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Vekselberg, Blavatnik Offer RusAl Stake to Usmanov

By The Moscow Times

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Two partners in the world's top aluminum producer, United Company RusAl, want to sell their stake to a third tycoon, Alisher Usmanov, owner of an iron ore miner and shareholder in Norilsk Nickel, Vedomosti reported Friday.

Viktor Vekselberg and Len Blavatnik, who merged their aluminum assets with RusAl about five years ago, have offered the stake to Usmanov, the daily reported, citing three sources.

A source close to Usmanov was cited as saying the offer had only been made, while sources close to the sellers said Usmanov was close to agreeing.

The newspaper said En+, the investment vehicle of RusAl's main owner Oleg Deripaska, had right of first refusal on its partners' stake, but it was unclear whether an offer was made to En+ before talks started with Usmanov.

The offer was based on a valuation of $25 billion to $30 billion, an acquaintance of Blavatnik and Vekselberg told the daily.

The two businessmen, also partners in BP's Russian venture TNK-BP, are caught in a conflict between RusAl and Norilsk Nickel over strategy and management at Norilsk, in which RusAl owns 15 percent.

Usmanov owns 4 percent of Norilsk Nickel.

Before the 2008 credit crisis, Vekselberg and other RusAl shareholders spoke in favor of a Russian mining mega-merger between RusAl, Norilsk and Metalloinvest, which would create a rival to global powerhouse BHP Billiton.

The three mining giants were forced to retreat in the 2008 credit crisis, when a collapse in metals prices and a squeeze on credit forced RusAl in particular to concentrate on debt restructuring.

But some analysts believe that a merger is not out of the question now that the debt has been reduced and refinanced because merger valuations would be simpler.

RusAl has rejected offers from Norilsk Nickel, the world's largest nickel miner, to buy out the bulk of its stake and end the conflict. On Monday, Norilsk made its latest buyout bid, a $8.75 billion offer for a 15 percent stake — a healthy premium.

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