



## **Russia's Supreme Arbitration Court Undermines Minority Shareholder Rights**

**(Fornebu, Norway and Moscow, Russia - 5 June 2007) – The Presidium of the Supreme Arbitration Court of the Russian Federation today dismissed Telenor's claim seeking to invalidate the September 14, 2005 VimpelCom shareholders meeting that purported to approve VimpelCom's acquisition of Ukrainian Radio Systems.**

"This is not simply about the rights of Telenor as the second largest foreign owner in Russia, but about the undermining of corporate governance at one of Russia's most important companies," said Jan Edvard Thygesen, Executive Vice President of Telenor and Head of Eastern/Central Europe. "This can only be seen as a defeat for the rights of all minority shareholders and the rule of law in Russia."

When the Supreme Arbitration Court referred this case to the Presidium on March 13 in Order No. 1650/07, it said the conclusion reached by the lower courts was "erroneous and based on an incorrect interpretation and application" of the JSC Law. Specifically, the Court said "the Law provides that any interested party transaction shall be approved by the general meeting of shareholders ... only upon a proposal from the board of directors unless otherwise provided for by such company's charter. VimpelCom's charter does not authorize anybody other than the Board of Directors to propose any matter related to approval of an interested party transaction to the shareholders for consideration."

"It is hard to understand how the Court could have changed its mind on this issue since March 13," said Thygesen. "We will continue to press VimpelCom and Alfa to publicly disclose the identity of the individuals who benefited from this transaction, which has not brought shareholders the growth Alfa promised, but instead mounting losses and little prospect for profitability in the near future."

Telenor filed its original suit in the Moscow Arbitration Court on January 25, 2006, seeking to invalidate the resolution adopted at VimpelCom's September 14, 2005 EGM related to the acquisition of URS. URS incurred a loss of US\$18.4 million in Q1 2007, a loss of US\$61 million in 2006, and a loss of US\$4 million in 2005. Telenor has filed two other actions in Russia against VimpelCom in connection with the URS acquisition, one of which is ongoing. Telenor owns 29.9% of VimpelCom's voting shares.

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