

Minority Investor Opposes RusAl Bid

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European minority shareholders are unlikely to support United Company RusAl's initiative to re-elect Norilsk Nickel's board of directors at an emergency shareholders meeting scheduled for Oct. 21, one of the investors said Wednesday.

An investment fund based in Western Europe that owns a minority stake in Norilsk Nickel does not support RusAl's initiative to re-elect the board and will vote against it, said a fund representative, who did not want the fund's name mentioned because of the sensitivity of the issue.

“Minority shareholders are interested in finishing the feud between RusAl and Norilsk Nickel,” the fund's representative told The Moscow Times on the sidelines of a VTB Capital investment forum, adding that “corporate wars usually reduce the value of shares.”

She said there was a conflict of interest between Norilsk Nickel's major and minority shareholders and that there were only two options to resolve the conflict.

“Either the minority shareholders win in this situation and Norilsk starts ... concentrating on production, on cost management, on the business, or the company loses its profitability,” she said.

RusAl and Interros, which each control 25 percent stakes in Norilsk, have been battling intermittently since RusAl became a shareholder in 2008. RusAl lost its parity with Interros after a contested board election earlier this year.

Another minority shareholder of Norilsk Nickel, Prosperity Capital Management, plans to vote in favor of re-electing the company's board.

“We will vote to re-elect the board of directors, and we plan to support the independent directors,” said Denis Yevstratenko, associate director at Prosperity Capital Management.

“We'll take an attentive look at the list of candidates proposed by both RusAl and Interros and then vote,” he said, adding that the current board of directors was not balanced enough, with Interros having too much influence in it.

A Norilsk Nickel shareholders meeting held in June saw Interros re-elect four directors to the 13-member board, compared with RusAl's three.

The company's management also won three seats, which RusAl said was the result of voting manipulations using Norilsk shares controlled by subsidiaries of the company.

RusAl board member Artyom Volynets said Wednesday that the aluminum giant would support four independent directors for Norilsk Nickel's board, including former board chairman Alexander Voloshin.

“At least we'll have the real people who will be able to look at the interests of two shareholders from the point of view of what is good for the company and what is bad,” he told journalists at VTB Capital's forum. “And we are ready to support them, all four independent directors.”

He also said there was no need to argue over how the company is managed, referring to a recent report by ISS Proxy Advisory Services that recommended terminating the powers of Norilsk's current board of directors and electing two independent directors at the emergency shareholders meeting.

ISS said it was concerned over the influence of Interros, which controls the board of directors.

“It's an unexpected recommendation for them, taking into account that the policy of ISS is not to recommend the re-election of the board of directors,” Volynets said, adding that the only exception is when the firm sees serious violations in the corporate governance, “like we see in Norilsk now.”

Volynets also said there was “no question of a merger between RusAl and Norilsk.”

RusAl bought its stake in Norilsk from Mikhail Prokhorov, a former business partner of Interros head Vladimir Potanin, as a prelude to a possible merger of the two mining giants.

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