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This announcement is an advertisement and not a prospectus. Investors should not purchase or subscribe for any transferable securities referred to in this announcement except on the basis of information in the prospectus to be published by Kcell Joint Stock Company in due course in connection with the admission of its common shares in the form of global depositary receipts to the official list of the United Kingdom Listing Authority and to trading on London Stock Exchange plc's main market for listed securities.

For Immediate Release

13 November 2012

Kcell announces intention to proceed with international offering in London and Almaty

Kcell Joint Stock Company ("Kcell" or the "Company"), the leading provider of mobile telecommunications services in Kazakhstan by market share in terms of revenue and subscribers, today announces its intention to conduct an offering (the "Global Offer") of its common shares (the "Shares") in the form of global depositary receipts ("GDRs") and a concurrent offering (the "Domestic Offer") in Kazakhstan in the form of Shares. The Global Offer and the Domestic Offer (together, the "Offering") will comprise the sale of existing Shares held by Sonera Holding B.V., a wholly owned subsidiary of TeliaSonera AB, in an amount of up to 25% of the Company's outstanding common shares.

The Global Offer and the Domestic Offer are subject to receipt of all necessary regulatory approvals. Kcell is expected to make applications for the admission of the GDRs to the Official List of the United Kingdom Listing Authority and to trading on the main regulated market for listed securities of the London Stock Exchange plc. An application has also been made to JSC "Kazakhstan Stock Exchange" (the "KASE") for the Shares to be admitted to the first category of the official list of the KASE.

Credit Suisse, UBS Investment Bank and Visor Capital are acting as joint global coordinators and joint bookrunners of the Global Offer. Renaissance Capital is acting as a joint bookrunner and Halyk Finance is acting as a co-manager of the Global Offer. The Domestic Offer is being led by Visor Capital.

Veysel Aral, Chief Executive Officer of Kcell, said:

"We are very excited to be listing Kcell both domestically and internationally. This is a significant milestone for our company, which over the past fourteen years has led the formation and development of mobile telephony in Kazakhstan.

We expect that the IPO will help us to further strengthen our corporate brand and business reputation, improve our access to the international capital markets and help us to grow our business further.

Kcell benefits from significant opportunities presented by the strong economic growth in Kazakhstan leading to a rapid improvement in consumer demand, our leading position in the mobile telecommunications market of Kazakhstan and our close relationship with TeliaSonera AB, a global telecoms operator with proven track record of sector expertise and operational excellence.

Kcell has demonstrated strong potential for cash generation through revenue growth, high profitability and a strong cash conversion ratio. We are well positioned to capture growth in data services and achieve further cash generative growth by maintaining leadership in existing services, as well as providing subscribers with new data and value-added services".



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Lars Nyberg, President and Chief Executive Officer of TeliaSonera AB, commented:

"Kcell is an important part of our global operations and one of the most successful subsidiaries of TeliaSonera AB.

We are fully committed to Kcell, which will continue to benefit from using our global brand identity, participating in international roaming and joint technology initiatives, including common procurement across the TeliaSonera group. We will work with Kcell to ensure that it complies with international best practice in terms of corporate governance and corporate social responsibility as it makes the transition to a publicly listed company."

Company Overview

Kcell is the leading provider of mobile telecommunications services in Kazakhstan by market share in terms of revenue and subscribers. It has operated since 1998, and as of 30 September 2012 it had approximately 12.7 million subscribers, representing a market share of 47.7%, as estimated by the Company. Its estimated market share in terms of revenue was 57% for the year ended 31 December 2011.

Kcell provides mobile voice telecommunications services, value-added services such as short message services, multimedia messaging services and mobile content services, as well as data transmission services such as Internet access. It has two brands: the Kcell brand, which is targeted primarily at corporate subscribers (including government subscribers), and the Activ brand, which is targeted at the mass market. The Company offers its services through its extensive, high quality network which covers substantially all of the populated territory of Kazakhstan.

For the year ended 31 December 2011, the Company generated revenue of KZT 178,786 million (c.US\$1,193.0 million¹); EBITDA for 2011 was KZT 105,794 million (c.US\$706.0 million), representing a margin of 59.2%; and profit for the year was KZT 66,858 million (c.US\$446.1 million). For the nine months ended 30 September 2012, the Company generated revenue of KZT 133,104 million (c.US\$888.2 million); EBITDA for the period was KZT 74,503million (c.US\$497.2 million), representing a margin of 56.0%; and profit for the period of KZT 46,072 million (c.US\$307.4 million).

Kcell benefits from operating in the fast growing emerging economy of Kazakhstan. In 2011 Kazakhstan's real GDP growth was 7.5%, according to the Economist Intelligence Unit (EIU). Real GDP per capita has been growing at a compound annual growth rate of 5.9% to reach US\$11,491 in 2011, according to the EIU, while Kazakhstan's unemployment rate declined from 6.6% in 2009 to 5.4% in 2011. As at 31 December 2011, Kazakhstan had a positive trade balance of US\$47.3 billion with foreign direct investments of US\$12.9 billion, according to the EIU.

The Company is controlled by TeliaSonera AB, one of Europe's largest telecommunication companies and a strong international telecoms operator with many years of successful experience in managing mobile telecoms across the world and a track-record of technical innovation and operational excellence. Prior to the Offering, TeliaSonera AB held 49% of Kcell directly and 37.9% indirectly through Fintur Holdings B.V. ("Fintur"), a company jointly owned by TeliaSonera AB and Turkcell İletişim Hizmetleri A.Ş, resulting in a total effective ownership of 86.9%. Sonera Holding B.V., a 100% subsidiary of TeliaSonera AB, acquired its 49% holding from Kazakhtelecom JSC in 2012.

Kcell plans to benefit from the significant growth potential for mobile content and data services in Kazakhstan. The Company intends to continue to invest in the deployment of its 3G network to expand

¹ The functional currency of the Company is Kazakhstan Tenge. Translations of Kazakhstan Tenge amounts into U.S. dollars are given solely for the convenience of the reader as at 30 September 2012 at the exchange rate of KZT 149.86 to one U.S. dollar, which was the official exchange rate quoted by the National Bank of Kazakhstan on 30 September 2012.



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coverage. Kcell aims to maintain its market leadership in terms of revenue and subscribers by offering its products and services at competitive prices, expanding its offering of products and services, maintaining the high quality of its network and enhancing its brand value.

For further information contact:

International Media

College Hill

Leonid Fink, Tony Friend, Kay Larsen

+44 207 457 2020

Kazakhstan Media

United Agencies

Olesya Beruashvili

+7 (727) 292 16 01

Swedish Media

TeliaSonera

Press office

+46 771 77 58 30

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