

VimpelCom Seeks New Sawiris Deal

By [The Moscow Times](#)

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Telecommunications company VimpelCom Ltd., which is seeking to combine assets with Naguib Sawiris's Weather Investments, will pursue a new agreement after its biggest shareholder rejected an \$6.5 billion proposal.

Telenor, which owns almost 40 percent of VimpelCom, said Monday that the transaction won't help the business or shareholders. VimpelCom said in a later statement that its board asked chief executive Alexander Izosimov to negotiate a revision after the three Telenor-appointed directors voted against the proposal in its current form.

In light of Telenor's opposition, VimpelCom's board authorized Izosimov to negotiate "the terms and conditions under which Weather would be willing to enter into a revised transaction," the company said. The board didn't approve an amended shareholder agreement for the proposed transaction, and it didn't vote on certain other agreements, VimpelCom said in the statement.

The opposition of Telenor, the Nordic region's biggest phone company, threatens the possible

creation of the world's fifth-largest cell phone company. VimpelCom, the country's No. 2 wireless operator, and Egyptian billionaire Sawiris agreed in October to merge their assets, including a 51.7 percent stake in Egypt's Orascom Telecom Holding and all of Italian mobile operator Wind Telecomunicazioni.

Telenor is "paying for assets where the price isn't spectacularly cheap, and at the same time they are giving up part of their influence," Dalibor Vavruska, an analyst for ING Bank in London, said in a phone interview.

The proposed transaction would have made it necessary to adjust a shareholder agreement between Telenor and VimpelCom's other major shareholder Altimo as both companies were asked to relinquish the right to veto the issuance of new shares.

"We were opposed to that," Marianne Moe, head of Telenor's investor relations, said in a phone interview Tuesday. Telenor also voted against the chief executive's mandate to renegotiate a deal with Weather Investments, she said, adding that the remaining six board members told Izosimov to find an agreement that doesn't involve changes to the current shareholder agreement and bylaws.

VimpelCom, listed on the New York Stock Exchange, was formed from the consolidation of Russian billionaire Mikhail Fridman's Alfa Group and Telenor holdings in Russian and Ukrainian cell phone and fixed operators.

Telenor has three representatives on the nine-person board, Moscow-based Altimo owns 39 percent and minority shareholders hold the remaining 21 percent.

Telenor withdrew its support for the deal because of the "information available and recent developments," it has said.

"We have made a complete evaluation of the financial and strategic terms of the deal and concluded that it doesn't make sense," Fornebu, Norway-based Telenor said yesterday. "When the deal was initially presented to the board, we said yes, with reservations."

Sawiris is waiting for a new offer from VimpelCom, Arabiya television reported today, citing an interview with the Egyptian billionaire. In an e-mailed statement, he said he would call a board meeting at Orascom Telecom to review an offer once it is revised.

Had the companies combined in 2009, they would have had total revenue of \$21.5 billion and earnings before interest, taxes, depreciation and amortization of \$9.5 billion. The new company would have operations in 20 countries and net debt after the combination of as much as \$24 billion, VimpelCom has said.

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