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Orascom-VimpelCom Merger Chances at 50%, Sawiris Says

By The Moscow Times

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Egyptian billionaire Naguib Sawiris told a Norwegian newspaper that the chances of completing a $6.6 billion merger between his company Orascom and mobile operator VimpelCom were at best 50 percent.

Sawiris was quoted by Dagens Naeringsliv as saying Norway's Telenor — which owns nearly 40 percent of VimpelCom — was "not motivated" to see out the merger, which faces hurdles in Algeria as well as regulatory issues in other countries.

"Now, I doubt anything will come from the merger. Telenor is not motivated, as I see it. It's 50-50 at best that anything will come of it," Sawiris was quoted as saying.

Algeria is threatening to nationalize Orascom's local unit, and Orascom has assets in Bangladesh and Pakistan where Telenor also has mobile operations.

Telenor was not immediately available for comment on the report.

Telenor has repeatedly aired doubts over the VimpelCom-Orascom deal. Late last month, it asked for clarification of the merger parameters before VimpelCom's board makes a final decision on the deal.

VimpelCom is "optimistic" that Orascom Telecom Holding will resolve an ownership dispute with the Algerian government over its local unit, Alexei Subbotin, VimpelCom's director of investor relations, said Thursday.

The Russian operator is raising a $4 billion bridge loan to bond issues to part-finance its $6.6 billion bid to gain control of Orascom Telecom and Italy's Wind, senior bankers said Friday.

The $4 billion bridge loan will be used to finance the cash component of the acquisition of about $2 billion and refinance $2 billion of existing VimpelCom debt, which is being moved from VimpelCom BV to VimpelCom OGSC, bankers close to the deal said.

(Reuters, Bloomberg)

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