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Rostelecom Approves Merger of Mobile Business with Tele2

By The Moscow Times

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State-controlled telecoms group Rostelecom said Thursday that its board had approved a plan to merge its mobile business into rival Tele2 Russia.

The deal, under consideration for several months, will create a stronger rival to compete with the big three wireless carriers — MTS, MegaFon and VimpelCom — which currently control more than 80 percent of the country's mobile market.

A former landline monopoly, Rostelecom was reorganized several years ago in an attempt to win a bigger share of fast-growing markets such as mobile, broadband, pay-television and information technology.

Rostelecom said Thursday that it would get a 45 percent voting stake in the new company, T2 RTK Holding, in exchange for its mobile assets and licences. Tele2 Russia, owned by state-controlled bank VTB and Russian businessmen Yuriy Kovalchuk and Alexei Mordashov, will

have 55 percent.

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