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Statement regarding Azercell privatisation

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In 2008, the Azerbaijani state privatized the mobile operator Azercell by selling all of its remaining shares (35,7 percent) to the holding company Azertel, a company which is majority owned by Fintur Holdings, of which TeliaSonera is a majority owner.

At the same time, the Azerbaijani state made an agreement with a group of investors who invested in the privatization vouchers, to obtain compensation in connection with the privatization of Azercell. The agreement was that the group of investors would receive a share of the purchase price of the Azertel privatization.

The Azerbaijani state requested that Azertel should pay a part of the purchase price directly to the group of investors. An international law firm was asked to make a legal assessment of the deal, and carry out the agreement. The payment could then be made according to the Azerbaijani state's request.

- We conducted a completely correct business deal at fair market value. We are very confident in this, says Cecilia Edström, Communications Director at TeliaSonera.

TeliaSonera had neither at that point, past or currently, any business relationships with individuals and/or companies in the investor group.

Background

When the Azerbaijani government decided to sell its 35.7% stake in Azercell, it was first offered to Azertel, which had the right of first refusal according to a shareholders agreement. Azertel acquired the shares, and consequently owned 100% of Azercell. The price was determined by the state of Azerbaijan as part of the privatization process and a fairness opinion was obtained from an independent international accountancy firm.

The government of Azerbaijan had in the 1990's distributed privatization vouchers to its citizens. The vouchers gave the holders the right to participate in future privatization of companies in Azerbaijan. The vouchers were subsequently traded and some investors bought considerable amounts of them.

When the investor group learned that the government was selling its stake in Azercell, they claimed to the government that they should be able to use their vouchers. The investors made an agreement with the state.

Azertel later received a request from the State Committee on Management of State Property of the Republic of Azerbaijan that part of the purchase price should be paid to the investors.

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