

### Situation

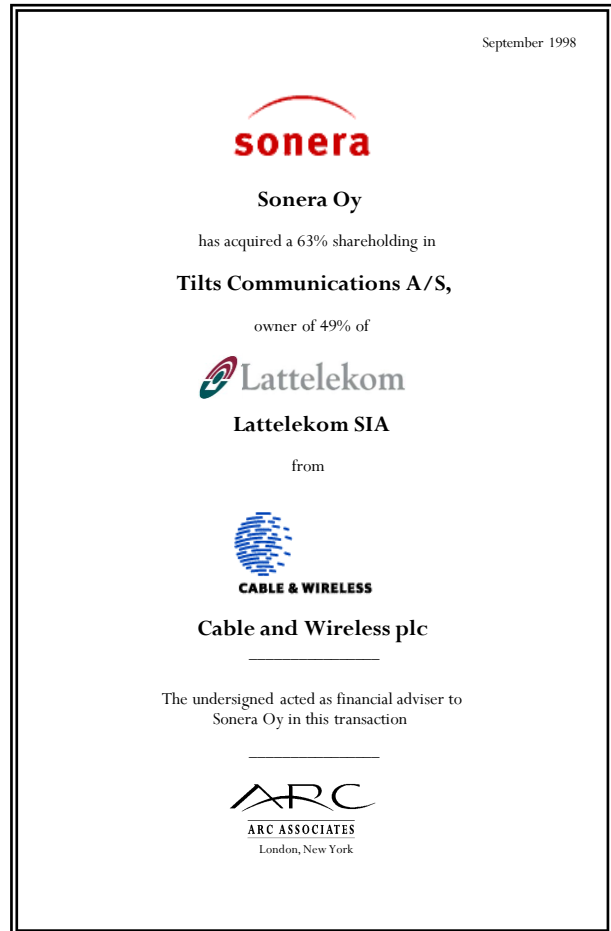
- In late 1997, Sonera, appointed ARC Associates to analyse the attractiveness of increasing its existing shareholding of 27% in Tilts Communications A/S ("Tilts") to 90 per cent by acquiring Cable & Wireless plc's ("C&W") 63% shareholding
  - Tilts is a Danish company that manages a 49% shareholding in Lattelekom SIA, the Latvian national telecommunications operator

### Approach

- After initial discussions with C&W, ARC Associates undertook a detailed valuation review early in 1998, as well as a market review, financial review and regulatory review on both Lattelekom and Tilts. A full legal due diligence was undertaken at the same time
  - The acquisition was particularly challenging given the fact that discussions had already commenced between Tilts and the Government of Latvia regarding the regulatory framework for Lattelekom
- Sonera, ARC Associates and their legal advisers undertook a series of discussions with C&W regarding valuation, price and terms
- Having reached agreement with C&W, Sonera and its advisory team then held discussions with the International Finance Corporation ("IFC") regarding its 10% shareholding in Tilts

### The Transaction

- On 24 September 1998, Sonera completed the acquisition of C&W's 63% shareholding in Tilts for approximately \$240 million, raising Sonera's effective shareholding in Lattelekom to 44.1%
- The transaction was complex, spanning five countries, namely the UK, Finland, Latvia, Denmark and the US
- In addition, serious outstanding regulatory and tariff issues complicated the discussions, as did the uncertain market conditions and political environment and the involvement of a multilateral agency shareholder (IFC)



**Transaction Value: \$240m**