

Telenor Looks at Options to Challenge Sawiris Deal

By [The Moscow Times](#)

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OSLO — Telenor is preparing for possible legal action to block VimpelCom's \$6 billion bid to expand its telecoms empire internationally, now that an attempt to build shareholder opposition looks doomed.

Reuters talked to five independent VimpelCom shareholders. Their responses indicated a potential split that would leave the Norwegian company short of the support it needs at a vote due on March 17.

Telenor, with 36 percent of VimpelCom, needs backing from more than 70 percent of independent shareholders to be certain that it can block the telecom's Wind Telecom takeover deal.

"We are evaluating our legal options," Telenor spokesman Dag Melgaard said, adding that no decision has been made on how best to fight what Telenor sees as "dirty tricks" by the deal's

proponents.

A takeover of Wind is backed by VimpelCom management, the government and billionaire Mikhail Fridman's Altimio group.

The deal with Egyptian tycoon Naguib Sawiris would give VimpelCom control of mobile group Orascom and Wind Italy and make it one of world's largest mobile operators. Sawiris gets a 30.6 percent VimpelCom stake in return.

But it comes with risks, including lack of clarity over Sawiris' prized Algerian unit.

Telenor has 36 percent of VimpelCom's voting stock while Altimio owns 44.7 percent. To be certain of rejecting the bid for Wind, Telenor must be backed by 72 percent of the remaining shareholders, who jointly own 19.3 percent of votes.

Kaha Kiknavelidze, managing partner of London emerging markets fund manager Rioni Capital, said his fund was in favor of the deal.

"The deal allows the company to expand outside of Russia at a time when asset prices are still depressed," he said.

Telenor said it saw "dirty tricks" in VimpelCom and Altimio tactics to circumvent a shareholders agreement that would otherwise allow Telenor to take part in the share issue to Sawiris — an issuance that will dilute its influence.

If the deal is approved, Sawiris will receive 30.6 percent of VimpelCom voting stock and reduce Telenor's holding to 25 percent, Altimio's to 31, and all others to a joint 13.4 percent.

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