

# ISS Opposes VimpelCom, Wind Merger

By [The Moscow Times](#)

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A London court on Tuesday thwarted an attempt by Telenor to prevent the dilution of its stake in VimpelCom Ltd., easing the way for the Russian group to buy Naguib Sawiris' telecom assets.

Norway's biggest telecom company sought an injunction to prevent the dilution of its 36 percent stake in VimpelCom, Russia's second-largest cellphone group, to the benefit of old rival and co-owner Mikhail Fridman's Alfa Group.

VimpelCom has the backing of Alfa and its board to take control of emerging markets-focused Orascom Telecom and Italy's Wind from Sawiris, the Egyptian-born tycoon.

Telenor has said the deal does not make financial or strategic sense. It would need the support of more than 70 percent of minority shareholders if it is to block the deal on March 17, a target that one banker described as "an uphill struggle."

Telenor declined comment in an initial reaction on Tuesday but said it would issue a

statement later in the day.

"We are pleased that the court agreed with VimpelCom on the importance of allowing the shareholders to cast their vote on March 17," VimpelCom chief executive Alexander Izosimov said in a statement.

The court said the meeting can go ahead as planned and also refused to accept Telenor's alternative request to have pre-emptive shares issued to it in escrow pending the outcome of the arbitration initiated by Telenor.

VimpelCom's general counsel told reporters Tuesday that "VimpelCom agreed to undertakings to protect Telenor's pre-emptive rights if the arbitration panel decided in Telenor's favor," but did not elaborate.

Institutional Shareholder Services, a leading adviser in the field of corporate management, has recommended that VimpelCom minority shareholders vote against an additional share issue, VimpelCom said in a statement.

ISS's conclusion is erroneous and contradicts the recommendation of three of the company's independent directors, the statement said.

ISS's recommendation also contradicts the conclusion of another well-known consulting firm, Glass Lewis, which late last week recommended that VimpelCom shareholders support the deal with Wind Telecom. "The company should be provided the flexibility to use its equity in a manner that could provide funding for its operations and enhance shareholder value," Glass Lewis said in a report.

*(Vedomosti)*

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