



Telenor and Altimio closer to merger, 19.01.2010.

Norway's Telenor and Russia's Alfa Group came a step closer to pooling their Russian and Ukrainian telecom assets yesterday after Farimex, a shell company, agreed to drop a \$1.7bn suit against Telenor in Russia.

Telenor and Altimio, Alfa's telecom arm, said the merger could proceed as planned on April 20 as minority shareholders in VimpelCom of Russia and Kyivstar of Ukraine had approved the deal and Farimex had dropped its case - two pre-conditions for the merger being completed.

"We treat both [the Farimex settlement and minority shareholder approval] as positive for all VimpelCom shareholders as they give the green light to complete the unprecedented deal between Altimio and Telenor," Altimio said.

Telenor said the company was "very pleased with the fantastic response" from the minority shareholders, who approved the deal by about 97 per cent, and with the decision of Farimex to drop its suit.

"We are very happy to see that someone finally came to their senses and withdrew the case which we consider to have been without merit," he said.

Dmitry Cherny, a lawyer for Farimex, confirmed a settlement had been reached but did not disclose what had pushed the company to drop the case.

The shell company, which owns just a 0.002 per cent stake in VimpelCom, succeeded in asking a Siberian court to freeze Telenor's nearly 30 per cent stake in VimpelCom last year in preparation for a forced sale to pay off the \$1.7bn court fine. Telenor has always argued that Farimex was working on behalf of Alfa, with which it has only recently resolved a five-year dispute.

Alfa denies it had any connection to Farimex.

Also yesterday, VimpelCom said its exchange offer to holders of its New York listed American Depositary Shares had received "overwhelming support", ensuring at least a 97 per cent acceptance with the Russian part of the offer.

While the deal looks likely to be completed, a similar merger between Altimio and Sweden's TeliaSonera was thrown into doubt last week after Alisher Usmanov, the Russian billionaire, filed a lawsuit to block the deal.

Telekominvest, Mr Usmanov's telecoms investment vehicle, said it had filed the lawsuit on the basis of a new Russian law that bars foreign companies from gaining control over strategic companies.