

RusAl Rejects \$12Bln Offer for Norilsk

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United Company RusAl rejected a bid by Norilsk Nickel to sell a 25 percent stake in the metallurgical giant for \$12 billion, fueling the conflict with rival shareholder Interros.

Shortly after the decision deadline passed late last month, RusAl announced that its Norilsk stake is “a strategic investment” and that it “doesn't intend to sell it.”

In a counter move, Norilsk's board of directors subsequently approved buying back \$4.5 billion of shares over the coming 12 months. RusAl immediately reacted, saying the move was “aimed exclusively at the enrichment of one particular shareholder at the expense of all others.”

RusAl and Interros, which each own 25 percent in the nickel company, have been battling intermittently since RusAl became a shareholder in 2008. The world's largest aluminum producer lost its parity with Interros on the board of directors at the annual shareholders meeting in June.

Norilsk Nickel shareholders voted against having another board election during the October extraordinary meeting initiated by RusAl.

The next extraordinary shareholders meeting, also initiated by RusAl and scheduled for March, will again consider another election of the board of directors.

Oleg Deripaska, chief executive of the aluminum giant, said late last month that he would seek to restore former Norilsk chairman Alexander Voloshin, who lost his board seat in June.

Nathaniel Rothschild, chairman of Deripaska's En+ Group, responded to the late December purchase offer by saying the stake in Norilsk Nickel was worth at least \$3 billion more than what was offered, Bloomberg reported.

Meanwhile, Norilsk Nickel signed an agreement to sell 8 percent of its shares to Dutch oil trader Trafigura Beheer — a company that competes with RusAl's shareholder Glencore.

Deripaska said he would dispute the deal, as well as Norilsk's buyback program, adding that the nickel producer's loss from both deals would be about \$1 billion.

Norilsk Nickel also agreed to swap its 79.2 percent stake in OGK-3 for a minority stake in state-controlled energy supplier Inter RAO in a deal valued at \$2.27 billion.

The nickel producer rejected a bid by Deripaska's Eurosibenergo, which had offered to buy the OGK-3 stake for cash, saying that selling the shares “wasn't economically beneficial.”

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