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PRESS RELEASE

Tele2 and Kazakhtelecom to combine mobile operations in Kazakhstan

Stockholm – Tele2 Group (Tele2), (NASDAQ OMX Stockholm Exchange: TEL2 A and TEL2 B) and Kazakhtelecom (KASE Kazakhstan Stock Exchange: KZTK) today announced that they have agreed to combine their mobile businesses in Kazakhstan. This Joint Venture will strengthen the position of both companies in the Kazakhstan market by combining Tele2’s existing operations in Kazakhstan with Kazakhtelecom’s mobile business, Altel.

The Joint Venture will be positioned to take advantage of Tele2’s successful business in Kazakhstan built over the course of six years and the continued rollout of Altel’s 4G network.

This partnership brings Tele2 and Kazakhtelecom closer to their combined ambition to create a stronger player in the Kazakhstan market. The new business will have more than 5.6 million subscribers¹ and a market share of around 22%.

Allison Kirkby, President and CEO of Tele2 Group, commented: “This transaction will enable our customers to gain access to Altel’s 4G network and to benefit from its accelerated rollout across Kazakhstan. As a result, both consumers and shareholders will benefit from the synergies generated by the Joint Venture.”

Kuanyshbek Yesekeyev, Chairman of the Management Board, Kazakhtelecom, commented: “As a result of this deal new opportunities, related to expanding the network coverage, will emerge. The partnership will also boost the use of advanced technologies such as 4G / LTE and expand the range of services available for customers of Altel and Tele2 Kazakhstan. We are particularly pleased to team up with Tele2 since it is one of the industry leaders in corporate responsibility and corporate governance.”

Going forward, Tele2 and Kazakhtelecom will have, respectively, 51 and 49 percent of the voting rights and a 49 and 51 percent economic interest in the Joint Venture. Tele2 will retain management control. As part of the transaction, Tele2 will purchase Asianet’s existing 49% stake in Tele2 Kazakhstan for an upfront consideration of SEK 128 million (USD 15 million) and a future earn out equivalent to an 18% economic interest of the Joint Venture. Therefore, Tele2 will have a fully diluted economic interest of 31% taking account of Asianet’s earn out.

Ondra Partners is Financial Adviser to Tele2.

¹ Number of subscribers according to Tele2 Kazakhstan’s definition

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Press and analysts conference

Tele2 Group will host a teleconference for investors and analysts on November 4, 2015, at 09.00 CET. To dial in, please call +46 (0)8 5033 65 39 (Swedish callers), +44 (0)20 7136 20 56 (UK callers), +1 646 254 33 65 (US callers), Conference Code: 6364348.

In addition, Tele2 Group will host a press conference at 10:00 CET, to discuss the transaction. The press conference will take place at Collector's Victory Hotel on Lilla Nygatan 5, Stockholm.

For more information, please contact:

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Transaction Highlights

Structure

- Tele2 will combine its business in Kazakhstan with those of Altel, the fourth largest national mobile business fully owned by Kazakhtelecom and operator of the country's only current 4G network, to create a Joint Venture with a subscriber base of 5.6 million customers².
- Both operating entities will be owned via a joint venture holding company incorporated in the Netherlands.
- Tele2 and Kazakhtelecom will have, respectively, 51 and 49 percent of the voting rights and a 49 and 51 percent economic interest in the Joint Venture. Tele2 will retain management control.
- Tele2 will have a put option over its shareholdings in the business exercisable after three years. Kazakhtelecom will have a symmetrical call option to acquire Tele2 shareholdings.
- As part of the creation of the Joint Venture, Tele2 will purchase Asianet's existing 49% stake in Tele2 Kazakhstan for an upfront payment of SEK 128 million (USD 15 million) and an earn out equivalent to an 18% economic interest in the Joint Venture. Therefore, Tele2 will have a fully diluted economic interest of 31% taking account of Asianet's earn out.
- Asianet will have a put option over its earn out exercisable after three years. Tele2 will have a symmetrical call option.
- The agreement is subject to the approval of regulatory authorities in Kazakhstan.

Governance & Ownership

- Under the terms of the merger, Tele2 will hold 51% of the voting rights and a 49% equity stake in the Joint Venture.
- Tele2 will have operational control over the Joint Venture and will have a right to appoint all of the Management Board, apart from the CFO. Tele2 will also be able to appoint half of the Board of Directors, including the Chairman who will have any casting vote.

² Number of subscribers according to Tele2 Kazakhstan's definition

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- In addition, Tele2 will have the authority to dismiss any employee.
- The Joint Venture will implement Tele2's corporate governance standards and procedures and codes of conduct. Kazakhtelecom has undertaken to comply with Tele2's code of conduct and Tele2 has reserved the right to exit from the Joint Venture in the event of material breaches of the Code of Conduct by Kazakhtelecom.
- Relationship between Tele2 and Kazakhtelecom as the JV partners will be governed by the law of England and Wales.

Financing and Capital Structure

- Tele2 will contribute KZT 97 billion (SEK 3 billion) of existing shareholder loans into the JV and a small amount of pre-existing payable to Kazakhtelecom to be rolled over and maturity extended. Altel will be contributed on a debt free basis.
- Kazakhtelecom will guarantee future funding of the JV until a debt parity of 51%-49% is reached reflecting the economic interests of the parties in the JV.

JSC KAZAKHTELECOM IS A KAZAKH MAJOR OPERATOR OF FIXED-LINE AND MOBILE TELEPHONY, INTERNET AND MOBILE INTERNET AS WELL AS A PROVIDER OF INFORMATION COMMUNICATION SERVICES. The number of its fixed-line subscribers is 4.1 million, the number of Internet subscribers is 4.5 million within the group.

TELE2 IS ONE OF EUROPE'S FASTEST GROWING TELECOM OPERATORS, ALWAYS PROVIDING CUSTOMERS WITH WHAT THEY NEED FOR LESS. We have 14 million customers in 9 countries. Tele2 offers mobile services, fixed broadband and telephony, data network services, content services and global M2M/IoT solutions. Ever since Jan Stenbeck founded the company in 1993, it has been a tough challenger to the former government monopolies and other established providers. Tele2 has been listed on the NASDAQ OMX Stockholm since 1996. In 2014, we had net sales of SEK 26 billion and reported an operating profit (EBITDA) of SEK 5.9 billion.

TELE2