

Potanin Becomes Norilsk CEO in Board Peace Deal

By [The Moscow Times](#)

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Norilsk Nickel named longtime co-owner Vladimir Potanin as its chief executive Monday under a deal to end a boardroom war at the world's top nickel and palladium producer.

Kremlin-backed billionaire Roman Abramovich will take control of a 20 percent voting stake to act as a buffer between Potanin and rival Oleg Deripaska, who owns a share in Norilsk through RusAl, the world's largest aluminum producer.

Speaking after his unanimous election by the Norilsk board, Potanin said he planned to stay in the job for between 18 months and two years. The peace deal will last 10 years, with the core shareholders agreeing not to keep their stakes for five.

Abramovich, the billionaire owner of the Chelsea football club, could also act as a conduit for the Kremlin at the cash-rich company, which mines the vast mineral deposits of Russia's Far North.

Having brought an end to the four-year feud between Potanin and Deripaska, he could end up sidelining them as President Vladimir Putin seeks to restore order at the \$30 billion miner, which was privatized in the mid-1990s.

Deripaska and Potanin now lose their blocking voting stakes, and Abramovich steps in with the ability to serve the president's interests early in his new six-year term.

“Roman Abramovich is a businessman who wants to make money,” a well-connected industry insider said of the deal. “Norilsk Nickel is a cash machine that doesn't need to fear a crisis.”

Alexander Abramov, Abramovich's partner in Evraz, Russia's largest steelmaker, is to become board chairman at Norilsk Nickel, a source said. Norilsk's shareholders will elect a new board on March 11.

The company will pay about half its core earnings in dividends over the next few years, Potanin said. It will start paying dividends twice-yearly in 2014.

Vladimir Strzhalkovsky, who, like Putin, served in the Soviet KGB, steps down as CEO, a demand by Deripaska that Potanin had resisted.

Sources close to the company's shareholders said last week that Strzhalkovsky, who sided with Potanin and launched a series of buybacks during the dispute over Norilsk Nickel's cash flows, would have a \$100 million severance deal.

Vedomosti quoted sources on Monday as saying Abramovich and Abramov plan to buy up to 10 percent of Norilsk shares.

Abramovich will hold 5.87 percent of Norilsk Nickel, RusAl will hold 7.8 percent and Potanin's Interros will hold 30.3 percent after Norilsk's treasury shares — amounting to almost 17 percent of its issued capital — are canceled.

To ensure Abramovich's role as enforcer of the peace, the other two billionaires will give him voting power over some of their shares.

That will leave the three billionaires with nearly equal voting stakes but means Abramovich can impose a resolution in any dispute between the other two.

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