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VimpelCom to Hold Sawiris Vote

By The Moscow Times

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Telenor and Altimo were to meet in Amsterdam to discuss the final terms. **Vladimir Filonov**

VimpelCom's board was to vote on a revised deal with a potentially lower price for Egyptian billionaire Naguib Sawiris' phone assets late Sunday, a VimpelCom source told The Moscow Times on Sunday afternoon.

Telenor planned to vote against the revised deal, which would merge VimpelCom with Sawiris' telecommunications assets, the Financial Times reported Saturday.

The main VimpelCom shareholders, Telenor and Alfa Group's Altimo, were to meet in Amsterdam to discuss final terms, said the Times sources, who declined to be identified because the talks were confidential. The revised deal could still fall apart, they said.

VimpelCom had sought to find a new agreement after its biggest shareholder, Telenor, in December rejected a $6.8 billion proposal, saying the transaction would not help the business or shareholders.

VimpelCom chief executive Alexander Izosimov was asked to revise the deal.

Telenor's opposition was threatening to scuttle the creation of the world's fifth-largest mobile phone company. Under the original deal, VimpelCom sought to obtain all of Italian mobile operator Wind Telecomunicazioni and Sawiris' 51.7 percent stake in Egypt's Orascom Telecom holding.

The shareholders of Sawiris' holding company, called Wind Telecom, would have received 20 percent of the new VimpelCom shares, valued at $5 billion at current prices and $1.8 billion in cash under the original terms.

Spokespeople for Telenor, VimpelCom and Altimo declined to comment Sunday. Sawiris did not immediately return a call seeking comment.

Telenor and Altimo have been in conflict over Ukrainian telecommunications asset Kyivstar since the mid-2000s, which, some believe, has caused relationships between Russia and Norway to sour.

Sawiris turned around his father's telecommunications empire in Egypt and expanded it internationally. His net worth, estimated at $2.5 billion, decreased after a number of leveraged buyouts in the last four years set him back a total of $7.7 billion, according to Forbes.

The deal could be forced through even if Telenor's three directors oppose it, the Times sources said. In December, the other six board members voted in favor of the deal.

The three Telenor board members are expected to vote against the deal, the Times said. Telenor opposes the plan partly because its stake would be reduced by the deal, it said.

While the shareholders' vote remains crucial, some believe that there is a substantial chance for the deal not to go through in any case. The Algerian government is considering the nationalization of Djezzy, one of Orascom's most lucrative assets, because of back taxes, placing it out of the equation for VimpelCom. VimpelCom and Wind delayed the signing of a shareholders' agreement last year while Orascom tried to resolve the dispute with the Algerian government over its local unit.

The Algerian government, which wanted to buy Djezzy, ordered Orascom to pay more than $800 million in back taxes and banned it from transferring money abroad, penalties that Orascom has contested. The Egyptian company has said it could be in international arbitration by the second quarter of this year unless it can resolve the dispute.

VimpelCom, listed on the New York Stock Exchange, is Russia's second-largest mobile operator and was formed from the consolidation of billionaire Mikhail Fridman's Alfa Group and Telenor's holdings in Russian and Ukrainian mobile phone operators.

(Bloomberg, MT)

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