

On 13 February Telenor received a copy from the Norwegian Ministry of Trade and Fisheries of an e-mail related to the VimpelCom investigations from an unidentified source. Below Telenor has made a pdf version of the content of the mail.

Dear [name removed]

I recently came across a few articles in the Norwegian press suggesting that I had gone silent or was otherwise failing to respond to inquiries (to be clear, I have received none). Below are some clarifications and comments in response to statements made in the Norwegian press, which I understand may not entirely reflect the positions of the government or Telenor, whether due to selective quotations or the limitations of Google Translate:

- The primary reason for my silence is that I have not received any direct communication from the government following my previous submission. Indirectly, of course, I noted the Minister's press release, Telenor's own actions and that of the Norwegian press. In light of fact that no one in the government replied to me directly, I had assumed that for whatever reason, the government had decided to pursue this matter either directly with Telenor or through other channels, such as the parliamentary committee or Økokrim. I remain prepared to provide the government with whatever materials it would find helpful. As I previously noted, it is a lot of material, some of which is highly technical. The forensic examination of cash flows, complex back-to-back agreements and transfers of interests among shell companies does not make for light reading. For the sake of not wasting my time or yours, if the government is interested in further materials, I would appreciate any guidance on what you might find useful. I do not want to provide you with, say, a detailed analysis on option pricing if you are primarily interested in Telenor's control rights. Obviously, Telenor, assuming it is capable of investigating itself, should be able to answer any questions, too.
- Secondly, it was never my intention to get into a public relations battle with Telenor, and I was frankly shocked that they published my materials. To the extent any further communications were to be immediately posted to Telenor's website (a reasonable assumption), this would only feed into an unwanted pr battle. I previously communicated with the government as I believe the evidence strongly suggests that Telenor's responses to the Norwegian government have been disingenuous and misleading. I thought the Norwegian government, especially in advance of the parliamentary hearing, should be aware of certain apparent misrepresentations. The materials were intended to be a general overview perhaps worthy of a few questions at the hearing, not a granular forensic examination fit for the courtroom. Had I known that Telenor were to publish it, at the very least, I would have bothered to proofread it and to insert a few dozen footnotes. Apologies for the occasionally poor writing and numerous typographical errors.
- For a company claiming zero tolerance of corruption, Telenor's reaction has been, at least to me, perplexing. Were Telenor truly committed to rooting out corruption, Telenor seemingly would have reached out and stated that the company takes these matters very seriously while asking for my evidence so Telenor could conduct its own analysis. Yet, Telenor's press release seemed to be, in part, dismissive and accusatory, and Telenor's subsequent statements seem to take the same tone. To be clear, I have received no communication from Telenor, and in light of their public statements, I have seen no point in communicating with them directly.
- Additionally, Telenor's quick publication of my materials verbatim might be taken by some as an attempt at intimidation. As Telenor itself seems to recognize and as I pointed out in my

original email, Telenor's partner in Vimpelcom, to put it mildly, may not have the best track record. What if a certain fact in my materials was only known to a handful of people and I happened to live in Russia? What could be the potential consequences of Telenor's publication? Truly getting to the bottom of what happened at Vimpelcom undoubtedly will require the cooperation of many local employees, and it is possible that Telenor's actions might actually undermine its own anti-corruption policies by discouraging others to come forward. I note that TeliaSonera's compliance policy includes a "system for whistleblowers" that "will from now on provide for the possibility to report via an externally managed platform for improved independence and anonymity."

In summary, my silence is a result of 1) a lack of communication from the government or Telenor asking for clarification or additional materials 2) never having sought to engage in a public relations battle with Telenor in the first place and failing to see where else further communication might lead and 3) Telenor's reaction, which hardly seems consistent with either their own zero tolerance stance on corruption or corporate best practices in terms of compliance policies. I stand by my offer to provide additional materials although I would prefer a means which does not expose the materials to immediate, verbatim publication by Telenor. While the government's opinion as Telenor's largest shareholder matters infinitely more than mine, I also think it is fair to question whether Telenor's management is capable of investigating itself.

A few points of clarification that I would have included in my previous materials had I reason to suspect they would be broadcast by Telenor:

1. Regarding the payments. It seems that Vimpelcom has only disclosed the payments it directly made to Takilant, not back-to-back payments made via third parties or to shell companies other than Takilant. The first payment to Takilant noted by the Dutch prosecutor, for instance, occurs two days after Vimpelcom's 18 January 2006 purchase of Buztel. The payment is clearly related to this acquisition, yet, it is not included in the payments publicly disclosed by Vimpelcom in its last annual report. The company that made the payment, Aqute Holdings & Investments Inc., has never been listed as a Vimpelcom subsidiary in any of its regulatory filings. Was Aqute partially owned by Takilant? The point is if Telenor simply asks Vimpelcom for an accounting of payments Vimpelcom itself directly made to Takilant (and Takilant alone), many payments potentially are going to fall through the cracks.

Furthermore, the \$94.5m in payments to Talkiant (the amount disclosed by Vimpelcom in its last annual report) seems well below the going rate in Uzbekistan. The materials from the Swedish investigation reveal that TeliaSonera paid over \$300m to Takilant, and an examination of MTS's records reveal that it paid roughly the same amount to other shell companies seemingly associated with Gulnara Karimova (including Swisdorn, Tammaron Limited, and Kolorit Dizayn Inc., which Uzbek prosecutors allege was owned by Karimova's boyfriend - as was the case with Swisdorn). Is it credible that Vimpelcom apparently paid Karimova a third of what its competitors did?

Takilant was far from Karimova's only front company. She had dozens of shell companies incorporated in a number of offshore tax havens. In fact, a former senior executive at Vimpelcom's Uzbek operation, Unitel, also appears to be a key figure in Karimova's offshore empire. As noted by the Swedish prosecution:

"Sodikjon Sokhibjonov, who took part in the application for the opening of Takilant Ltd's account with Nordea, was also vice managing director of Unitel. In summer 2007 Unitel was the next largest company on the Uzbekistan telecommunications market and was owned by Vimpelcom, which in turn was owned to 30% by Telenor. Bekhzod Akhmedov was thus the managing director of the largest competitor to TeliaSonera on the Uzbekistan telecommunications market, Uzdunrobita/MTS,

and Sodikjon Sokhibjonov was the managing director of the next largest competitor to TeliaSonera, Unitel/Vimpelcom.”

When the Swedish press asked Vimpelcom for comment, Vimpelcom responded that Sodikjon Sokhibjonov had held his position at Unitel from September 2006 until February 2012 (<http://www.borsen.se/Nyheter/telenor-dras-in-i-mutharvan>). In leaked documents apparently related to the investigation into Karimova's Swiss bank accounts, Takilant's director, Gayane Avakyan, states that Sokhibjonov opened and managed accounts for both Takilant and its BVI-incorporated subsidiary, Tozian Services Limited, at the same time he was employed by Vimpelcom.

Perhaps due to Takilant's overexposure, even Karimova seemed sensitive to the fact that other front companies should be added to the mix. Among the leaked documents is a note written by Karimova (apparently considered authentic by the Swedish prosecutor and an obvious match for anyone who has seen Karimova's handwriting), in which she states: "“Is everything ok with Beeline [NB - Vimpelcom's brandname]? Who signed the 5-million contract from our side? Not Gayane, surely?" (So you are not entirely relying on my translations, the profession Swedish translation of the original Russian is: "är allt ok med Beeline? Vem undertecknade 5-miljonerskontraktet från vår sida? Inte Gayane, väl?"")

Gayane Avakyan is the sole director of Takilant, suggesting, *ipso facto*, this \$5m contract had to be signed between Vimpelcom and Karimova front company other than Takilant. Of note, this \$5m contract seems to be contemporaneous with another \$5m contract signed by TeliaSonera and Karimova, which purportedly "was for the expansion of the customer base". Shortly thereafter, MTS, which had roughly 50% of the Uzbek market, was shut down through a series of highly irregular and apparently collusive government actions, causing millions of former MTS customers to flock to Vimpelcom and TeliaSonera.

As a result of this rapidly expanding customer base (2.2m new customers by November 2012), Vimpelcom entered into agreements with Huawei to install additional infrastructure, as it noted in this press release:

Of course, large-scale investments of recent months have played a role in ensuring customers of ‘Beeline’ [can make] calls, even taking into account a reduction in the usual high quality services. But beyond that, we ordered in July the purchase additional equipment of about 20 million dollars. At this time, the process was started by putting these base stations in operation, and soon all will feel the positive changes’ —Unitel Director General Andrei Safronyuk, commenting on the results of the quarter ...

[Increased usage] means a serious burden, which is adopted and sustained by the network.

This is confirmed by the director Huawei Technologies Co., Ltd Mr. Wang Yifan: ‘Huawei has a long experience of cooperation with Unitel, and this year we have continued to work together to modernize the network. At mid-year, our company has made every effort to provide the necessary support ‘Beeline’ in solving any problems... Design work aimed at increasing the network capacity and improve its performance took place in the shortest possible time, so that in the third quarter a significant amount of telecommunications equipment was raised for the development of ‘Beeline’ network.”

(For the original Vimpelcom press release in Russian, see <http://press.beeline.uz/ru/releases/index.wbp?id=0e4fab36-477a-4af3-8a8f-ed47d7b21fd5>)

This is notable as Karimova's leaked documents suggest she was to receive payments from Huawei on the heels of Vimpelcom's "mid-year" purchase. From notes dated August 2012:

" - they are ready to start making payments and will try to do it before the end of September. [Handwritten note: We wait. If they can do it before it's good.] They expect of us prerequisites from at least three companies to conclude the service contract. The elements must meet Huawei's internal requirements ...

04.08.2012. In accordance with Huawei's internal requirements [we] have submitted two 'front companies' to [the] Representative ... The representative asked ... [us to] confirm that Huawei can start making payments to these companies as well as transfers to additional companies (we can do)."

In summary, the evidence suggests that merely looking for payments from Vimpelcom to Takilant is not going to reveal the true scope of quantum of the payments as other front companies were apparently used, payments were seemingly made indirectly, and Vimpelcom's own local deputy managing director was apparently a key figure in Karimova's money laundering machine.

2. Regarding Telenor's control. Telenor's control over the Vimpelcom board in respect of acquisitions and dispositions can be established both *de jure* and *de facto*. *De jure*, ask Telenor for a copy of the Shareholders' Agreement. *De facto*, Vimpelcom's own disclosures make it clear that both the January 2006 acquisition and the 2007 "option" agreement were approved by Vimpelcom's board. Indeed, as Alfa had an interest in the January 2006 deal, its board members could not vote, leaving the January 2006 deal nearly entirely in the hands of Telenor. (see <http://www.sec.gov/Archives/edgar/data/1023977/000119312506007678/d6k.htm>). I previously included a link to the 2007 Russian filings which makes it clear the Vimpelcom board approved the 2007 option agreement, noting "Protocol No. 2 Board meeting of the Directors of Vimpelcom, March 28, 2007" dealt with the "Shareholders' agreement in respect of the call and put options for Takilant to acquire shares in Freevale and certain management issues regarding Freevale and LLC 'Unitel' (see, M&A presentation of 'Uzbekistan: Login local partner')".

Now, did the Vimpelcom board have to approve every last expenditure on licenses, numbering blocks or procurement? Seemingly not, but surely this is where common sense comes into play. Does Telenor acquire its Norwegian licenses behind closed doors from shell companies owned by people with no apparent experience in the telecom sector? Radio frequencies are owned and controlled by governments. Would it have been that hard for one of the Telenor representatives to occasionally ask, "By the way, how did we get that new license?" Anything short of "a transparent public tender organized by the government", especially in countries synonymous with opacity and corruption, might give rise to a few follow-up questions.

3. Regarding the "FCPA evaluations". To the extent Telenor is now sort of acknowledging that the Vimpelcom board, including Telenor's senior executives, approved some of these deals, Telenor is seemingly clinging to the fact that Telenor only did so based on the representations contained in Vimpelcom's "FCPA evaluations". In respect of a Vimpelcom deal in Ukraine (WellCom) that Telenor sought to block a mere five months before the first Uzbek acquisition, this is what Telenor said about the thoroughness of Vimpelcom's due diligence in US federal court proceedings:

83. While VimpelCom management has performed some due diligence, it has not performed "full" due diligence. In fact, Telenor East Invest brought to VimpleCom's management's attention two lawsuits and an ongoing criminal investigation concerning WellCom that were not mentioned in the due diligence report on WellCom distributed to the Board by VimpelCom's management.

Also in those proceedings Telenor also possessed a shred of common sense, which was seemingly abandoned in subsequent transactions in favor of Vimpelcom management's stellar due diligence. Telenor stated the obvious in US federal court - namely, that was "impossible" to identify the "beneficial owners" of "shell corporations located in offshore tax havens". Perhaps such as Takilant?

Since Telenor was so eager to publish my materials, might I suggest they supplement their publication with the due diligence memoranda for Kazakhstan, Ukraine, Tajikistan, Uzbekistan, Armenia, Georgia and Kyrgyzstan? If Telenor insists on maintaining its innocence while disparaging those who bring to light evidence to the contrary, it would only seem fair that Telenor gives us something more than just their word. I am not holding my breath. I imagine Telenor will seek to hide behind confidentiality provisions, even if the necessity and enforceability of such, especially after all this time, may be uncertain.

Please let me know how is best to proceed.