

# Telenor Ups VimpelCom Stake to 36%

By [The Moscow Times](#)

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Now none of the strategic shareholders controls VimpelCom, which works under the Beeline brand in Russia. **Denis Grishkin**

OSLO — Norway's Telenor wrestled back partial control of telecoms firm VimpelCom from Mikhail Fridman's Alfa Group in a move that gives it more say over strategy and could prolong a long-running corporate battle.

The company said Wednesday that it has bought 234 million shares in VimpelCom that will boost its voting share to 36.36 percent from 25 percent, meaning that it no longer needs to go ahead with court proceedings against old adversary and fellow shareholder Altimo, a unit of Alfa Group.

Telenor, which paid \$374.4 million for the preferred shares in VimpelCom from Egyptian tycoon Naguib Sawiris' Weather Investments, will boost its share of voting rights back near its original 36 percent, which had been diluted to 25 percent by VimpelCom's transactions with Sawiris.

"It is not a case of outmaneuvering anyone, but getting us back in the ownership position we had before the transaction," Telenor spokesman Dag Melgaard said.

Telenor had opposed VimpelCom's purchase last year of a majority stake in Egypt's Orascom and Italy's Wind from Sawiris, saying the acquisition would saddle the group with too much debt and distract it from recouping market share in Russia while unfairly depriving Telenor of some control.

A shareholder agreement between Altimio and Telenor had given Telenor preemptive rights to maintain voting control in the event of a shift in ownership structure, but Altimio tried to cancel the agreement in a share-sale maneuver that Telenor said was underhanded.

The conflict came to typify the difficulties faced by overseas investors in Russia's oligarch-controlled business world.

"We were not a party to this agreement and are not prepared to comment in detail as we are carefully examining the question, first of all, from a legal point of view," Altimio spokesman Yevgeny Dumalkin said late Wednesday.

In future decisions, were minority shareholders to join Telenor's position, they would together hold more than 50 percent of VimpelCom's shares and overrule Altimio, which was not the case previously.

"Minority shareholders' vote may now be deciding when it comes to voting on strategic issues, and Altimio and Sawiris will not be able to have full control over the company's strategy," said Viktor Klimovich, an analyst at VTB Capital, adding that this meant VimpelCom's strategy may now become "more balanced."

Another analyst struck a note of caution, however.

"We still have a situation in which none of these strategic shareholders control the company," said Tibor Bokor, a London-based telecoms analyst at ING.

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