

# Norilsk Nickel Offers RusAl \$12.8 Billion to Buy Back 20% Stake

By [The Moscow Times](#)

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Norilsk Nickel, the world's biggest nickel producer, increased its offer to buy back shares held by billionaire Oleg Deripaska's United Company RusAl as it seeks to end an ownership feud.

Norilsk offered \$12.8 billion in cash for 20 percent of its shares, the Moscow-based company said Friday in a statement. RusAl, which in December snubbed a \$12 billion bid from Norilsk for its entire 25 percent holding, said Friday that it would consider the latest proposal.

Deripaska has been locked in a dispute with fellow Norilsk shareholder Vladimir Potanin since 2008 over control of the board and use of the company's \$2.3 billion cash pile. Deripaska has rebuffed two proposals since October to sell out of Norilsk, even as RusAl holders including billionaire Mikhail Prokhorov urge him to consider a sale to pay off the company's debts.

"This is win-win deal for both RusAl and Norilsk," said Dmitry Smolin, an analyst at UralSib Capital in Moscow. "With this deal, RusAl may pay all its debt, which is now at the level

of \$11.7 billion. Norilsk will benefit from the end of the shareholders' conflict."

RusAl's board will "examine and discuss" the offer, the Moscow-based company said in an e-mailed statement.

Dmitry Razumov, chief executive officer of Prokhorov's Onexim Group, declined to comment, as did Andrei Shtorkh, spokesman for RusAl billionaire shareholder Viktor Vekselberg. Glencore International, which holds about 9 percent of the aluminum company, also declined to comment.

Prokhorov said Dec. 23 that RusAl should sell its holding to offload debt and boost its own market value. "As soon as RusAl sells the stake in Norilsk, you'll have a minimum 50 percent rise" in the value of the aluminum company, he said in an interview on Bloomberg Television.

Norilsk rose 4.3 percent to 7,145.45 rubles at Friday's close in Moscow, the biggest gain this year. RusAl jumped 4.2 percent in Paris to 25 euros.

The nickel company discussed a price of \$14 billion in late December, while Deripaska demanded \$16 billion, a person with knowledge of the matter said at the time, declining to be identified because the talks were confidential. Deripaska said Jan. 27 that he expects Norilsk's market value to rise to at least \$70 billion this year, from about \$46 billion now, which would make RusAl's 25 percent stake worth about \$17.5 billion.

RusAl must either agree to the proposed transaction or call a shareholders meeting to consider it by 6 p.m. Moscow time on March 4, Norilsk said in Friday's statement.

In a separate statement, Norilsk said an arbitration court in the Krasnoyarsk region dismissed a suit brought by RusAl against Norilsk that called for the annulment of a Norilsk board election that took place at its shareholders meeting in June.

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