

NOTICE OF THE CASH OFFER

In accordance with the Rules of Takeover Bids and other laws effective in the Republic of Estonia, **Baltic Tele AB**, registration number 556454-0085, address c/o TeliaSonera AB, Ekonomi, Box 7754, SE-103 96, Stockholm, Sweden, makes an offer to acquire all shares of **AS Eesti Telekom**, registry code 10234957, address Roosikrantsi 2, 10119 Tallinn, not already owned by Baltic Tele AB from the shareholders of AS Eesti Telekom ("**Shareholders**") on the following terms and conditions (the "**Offer**"):

1. Baltic Tele AB and persons acting in concert with Baltic Tele AB:

Baltic Tele AB is a company belonging to the TeliaSonera group of companies ("**TeliaSonera Group**"). All shares of Baltic Tele AB are owned by TeliaSonera AB (publ) ("**TeliaSonera AB**"), a company incorporated pursuant to the laws of Sweden with registration number 556103-4249, which is the ultimate parent company of the TeliaSonera Group. The persons acting in concert with Baltic Tele AB within the meaning of the Securities Market Act of Estonia are the companies controlled by TeliaSonera AB.

2. Number of shares of AS Eesti Telekom owned by Baltic Tele AB and persons acting in concert:

Baltic Tele AB owns **67,317,756 A-shares** of AS Eesti Telekom, representing **48.91%** of the total number of shares of AS Eesti Telekom. None of the persons acting in concert with Baltic Tele AB owns any shares of AS Eesti Telekom or any securities convertible into or rights to subscribe for any shares of AS Eesti Telekom.

3. Description of shares in respect of which the Offer is made:

The total number of shares issued by AS Eesti Telekom is **137,644,429**, which is divided into 137,644,428 A-shares (the "**A-Shares**") and 1 B-share (the "**B-Share**").

The Offer is made in respect of all shares of AS Eesti Telekom not already owned by Baltic Tele AB, being **70,326,672 A-Shares** and **one B-Share** representing **51.09%** of all shares of AS Eesti Telekom (the "**Shares**").

A-Shares are freely transferable shares with a nominal value of EEK 10 each. A-Shares are listed on the Tallinn Stock Exchange (HEX Tallinn) and global depository receipts ("**GDRs**") representing the A-Shares (each GDR represents 3 A-Shares) are admitted to the official list of the United Kingdom Financial Services Authority in its capacity as competent authority under the United Kingdom Financial Services and Markets Act 2000 and to trading on the market for listed securities of the London Stock Exchange plc. Each A-Share gives the Shareholder one vote at the general meeting of shareholders of AS Eesti Telekom.

The B-Share is a preferred share having a nominal value of EEK 1,000. The B-Share grants the Shareholder the preferential right to a dividend as a fixed sum in the amount of EEK 10,000 and gives the Shareholder one vote at the general meeting of shareholders to vote only on the following issues (a limited right to vote) (i) amendment of the articles of association; (ii) increase and reduction of the share capital; (iii) issuance of convertible bonds; and (iv) merger, division, transformation and/or dissolution of the company. The B-Share is not admitted to trading in any stock exchange or other regulated market. Pursuant to the shareholders' agreement relating to AS Eesti Telekom dated 21 December 1998 the B-Share shall be converted into A-Shares and all rights attaching to the B-Share will cease to have any application on 10 May 2004. In the event the B-Share will be converted into A-Shares during the Offer Period (as defined below), the Offer shall also apply to all A-Shares issued in replacement of the B-Share.

In the event any convertible bonds issued by AS Eesti Telekom will be converted into A-Shares and the increase of the share capital of AS Eesti Telekom necessary to effect such conversion will be registered with the Commercial Registry during the Offer Period, the Offer shall also apply to all A-Shares issued in exchange of the convertible bonds. In the event any convertible bonds issued by AS Eesti Telekom will be converted into A-Shares after the expiry of the Offer Period (i.e. if the increase of the share capital of AS Eesti Telekom necessary to effect such conversion will be registered with the Commercial Registry after the expiry of the Offer Period), then, within six months after the expiry of the Offer Period, Baltic Tele AB shall purchase, upon the respective demand of the Shareholder, all such A-Shares issued in exchange of the convertible bonds for the A-Share Price (as defined below), provided that the Conditions Precedent (as defined in subsection 6 below) will be fulfilled during the Offer Period.

4. Purchase price:

EEK 111.30 per A-Share (the "**A-Share Price**")
EEK 11,130.00 per B-Share (the "**B-Share Price**")

In case the B-Share will be converted into 100 A-Shares during the Offer Period, then the purchase price for each A-Share issued in replacement of the B-Share shall be the A-Share Price.

5. Offer period

The period of acceptance of the Offer (the "**Offer Period**") begins on **30 April 2004** and ends on **10 June 2004** (the "**Closing Date**"). The transaction instructions of the Shareholders wishing to accept the Offer must be registered with the Estonian Central Register of Securities (the "**ECRS**") by 5.00 p.m. Estonian time on the Closing Date.

6. Conditions for the completion of the Offer

The rights and obligations determined by the Offer shall arise in case both of the following conditions ("**Conditions Precedent**") are fulfilled:

- Baltic Tele AB obtains, during the Offer Period, the approval of the Estonian Competition Board for the acquisition of control over AS Eesti Telekom (permission for concentration);
- Shareholders give acceptances to the Offer in such extent which will result in Baltic Tele AB holding, together with the shares of AS Eesti Telekom held by Baltic Tele AB on 14 April 2004, at least eighty five per cent (85%) of all shares of AS Eesti Telekom ("**Threshold Condition**").

Baltic Tele AB shall have the right to waive the Threshold Condition not later than on the 10th calendar day before the expiry of the Offer Period.

7. Method of payment of the purchase price and transfer of Shares

Baltic Tele AB shall pay the purchase price to each Shareholder who has accepted to sell the Shares to Baltic Tele on **22 June 2004** (the "**Value Date**") to such accepting Shareholder's cash account connected to his/her/its securities account. Baltic Tele AB shall pay the purchase price to each accepting Shareholder against the delivery of Shares by such accepting Shareholder to Baltic Tele AB (delivery versus payment). The Shares to be acquired by Baltic Tele AB shall be transferred from each accepting Shareholder to Baltic Tele AB on the Value Date simultaneously with the transfer of the purchase price for the Shares to the cash account of such accepting Shareholder (delivery versus payment).

8. Procedure for accepting the Offer

Each Shareholder wishing to accept the Offer should contact the relevant financial institution operating the securities account on which the Shares belonging to such Shareholder are held (ECRS account operator) and register a transaction instruction, in accordance with the terms specified in the prospectus of the Offer in more detail, for the sale of Shares to Baltic Tele AB against payment.

OFFER PERIOD																					VALUE DATE			
28	29	30	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
APRIL										MAY											JUNE			

The prospectus will be made electronically available on the Internet website of the Tallinn Stock Exchange (www.hex.ee) and the printed prospectus will be made available at Hansapank's main branch at Liivalaia 8, Tallinn, Estonia.

The authorised arranger of the Offer is AS Hansapank, registry code 10060701, address Liivalaia 8, Tallinn 15040. AS Hansapank's main field of activity is banking. As at 14 April 2004, AS Hansapank held 193,122 A-Shares of AS Eesti Telekom, representing 0.14 % of the total number of shares of AS Eesti Telekom.

All information contained in this document is presented as at 14 April 2004, the date of submission of the prospectus and notice of the Offer to the FSA for approval.

This notice, the prospectus of the Offer and the terms of the Offer have been approved by *Finantsinspeksioon* on 28 April 2004.