

Rostelecom Shareholders Approve Merger With Svyazinvest

By [The Moscow Times](#)

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The plan to merge state telecom giants Rostelecom and Svyazinvest, ordered by then-president Dmitry Medvedev last year, has received the stamp of approval of Rostelecom's shareholders, with 97.7 percent voting in support of the decision.

The fact that only 61.6 percent of eligible shareholders took part in the voting at last week's extraordinary shareholders meeting means that the company's fate was decided primarily by its state owners, which include the Federal Property Management Agency, Svyazinvest and VEB, which hold 7 percent, 42 percent and 2 percent respectively, Vedomosti reported Friday.

Private shareholders who abstained from voting are now eligible to demand a share buyback by the company. Rostelecom agreed on a buyout price of 136.05 rubles (\$4.15) per ordinary share and 95.24 rubles per preferred share, well above the 87 and 70 rubles at which the shares were trading at the end of last week.

As prescribed by law, Rostelecom can only spend an amount equal to 10 percent of its net asset value on buying back its shares — the equivalent of 2.94 billion rubles, according to figures for the end of the third quarter. Morgan Stanley estimates that this allows the company to buy about 23 percent of its shares, well below the total amount of possible claims, according to Interfax.

In April, First Deputy Prime Minister Igor Shuvalov endorsed the state's sale of its stake in Rostelecom, which has a customer base of over 100 million, by the end of the year, estimating its value at a minimum of \$5 billion, Lenta.ru reported.

Rostelecom currently owns 25 percent of Svyazinvest. Earlier this week its board elected Vadim Semyonov, chief executive of Svyazinvest, as Rostelecom chairman.

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