

# Norilsk Offers RusAl \$8.75Bln for Its Stake

By [The Moscow Times](#)

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Norilsk Nickel has offered to buy back a 15 percent stake held by United Company RusAl for \$8.75 billion as billionaires Vladimir Potanin and Oleg Deripaska battle for control of the world's largest nickel producer.

The offer to 25 percent shareholder RusAl amounts to \$306 a share, a 20 percent premium on the six-month average, Norilsk said in a statement posted Friday on its web site.

Deripaska is chief executive of RusAl, the largest aluminum producer, while Potanin's Interros Holding controls about 30 percent of Norilsk. RusAl has rejected three offers since October 2010 to sell out of Norilsk. The last approach of \$12.8 billion for a 20 percent stake was rebuffed March 4, even as billionaire RusAl investors Mikhail Prokhorov and Viktor Vekselberg backed a sale.

"This proposal is a no-go offer, made in a way that RusAl will most likely to snub it," said

George Buzhenitsa, an analyst at Deutsche Bank. "RusAl refused to sell the larger stake at \$335 per share in March. Why should it accept an offer for only 15 percent at \$306 per share?"

Fitch Ratings on Friday cut Norilsk one level to BB+, one step below investment grade, because of the dispute between RusAl and Interros and a delay in posting its 2010 financial results. Standard & Poor's and Moody's Investors Service said this month that they are reviewing Norilsk for a possible downgrade.

The offer to RusAl is valid until Sept. 5, provided that it is approved by Norilsk's board on Aug. 24, and will be paid for by a mix of the company's own funds and loans, the nickel producer said.

Norilsk may borrow \$4.25 billion from banks to fund the buyback, Interfax reported, citing an unidentified source. Maria Uvarova, spokeswoman for Norilsk, declined to comment.

Should RusAl snub the bid, Norilsk will make the offer to the rest of its shareholders on the same terms, board member Larisa Zelkova said Aug. 15. An acceptance by RusAl would mean that no general offer would be made, she said.

Norilsk and RusAl may be able to sign a shareholders agreement regarding the 10 percent stake that RusAl would be left with following a buyback, the nickel producer said Friday.

Norilsk may cancel shares it will buy back under the offer, chairman Andrei Bugrov said Aug. 12.

Russian rules allow a shareholder to skip making a mandatory offer for a company, normally triggered when a stake reaches 30 percent, if the threshold is breached because of a share cancellation, Artur Rokhlin, a partner at Moscow law firm UST, said earlier this month.

Regulations also permit a shareholder to sidestep the need for approval from the nation's Federal Anti-Monopoly Service until their holding increases to as much as 50 percent, Rokhlin said.

Should RusAl reject the latest offer, Potanin's Interros will likely sell a portion of its holding in Norilsk during the buyback to benefit from the premium, said Buzhenitsa at Deutsche Bank.

Potanin would then be in a position to build his stake in Norilsk at a lower price following the buyback and share cancellation by purchasing stock in the market, Buzhenitsa said.

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