

NOTICE OF CASH OFFER

On 28 December 2004, as a result of a transaction concluded on the Tallinn Stock Exchange on 23 December 2004, **Baltic Tele AB** (a company incorporated pursuant to the laws of Sweden, registration number 556454-0085, address c/o TeliaSonera AB, Ekonomi, Box 7754, SE-103 96, Stockholm, Sweden) acquired **100** shares of **AS Eesti Telekom** (a company incorporated pursuant to the laws of Estonia, registry code 10234957, address Roosikrantsi 2, 10119 Tallinn). Thereby Baltic Tele AB became the owner of **50.00004 per cent** of votes represented by shares of AS Eesti Telekom and, accordingly, gained dominant influence over AS Eesti Telekom within the meaning of Article 167 of the Securities Market Act of Estonia.

Pursuant to Article 166(1) of the Securities Market Act, a person who has gained dominant influence over the issuer of a share listed on an Estonian exchange (target issuer) either directly or together with other persons acting in concert is required to make a takeover bid for all shares of the target issuer with a duration of at least for 28 days within 20 days as of gaining dominant influence.

In adherence to Article 166(1) of the Securities Market Act and in accordance with the Rules of Takeover Bids and other laws effective in the Republic of Estonia, Baltic Tele AB is hereby offering to acquire from the shareholders of **AS Eesti Telekom** ("Shareholders") all shares of AS Eesti Telekom not already owned by Baltic Tele AB 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), a company incorporated pursuant to the laws of Sweden with registration number 556103-4249 ("TeliaSonera AB") which is the ultimate parent company of the TeliaSonera Group. The persons acting in concert with Baltic Tele AB within the meaning of Article 168 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 **68,977,314** shares of AS Eesti Telekom, representing **50.00004 %** 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 **137,954,528**, which is made up of one class of shares.

The Offer is made in respect of all shares of AS Eesti Telekom not already owned by Baltic Tele AB, being **68,977,214** shares representing **49.99996 %** of all shares of AS Eesti Telekom (the "Shares").

The Shares are freely transferable shares with a nominal value of EEK 10 each. The Shares are listed on the Tallinn Stock Exchange and global depository receipts ("GDRs") representing the Shares (each GDR represents 3 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 organised by the London Stock Exchange plc, where listed securities are traded. Each Share gives the Shareholder one vote at the general meeting of shareholders of AS Eesti Telekom.

4. Purchase price:

EEK 109.84 per Share (the "Share Price")

5. Offer period

The period of acceptance of the Offer (the "Offer Period") begins on 13 January 2005 and ends on 23 February 2005 (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. 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 his/her/its respective Shares to Baltic Tele AB on 7 March 2005 (the "Value Date") to such accepting Shareholder's cash account connected to his/her/its securities account against the delivery of the respective Shares by such accepting Shareholder to Baltic Tele AB (delivery against payment method).

7. 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 respective Shares to Baltic Tele AB against payment.

OFFER PERIOD																												VALUE DATE						
11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7							
JANUARY											FEBRUARY											MARCH												

The prospectus will be made electronically available on the Internet website of Tallinn Stock Exchange (www.ee.omxgroup.com) 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.

All information contained in this document is presented as at 28 December 2004, the date of submission of the prospectus and notice of the Offer to *Finantsinspeksioon* for approval.

The notice, the prospectus of the Offer and the terms of the Offer have been approved by *Finantsinspeksioon* on 12 January 2005.