

Court Leaves VimpelCom's Hands Tied

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Igor Artemyev, head of the Federal Anti-Monopoly Service **Maxim Stulov**

The Moscow Arbitration Court declined Wednesday to hear VimpelCom's appeal of interim measures restricting the Russian company's activities while a lawsuit filed by the Federal Anti-Monopoly Service against Telenor, a shareholder in the telecoms operator's Dutch parent company, is settled.

"The court does not find grounds to cancel the adopted interim measures," it said, according to Interfax.

The court on May 23 banned VimpelCom from carrying out decisions that were reached at its annual shareholders meeting two days earlier, which included the payment of 18.9 billion rubles (\$610 million) in dividends for 2011. The company's supervisory board and auditor were banned from fulfilling their functions as well.

The court's decision represents a potential threat to parent company VimpelCom Ltd., Investkafé analyst Ilya Rachenkov said. Besides being unable to pay the dividend,

the company cannot enter into major deals or borrow money.

However, Rachenkov added, there are few major decisions ahead of the company at the moment, and it is not seeking to increase its debt load. Furthermore, since the Russian cellular market is occupied by major players, the only deals VimpelCom could make are on a regional level, not requiring board approval.

"They are decisions that a manager of the chief financial officer could make," Rachenkov said.

"So far the risks have not had any effect and, in the best case, they won't have any," he added.

The anti-monopoly service is suing Nordic telecom group Telenor over its purchase in February of 11.26 percent of the preferred shares in VimpelCom from the third shareholder Weather. Telenor later bought VimpelCom depositary receipts from JP Morgan Chase to raise its voting share to 36.36 percent.

The anti-monopoly service claimed the deals violated Russian law on foreign investment. Altim, the telecoms arm of Alfa Group, issued a letter on June 5 also criticizing the deal. Telenor and Altim have a long history of disagreement over VimpelCom management strategy.

The first hearing in the anti-monopoly service's lawsuit is scheduled for Oct. 17. Federal Anti-Monopoly Service head Igor Artemyev last week urged the shareholders to reach an agreement among themselves to make an out-of-court settlement possible.

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