

MegaFon Buyout Loans Completed

By [The Moscow Times](#)

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A sign directing customers to a nearby MegaFon outlet. **Maxim Stulov**

MegaFon has borrowed \$4.5 billion to help finance a buyout of Mikhail Fridman 's 25.1 percent stake, bringing Russia 's No.2 mobile-phone operator closer to a possible \$4 billion London initial public offering later this year.

MegaFon also named Ivan Tavrín chief executive Friday, putting in place another part of a transaction that will hand control to Alisher Usmanov, Russia 's richest man with a fortune estimated at \$18.1 billion.

The ownership shake-up and IPO, which would be the largest in London since commodities trader Glencore floated last May, seeks to position MegaFon for the costly rollout of next-generation 4G mobile services in Russia .

Outgoing CEO Sergei Soldatenkov has been tipped to become telecoms minister in President-elect Vladimir Putin 's next administration. Tavrín, who joined MegaFon this year, used to work for media group UTV, in which Usmanov is a shareholder.

MegaFon said it had obtained a credit line of up to \$1.5 billion from state-controlled lender Sberbank. State-owned Gazprombank later said it had lent MegaFon \$1 billion for five years in a two-tranche deal.

Earlier this week, MegaFon took out a \$2 billion syndicated loan from Western banks, adding to \$1.5 billion net cash on its balance sheet it can spend on the deal.

While the deal's final structure is not finalized, MegaFon was expected to buy part of Fridman's 25.1 percent stake, valued at \$5 billion, with Usmanov acquiring the rest, one banking source familiar with the matter said.

In the IPO of a 20 percent stake, tentatively planned for the second half of 2012, TeliaSonera would sell two-thirds of the shares on offer, with the rest coming from stock held in treasury by MegaFon, the source said.

Two sources said TeliaSonera would also receive a special dividend. "The only way to counterbalance the market risk [of an IPO] is to give the company additional liquidity through a dividend," the banker said.

MegaFon, Usmanov, TeliaSonera and Fridman have declined to comment on the talks.

The transactions are being structured so that Usmanov, who has a 31.1 percent economic interest in MegaFon, will secure overall control, while TeliaSonera, which now owns 43.8 percent, will be a minority partner.

Usmanov and TeliaSonera own part of their MegaFon stakes through holding company Telecominvest, which Usmanov controls. That effectively gives him a 39.3 percent current voting stake compared with TeliaSonera's 35.6 percent.

Cancellation of some treasury stock held by MegaFon as a result of the Fridman buyout would help push Usmanov's voting interest over the crucial 50 percent threshold.

Alisher Usmanov has decided, together with partners, to create a holding structure to bring together his assets.

"We are now in the process of consolidating all of the assets under a single holding company. Like AFK Sistema, for example," Usmanov told Forbes magazine, Interfax reported Friday.

Preliminary allocations of shares in USM Holding, which has already been established, are 50 percent to Usmanov, 30 percent to a fund owned by Andrei Skoch, 10 percent to Farhad Moshiri and 10 percent reserved for management.

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