one independent director, each to have equal voting rights at shareholders meetings, until an IPO has been completed.

The parties have also agreed that if an IPO of MegaFon has not been consummated by the end of 2014, TeliaSonera shall have the right to sell to AF Telecom or a subsidiary of MegaFon, and AF Telecom or a subsidiary of MegaFon will have the right to buy 10.6 percent of TeliaSonera's shares in MegaFon. The price paid will be based on fair market value.

The dividend of USD 5.15 billion, Altimo's sale of shares in MegaFon and TeliaSonera's sale of shares in TCI are expected to be completed on April 24, 2012.

About MegaFon:

MegaFon was founded in 2002 and is today the second largest mobile operator in Russia with a market share of 27 percent according to the consultant company AC&M. As of December 31, 2011, the company had 62.8 million subscribers.

Press and Analyst Conference

Time: 9:30 (CET)

Place: TeliaSonera's Head Office, Stureplan 8, Stockholm

Press identification card or similar is required to attend.

The press and analyst conference will be held in English and will be webcasted at www.teliasonera.com.

Telephone conference in connection to the press and analyst conference

Dial-in numbers:

- +44 (0) 1452 555 566, 0800 694 0257
- +46 (0) 8 50 336 434, 0200 890 171

Access code: 73792888

Please note that there might be a time lag of up to 30 seconds between the webcast and the conference call if you are simultaneously watching and calling in to the conference.

You can also listen to the conference call afterwards until April 30, 2012.

Replay number: +44 (0) 1452 550 000 or +46 (0) 8 50 635 742

Access code: 73792888#

TeliaSonera AB discloses the information provided herein pursuant to the Swedish Securities Markets Act and/or the Swedish Financial Instrument Trading Act. The information was submitted for publication at 06.00 a.m. CET on April 24, 2012.

**For more information, please call the TeliaSonera press office + 46-771 77 58 30,
press@teliasonera.com**

Forward-Looking Statements

Statements made in the press release relating to future status or circumstances, including future performance and other trend projections are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of TeliaSonera.

