

## RusAl Fails to Re-Elect Norilsk Board

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Titov, left, and Strzhalkovsky attending a news conference on Thursday. **Mikhail Metzel**

Norilsk Nickel shareholders voted Thursday against an effort by United Company RusAl to oust the current board of directors, a win for rival shareholder Interros and management, which both opposed the maneuver.

A total of 46.9 percent of shareholders participating in the emergency shareholders meeting voted against ending the current board's power, with 37.88 percent voting in favor.

Another 0.41 percent of shareholders taking part in the meeting, held at the President Hotel in Moscow, abstained from voting. Interros and RusAl had campaigned aggressively in recent weeks for support from smaller shareholders.

Norilsk said about 92 percent of shareholders had cast votes by the end of the meeting, up from a preliminary tally of 70.5 percent before the start.

Norilsk chairman Vasily Titov, a deputy CEO of state-run VTB, said the vote was "legally

correct" and meant that the board would retain its power.

"We'll continue working," he told reporters after the shareholders meeting.

Representatives from the Federal Service for Financial Markets, Russia's securities watchdog, participated in the vote counting.

"They saw the entire procedure. ... We've fulfilled all the requirements of the voting," he 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 the nickel and palladium giant's annual shareholders meeting in June.

Interros re-elected 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.

The rival shareholders had accused each other of trying to run the company in their own interests, to the detriment of other shareholders.

In a statement after the meeting, RusAl thanked minority shareholders who supported their position.

"RusAl welcomes the fact that many Norilsk Nickel shareholders share our vision for the company. The fact that we were not able to secure enough votes will not distract us from the positive agenda that was outlined earlier," the statement said.

"RusAl remains convinced that proper corporate governance, professional management and a clear growth strategy would deliver enhanced value for all shareholders," it said.

The company also said Norilsk's management had voted with the treasury shares held by subsidiaries, under influence from Interros "to prevent minority investors from electing new, independent non-executive directors."

The two dominant forces in the shareholder dispute — RusAl CEO and largest owner Oleg Deripaska and Interros owner Vladimir Potanin — were not in attendance Thursday.

The voting showed that most minority shareholders who voted — or about 75 percent — supported the re-election of the board, said Maxim Sokov, RusAl's corporate development director, who represented the aluminum producer.

"It's clear that the joint voting by Interros' stake and the treasury shares made it possible to not re-elect the board," he told reporters, adding that RusAl planned to continue working with minority shareholders to increase Norilsk's capitalization.

The market took the news in stride, however. Norilsk's shares gained 1.4 percent on Thursday, behind the MICEX Index's 2.3 percent gain but roughly in line with the exchange's metals and mining index, which finished 1.3 percent higher.

Sokov declined to comment on whether RusAl would contest the vote, saying only that it

planned to discuss the situation.

RusAl voted to oust the board, he said. The company used its shares to vote for Deripaska, Sokov, former Norilsk chairman Alexander Voloshin and three independent directors to be elected in the new board.

Voloshin lost his seat after the June shareholders meeting, with Titov — whose VTB is a major Interros creditor — becoming chairman.

Interros said it had expected Thursday's outcome.

“There are many professional and experienced investors among the minority shareholders who make informed decisions,” Interros spokesman Andrei Kirpichnikov told The Moscow Times.

“Shareholders demonstrated a responsible approach. We hope this situation will become a starting point for casting aside public disputes and switching to a constructive dialogue among the board of directors,” he said by telephone.

Interros also hopes that the Federal Service for Financial Markets' participation will prevent any attempts to challenge the outcome of the voting, he said.

Titov said there had never been “evident signs of the conflict” in the board during his chairmanship.

“We certainly argued, but we always found a way to make decisions,” he said, adding that he hoped Norilsk's directors would be able to find compromises in the future.

Norilsk's board recommended that shareholders vote against terminating its power, the company said in materials distributed to shareholders before the meeting.

Titov, who chaired Thursday's meeting, reiterated the board's position and said the contested June meeting was held “in strict accordance with the law.” He told shareholders, however, that they had “the right to vote the way you think is necessary.”

Alexei Bocharov, a minority shareholder who traveled from Voronezh to participate in the extraordinary shareholders meeting, told The Moscow Times that he voted to oust the board, saying he wanted to see Voloshin as chairman.

“I'm not satisfied with the current price of the company's shares,” he said, adding that the market was likely to react positively to the election of Voloshin, who would be able to provide good government support for Norilsk Nickel.

A married couple, Yelena and Nikolai, said they were satisfied with the board's current structure. The couple, who commented on the condition that their surname not be used, said they worked for more than 30 years at Norilsk Nickel before moving to Moscow.

Another minority shareholder, Sergei, who also declined to give his last name, said he supported Interros' position, because Potanin had always treated Norilsk's shareholders with respect and paid good dividends.

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