



What happened:

- 1) February 2006 - Telenor begins arbitration against Storm in New York in connection with Storm's violations of the Kyivstar Shareholders Agreement. The Kyivstar Shareholders Agreement is governed by New York law and requires all disputes between Telenor and Storm to be settled through arbitration proceedings in New York. Storm's violations include: its ongoing refusal to attend Kyivstar shareholders and Board meetings, its commencement of numerous litigation proceedings in Ukraine attacking Kyivstar's charter and the Shareholders Agreement itself, and numerous violations of the non-compete provisions of the Kyivstar Shareholders Agreement. Telenor also seeks to compel Storm to agree to changes in the Kyivstar charter to bring it into compliance with the Shareholders Agreement.
- 2) April 25, 2006 – In an attempt to stop the arbitration proceedings, Alpren sued Storm in the Kyiv Commercial Court, which issued a ruling purporting to state that Storm did not have authority to execute the Kyivstar Shareholders Agreement or Voting Agreement. Alpren is 100% owned by Altimo. Alpren owns 49.9% of Storm. (Another 100% Altimo subsidiary, Hardlake, owns the remaining 50.1% of Storm.) Alpren claimed in its suit that Storm's then General Director Valeriy Nilov was not authorized to sign the Kyivstar Shareholders Agreement. Alfa executives not only negotiated the Kyivstar Shareholders Agreement, but Altimo's Chairman Andrei Kosogov and Storm's Chairman Yuri Tumanov delivered certificates to Telenor at the time the Kyivstar Shareholders Agreement was signed, stating that Mr. Nilov was authorized to sign the Agreement.
- 3) October 25, 2006 – The New York Arbitration Panel issues an interim award to Telenor, holding that the Panel has jurisdiction over the dispute between Telenor Mobile and Storm in relation to the Kyivstar Shareholders Agreement.
- 4) November 13, 2006 – Storm filed a petition in New York state court to vacate the Arbitration Panel's Award and stop the arbitration proceeding.

- 5) November 14, 2006 - Telenor caused Storm's case to be removed to the US District Court for the Southern District of New York because the case involves an international arbitration agreement.
- 6) November 22, 2006 – US District Judge Gerard E. Lynch denies Storm's motion to vacate the Arbitration Panel's award and to enjoin the arbitration proceeding. Judge Lynch said that Altimo and Storm's effort to disrupt the arbitration proceeding on the basis of "collusive litigation" in Ukraine "is basically a shabby tactic" and "should not be condoned".
- 7) December 1, 2006 – Alpren, a wholly-owned subsidiary of Altimo and the holder of 49.9% of Storm, sues Storm's General Director Vadim Klymenko, who is also an Altimo Vice President (and in charge of the company's litigation in Ukraine) in an obscure Ukrainian court (the Golosiviyiv District Court of the city of Kyiv Goshko O.M.) and obtains a court order purporting to prohibit Mr. Klymenko, Storm and Telenor (and their respective representatives) from further participation the arbitration proceedings in New York. Despite the fact that Telenor was not informed of this proceeding, nor was a party to the lawsuit, its representatives are threatened with criminal sanctions if they violate the ruling and proceed with the arbitration.
- 8) December 4, 2006 – Telenor learns of the Alpren suit and petitions the same US Federal District Court that had denied Storm's motion to vacate the Arbitration Panel's award to grant a temporary restraining order (TRO) prohibiting Altimo, Alpren and Storm from seeking to perfect or enforce the order of the Ukrainian court.
- 9) December 7, 2006: Telenor and Storm are heard on Telenor's petition. US District Judge Gerard E. Lynch grants Telenor's petition and imposes a temporary restraining order (TRO) on Altimo, Alpren and Storm prohibiting them from taking any further steps to enforce or perfect the Ukrainian court order. The judge also orders Altimo, Alpren and Storm to "show cause" at a hearing on December 11, 2006 as to why the court should not grant Telenor's request for an injunction prohibiting Storm, Alpren, Altimo and their agents, employees and representatives from bringing any further litigation against Telenor in Ukraine while the arbitration is ongoing, ordering them to withdraw their existing litigation and request the withdrawal of the Ukrainian injunction and compelling Storm to participate in the arbitration proceeding. Storm, which has been demanding a trial for months, objects and demands further preliminary proceedings.
- 10) December 11, 2006 The US Federal District Judge continued a temporary restraining order against Alfa Group's telecom arm, Altimo, and two of its subsidiaries, Storm and Alpren, ordering them not to take any further action to enforce a Ukrainian court order intended to stop an arbitration proceeding brought by Telenor against Storm. The judge also ordered a further hearing on Friday, December 15, 2006 in New York to determine whether Altimo and Alpren are subject to the Court's jurisdiction and should continue to be subject to the temporary restraining order.
- 11) A hearing on the merits in the arbitration is currently scheduled to begin on December 18th in New York.