THE RUSSIA INDEX



50

KEY PLAYERS IN BUSINESS AND POLITICS

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Published by Deutsche Bank and the Russian Economic Forum

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Who's Who in Russia: Outward Stability, Underlying Dynamism

You are holding the fourth annual edition of The Russia Index published by Deutsche Bank and the Russian Economic Forum, in which we identify and profile fifty key figures in Russian politics and business.

At this mid-point in President Putin's second term, the Russian economy continues to grow at a fast clip thanks to buoyant commodity prices and domestic stability. This is a time of steady application rather than high personnel turnover at senior levels in government or sharp swings of big business fortunes. This year's Index reflects that mix of stability and dynamism. Compared to previous editions, there are fewer changes in our selection of names. Yet there is hardly a single update of an existing entry which does not reflect striking developments over the past year.

In a further contrast with earlier editions, such turnover as there is -six names out of fifty - does not suggest a clear pattern, similar to the emergence of powerful new business figures in 2003 or last year's preponderance of officials among the new faces, reflecting the renewed concentration and centralisation of state power. But aside from the routine rotation of a few figures on a rising or declining trajectory, perhaps one theme does suggest itself. The 2006 Russia Index includes more key associates of President Putin. The succession to Putin in 2008 will do much to shape Russia's future direction, and many of the keys to the outcome are most likely to be found in the president's close circle.

Finally, our traditional caveat: far from purporting to have the last word on anyone or anything, this Index reflects no more than our point of view, and is meant first and foremost to interest and inform. We hope the thumbnail sketches provide a snapshot not only of who is shaping Russia's future but also of the life of the country today.

Charles Ryan Chief Country Officer and Chief Executive Officer Deutsche Bank in Russia

Sergei Kolushev Chairman Russian Economic Forum



Alexander ABRAMOV

Principal Shareholder, Evraz Group Date of birth: 10 February 1957

Alexander Abramov was well launched on a successful career as a research physicist when the downfall of the Soviet system led to a collapse in funding for scientific research. At that turning point, Abramov changed the direction of his life by going into business. His choice of activity stemmed from contacts with steel mills established while researching technologies for energy-intensive industries at the High Temperatures Institute in Moscow. Together with some fellow graduates of Moscow's Applied Physics Institute, at which he had won a place in 1976 as a brilliant high school graduate from Krasnodar (southern Russia), Abramov established in 1992 a metal trading company, Evrazmetal, which grew within a decade into Evraz Group, now the twelfth-largest steel maker in the world.

Abramov acquired these assets through ownership of steel mill debts in the troubled economic conditions of the 1990s. This strategy distinguishes him radically from the better-known oligarchs whose assets came from controversial politicised privatisation deals run by the federal government. Evraz has since expanded upstream into iron ore and coal production, and overseas – with the acquisition of the Czech flat steel producer, Vitkovice. Such developments are par for the course among the major players in Russian ferrous metals. More recently, however, Abramov has again displayed his originality. After taking Evraz public with an IPO and London Stock Exchange listing in June 2005, he announced in November 2005 his planned resignation as Chairman, while remaining its controlling (59%) shareholder. This together with recent reports that Abramov might sell all or part of his stake to Roman Abramovich and that Evraz might merge with Anglo-Dutch steel giant Corus suggests that Abramov could be hatching major new projects.

Roman ABRAMOVICH

Governor, Chukotka and Owner, Chelsea Football Club Date of birth: 24 October 1966



Roman Abramovich stands out among Russia's tycoons in two respects. First, he is perhaps the closest to being a self-made entrepreneur, having dropped out of higher education to start in business in the late 1980s. By the early 1990s, his business activities were already concentrated on trading oil products out of Russia's largest refinery - in Omsk (western Siberia), which became part of Abramovich's major asset, Sibneft. Secondly, Abramovich has been the first oligarch to adopt a systematic exit strategy from the assets acquired in the 1990s. This process began in 2003-4 with the sale of his 50% stake in the RusAl aluminium group to Oleg Deripaska, and culminated in September 2005 with the sale of a 72% shareholding in Sibneft to Gazprom. The gross proceeds of these transactions, combined with those of the earlier 2003 sale of 20% of Sibneft to Yukos, amount to around \$19 billion, placing Abramovich firmly at the top of all Russian 'rich lists'. His exit strategy has succeeded brilliantly in its own terms, by cashing handsomely out of assets which carried the risks associated with their 'oligarch' origins.

The one vestige of Abramovich's oligarch days is his governorship of Chukotka (bordering Alaska), a position dating back to the days when holding public office was perceived to provide the beneficiaries of controversial privatisations with some political insurance against expropriation. President Putin re-appointed him last year to another fouryear term in Chukotka, the rationale presumably being that Abramovich will continue to bankroll that remote region. Otherwise, the publicity-shy Abramovich is now a free international investor based in the UK, with Chelsea football club being his best known asset. It remains to be seen whether he will re-invest any of his vast wealth in major industrial assets in Russia.



Vagit ALEKPEROV

President, LUKoil Date of birth: 1 September 1950

Vagit Alekperov ranks as one of Russia's first oil barons. An Azeri national by birth, Alekperov was the Deputy Minister and then the First Deputy Minister of Oil and Gas of the Soviet Union and subsequently Russia. He was, therefore, in a unique position to understand the potential of the ex-Soviet oil industry to restructure and compete in the global industry from which it had been separated for most of its existence. In 1991 he oversaw the creation of LUKoil, Russia's first vertically integrated oil company, based on upstream assets in Siberia and refineries in the Volga-Urals province.

Under Alekperov's leadership LUKoil grew to be Russia's largest privatesector oil company, expanding both domestically and internationally. The company acquired additional producing assets in Russia, reserves in Azerbaijan, Kazakhstan and further afield, downstream assets in Russia, Ukraine, Eastern Europe and the US. For most of the 1990s LUKoil was the standard-bearer for the Russian oil industry. In the early part of the present decade, LUKoil appeared to be outperformed by 'oligarch' companies like Yukos and Sibneft. But the Yukos affair has reminded investors of the attractions of companies which have adopted a lower political profile. In the present climate of closer state control over strategic natural resource sectors, good government relations are not only a way of avoiding trouble, but can also bring positive results. An example of this for LUKoil in 2004 was the company's strategic tie-up with ConocoPhillips, negotiated by Alekperov with his opposite number at Conoco, James Mulva, with the personal blessing of President Putin. The potential of LUKoil's excellent and ever growing reserve base and improving operating efficiency looks like vindicating Alekperov's longterm strategy.

Leonid BLAVATNIK



President, Access Industries Date of birth: 14 June 1957

Len Blavatnik emigrated from the Soviet Union to the US as a student, after graduating from the Moscow Institute of Transport Engineering. While he has long been a US citizen, Blavatnik is nevertheless one of Russia's leading businessmen. In 1991, through his Access Industries investment company, he co-founded Renova with Viktor Vekselberg. Access-Renova has since developed into a major industrial holding company whose historic core asset is SUAL, Russia's second largest aluminium group. Access-Renova went on to become a joint owner (together with the Alfa Group) of the TNK oil company, 50% of which was sold to BP in 2003.

Until recently, all Blavatnik's major ventures in Russia were in partnership with Vekselberg, but this changed in 2004 when he drew on the proceeds from the TNK sale to make his first independent strategic acquisition in Russia. This was the purchase from a group of investors led by George Soros of Mustcom, a Cyprus company owning a blocking minority stake in Svyazinvest, the incumbent wireline telecoms holding. This has prompted speculation that Blavatnik may participate in the privatisation of the government's controlling stake in Svyazinvest or in any case participate in the likely division of Svyazinvest's assets in connection with that privatisation, which is expected during the coming year.

Sergei BOGDANCHIKOV



President, Rosneft Date of birth: 10 August 1957

In career terms, Sergei Bogdanchikov may be reckoned the main beneficiary of the increase in state control of the strategic resource sectors in President Putin's second term. In 2005, Bogdanchikov followed the success of Rosneft's acquisition in December 2004 of Yuganskneftegaz by maintaining the company's independence in the face of a determined move by Gazprom to take it over. In 2006, Rosneft looks set to take over further assets of the now ruined Yukos. Bogdanchikov will remain in the spotlight thanks to the planned IPO of Rosneft, a deal which could be worth as much as \$14 billion. The company's new 2% management share incentive scheme should meanwhile provide him with a transparent personal fortune.

Bogdanchikov spent a large part of his working life dealing with Sakhalin and matters related to it. A graduate of the Ufa Oil Institute, he went to work in the oil industry of the Sakhalin oblast. In 1993 he was appointed General Director of Sakhalinmorneftegaz, the oil company which holds licences on and offshore the island. Sakhalinmorneftegaz remained part of Rosneft, the one remaining state-owned vertically integrated oil company left after the 1990s privatisations. Bogdanchikov was appointed Vice President of Rosneft in 1997, and a year later became the company's President. Even before the rich pickings from Yukos, Rosneft was benefiting from the increasingly statist environment in the present decade, as reflected in a string of advantageous asset acquisitions and licence awards, positioning it for growth in the new production provinces of eastern Siberia and north European Russia, though Rosneft sold its offshore interests in the latter province to Gazprom to help finance the Yugansk acquisition.

Vladimir BOGDANOV



General Director, Surgutneftegaz Date of birth: 22 May 1951

Vladimir Bogdanov is a native of the oil-producing Tyumen region in Western Siberia. He attended the Tyumen Industrial Institute where he specialised in oil and gas drilling. Early in his career, he joined one of Surgutneftegaz's drilling departments first as the chief technologist and subsequently as the chief engineer. He spent two years at neighbouring Yuganskneftegaz before returning to Surgut in 1980 as Deputy General Director for Drilling. In July 1984 he was appointed General Director of Surgutneftegaz, a position that he has held ever since.

Under Bogdanov, Surgutneftegaz has continued to perform well at the operating level, and in 2005 achieved the fasted crude oil output growth of all Russia's major vertically integrated oil companies. But questions are continually raised about the company's economic and financial efficiency and its corporate governance standards. Against this must be weighed Bogdanov's long track record of ensuring that the company pays all its taxes scrupulously, which appeared all the more valuable in the light of the Yukos affair. The status of Surgutneftegaz as a well connected company to the Putin Kremlin was clear even before the Yukos affair, when Bogdanov aligned his company with Rosneft and Gazprom in a consortium to take the lead in developing the new East Siberian hydrocarbon province. Surgutneftegaz has already obtained the licence for the major Talakan field in Yakutia previously owned by Yukos. Surgutneftegaz's relatively small size, close links to the government and the fashion for state controlled national champions in energy and other key sectors have combined to fuel speculation that the company will eventually be absorbed into Rosneft. Bogdanov has showed his characteristic spirit of Siberian independence by dismissing all such speculation.



Shalva CHIGIRINSKY

President, Sibir Energy and ST Development Date of birth: 1 July 1949

Second only to Vladimir Yevtushenkov's Sistema group, Shalva Chigirinsky has built the most prominent Moscow business empire with the support of the city hall under Mayor Yuri Luzhkov. Although born in Georgia, Chigirinsky was educated Moscow (he was a medical student), and has lived there ever since apart from a brief spell in Germany in the late 1980s. It was through a German-registered company, ST Group, that he broke into serious property development from 1990. During that decade, ST constructed and managed nearly 200,000 square metres of prime office space, counting several leading western companies and organisations among its tenants. By the late 1990s, Chigirinsky had moved into the oil business. His interests comprise a successful filling station joint venture in Moscow with BP and refining and upstream assets held in the London-listed Sibir Energy. Chigirinsky is embroiled in a long-running conflict with Sibneft over shareholdings in the Yugra oil field development and the Moscow oil refinery.

While the final outcome of Chigirinsky's foray into oil is uncertain, it will be lucrative while it continues. Meanwhile, his property development business remains a powerful force in Moscow – as shown by its victory in a controversial tender held in December 2004 for the right to redevelop the huge site now occupied by the condemned Rossiya Hotel opposite the Kremlin. Less predictably, Chigirinsky won another major tender in 2005 – in St Petersburg, to redevelop the city's New Holland area. Such successes show the fruits of persistence. The first signs of the tenacious entrepreneur of the future came in the Soviet era when, undeterred by the fact that any private business activity could be construed as criminal, Chigirinsky spent several years as an informal antique dealer.

Anatoly CHUBAIS

CEO, RAO Unified Energy System of Russia Date of birth: 16 June 1955



Remarkable gifts, especially as an administrator, have made Anatoly Chubais a central figure in the story of Russia's exit from the Soviet system. After making a name for himself in the 1980s as one of Leningrad's leading advocates of democracy and market economics, Chubais was appointed head of the Federal Committee for Management of State Assets in November 1991. The following June he was promoted to First Deputy Prime Minister and in that year initiated and managed the voucher privatisation programme to transfer economic assets out of state ownership. Thereafter until April 1998, from various senior positions in the Kremlin and government, his was a guiding hand in almost all the major and controversial decisions of the period.

Chubais moved directly from government to become CEO at the nearbankrupt national power and heat utility UES, where he brought about a financial transformation. In July 2001, the principles, but not all the detail, of a controversial Chubais plan for radical, market-based power sector reform were adopted as state policy. With relentless determination and perseverance, Chubais has worked to transform those principles into the present reality of UES being broken up and competitive generation markets being formed. To achieve this result, Chubais has had to recover from various setbacks which might have sunk lesser mortals. After the political setback of the failure of his SPS party in the 2003 Duma election, 2005 brought further trials, when Chubais nearly lost his life to an assassin's car bomb and then his job as a result of a huge power outage in Moscow. But he bounced back as always, and continues to turn adversity to his advantage – as when he used the extreme cold of January 2006 to impress on the country's leadership the urgency of investment in new generation capacity, so advancing his privatisation agenda.



Oleg DERIPASKA

Chairman of the Board, Basic Element Date of birth: 2 January 1968

A physicist by training, Oleg Deripaska began his career as a broker at the Russian Commodity Exchange, where he mostly traded shares in Russian aluminium companies. In 1994 he was elected as a shareholder representative to the board of Sayansk Aluminium, which later became the core company of Siberian Aluminium (Sibal). Sibal was established in 1996 and incorporated producers of primary aluminium as well as semi-finished and finished aluminium products. Following an agreement in 2000 with Sibneft shareholders to merge their aluminium assets with Sibal, Deripaska became CEO of the new company, Russian Aluminium (RusAl). He thus established the world's third-largest aluminium company which in 2005 turned over more than \$6 billion. In 2003-4, Deripaska bought out his Sibneft partners, including Roman Abramovich, and a formal disclosure in April 2006 confirmed Deripaska to be the sole owner of this giant private company.

In 2001 Deripaska widened his empire to add assets from the Russian automotive sector, including light truck and bus producers GAZ and PAZ, and established a company called Basic Element (Basel) as a strategic investment management vehicle. Basel, where Deripaska is now Chairman, focuses on a range of sectors, from pulp & paper to insurance (including a controlling stake in Russia's second-largest insurer, Ingosstrakh), while RusAl remains its largest asset. Deripaska's appetite appears far from sated, and he is still capable of rocking the boat – apparently undeterred by the cautionary tale presented by the Yukos affair to all oligarch lobbyists and despite the 'old regime' associations because of his marriage to the daughter of Boris Yeltsin's son-in-law. Unlike the imprisoned Mikhail Khodorkovsky, however, his lobbying efforts have focused on his immediate industrial interests rather than a broader political agenda.

Mikhail FRADKOV



Prime Minister Date of birth: 1 September 1950

Mikhail Fradkov was President Putin's unexpected choice, in March 2004, as new prime minister for his second term. Under a strong president making all strategic decisions, the prime minister's role is largely managerial, coordinating detailed policy-making and implementation within the bureaucracy. Fradkov has some good qualifications for such a role. He has been a lifelong foreign trade bureaucrat, rising to the top of that career ladder as Trade Minister in the late 1990s with various foreign postings along the way – most recently as the Russian president's special representative to the EU Commission in Brussels. Putin's one revealing public comment on Fradkov described him as a "well qualified person of integrity, positive-minded, with high standards and not afraid of hard work". Despite this glowing testimonial, Fradkov's usefulness to Putin will come to an end some time in 2006-7 should his job be required as a launch pad for Putin's choice of successor to the presidency.

Some commentators have identified Fradkov with the siloviki faction, citing his experience in the security field during Putin's first term as a National Security Council staffer and then Head of the Tax Police. The evidence for this is circumstantial – namely, Fradkov's frequent clashes on policy with the senior liberal ministers directly responsible for economic policy. But for all Fradkov's instinctive conservatism as a career bureaucrat in his fifties, those clashes seem to have more to do with power struggles than ideology. They also highlight a deeper problem. This is Fradkov's unfamiliarity with key policy dossiers, which all too often become stalled as a result.



Mikhail FRIEDMAN

Chairman, Alfa Bank and Alfa Group Date of birth: 21 April 1964

Mikhail Friedman ranks as one of Russia's most prominent and influential businessmen. As early as 1989 – only three years after his graduation from the Moscow Institute of Steel and Alloys – Friedman and his partners laid the foundations of what later became probably the most diversified consortium in Russia – the Alfa Group. The early history of the group was fairly typical of start-ups during the twilight of the Communist era. A bank (Alfa Bank) and a commodity trading company (Alfa Eco) formed the core of the empire which now includes assets ranging from the oil major TNK to one of Russia's largest supermarket chains, Perekriostok. Alfa emerged from Russia's financial crisis in 1998 in a relatively strong position. Its controversial takeover of Sidanco, an oil company in which BP had an interest, led three years later to BP's decision to team-up with Alfa and Access-Renova as co-owners of what is Russia's third-largest oil company, TNK-BP.

Friedman likes to portray Alfa as a flexible and dynamic private equity group, ready to acquire and dispose of businesses over time in the light of results and opportunities. His buccaneering style has been on display more recently in Alfa's other main sector – telecoms. This has been an arena of conflict with fellow shareholders in wireless operators Megafon and Vimpelcom. The outcome is still uncertain, but may involve exiting from the sector. Longer-term questions also hang over Alfa's future in TNK-BP. So while Friedman's participation in a private meeting between BP's John Browne and President Putin in April 2005 helped allay concerns about political risks to Alfa in the light of the Yukos affair, the group's future direction under Friedman's leadership looks like an interestingly open question.

Alexei FYODOROV



CEO Designate, UACC Date of birth: 14 April 1952

Alexei Fyodorov is one of the leading figures in Russia's aerospace and defence industry - and the pioneering 2004 IPO of the aircraft manufacturer Irkut while he was still CEO of that company made him the most visible top manager in this still large and important sector. He has since turned around MiG from near bankruptcy, and has now been designated CEO of the new United Aircraft Construction Company (UACC) created by presidential decree in February 2005. Fyodorov is well qualified to oversee this consolidation of military (Sukhoi Holding, Irkut and MiG) and civil airline manufacturing. After graduating from the Polytechnic University in Irkutsk (eastern Siberia), he joined Irkut as a designer. He spent twenty years working on mass aircraft production, becoming involved at one time or another in almost every engineering process, and worked his way up to the top as General Director (CEO). He left the company in 1994 to spend what turned out to be just two years in politics as a member of the Irkutsk regional legislature. He then became General Director of AVPK Sukhoi, which was intended by the state to combine the design bureau and mass production plants of Su fighters. Indeed, at that time he was a fierce advocate of consolidating all Su-related companies though he reversed his view on returning to the position of General Director of Irkut in 1998. Besides his wide experience, Fyodorov is still more unusual among defence industry bosses for the managerial skills which he developed with the help of a study period at Oklahoma University's Management School in 1989.



German GREF

Minister of Economic Development and Trade Date of birth: 8 February 1964

German Gref burst onto the Russian political scene in late 1999 as the head of a policy-making think tank established to create a programme for the Putin presidency. In 2000, he was appointed to the key post of Minister of Economic Development and Trade. In this job, Gref assumed overall responsibility for structural reform policymaking and implementation. His policy supervisory brief has also included trade policy issues – hence all aspects of Russia's WTO accession negotiations, which may reach fruition in 2006. These vast responsibilities have created the impression of overstretch, and critics have repeatedly written off Gref. But he has stuck to his task, fighting his corner in a variety of controversial areas such as electricity sector reform. On almost all key issues, Gref has been backed by President Putin. Like several other key players in the administration, Gref's association with Putin goes back to their days as colleagues in the St Petersburg city government in the 1990s.

Putin's confidence in Gref has been reflected not only in his survival in government despite his occasional dissent (notably to the effective nationalisation of Yukos), but also in the advancement of several policies closely associated with him. Recent examples include enabling legislation for special economic zones and the establishment of a new government fund – under Gref's control – for infrastructure development. This in turn reflects Gref's own increasing emphasis on state investments to sustain economic growth. But his overall agenda is unchanged, and he continues to champion within the government the cause of the investment climate and the policies necessary to improve it – as set out in the government's new medium-term programme, which he succeeded in getting formally approved in January 2006 after a tenacious two-year struggle.

Boris GRYZLOV



Chairman, State Duma Date of birth: 15 December 1950

Much like President Putin himself, Boris Gryzlov was catapulted to the top of the political establishment in 1999-2000 from an unpromising starting point. Gryzlov had spent his whole adult life until then in St Petersburg, but unlike many other senior figures in the Putin administration, had no known contact with Putin. Instead, after brilliant mathematical studies in two of the city's top schools, Gryzlov embarked on what proved to be a dead-end career as a research engineer specialising in telecommunications and satellite systems. His career history reflects considerable energy and wide interests - from sport to, by the 1990s, involvement in business, educational projects and finally politics. But none of Gryzlov's activities were particularly successful. Then in late 1999, as the new Unity party was being hurriedly formed as a vehicle for Putin's bid for the presidency, Gryzlov was asked to head the party's St Petersburg branch. The party won the national election, and Gryzlov became head of its caucus in the new parliament. In 2001-3 he held the senior government post of Interior Minister before returning to the Duma in the election of December 2003 as leader of the victorious United Russia (the successor party to Unity) and hence a shoe-in for his current post of Duma Chairman (Speaker). His record in all these positions has been one of reliability and conformity rather than initiative. His stated views invariably reflect Putin's official positions, but where there is room for nuance, Gryzlov will tend towards conservative and paternalistic positions. While he could disappear from view after 2008 as quickly as he first burst onto the scene in 2000, he will meanwhile remain an important figure and could have a central part still to play in this political cycle.

Sergei IGNATYEV



Chairman, Central Bank Date of birth: 10 January 1948

Sergei Ignatyev's appointment to the helm of the Central Bank of Russia (CBR) in March 2002 marked the final stage in the removal of the Soviet-era cohort of officials from the role of economic policy-making. An academic economist in his home city of St Petersburg, Ignatyev was recruited in late 1991 to the radical economic reform team in what became the Gaidar government, and for the next six years rotated through a number of posts in all the various agencies dealing with economic policy. From 1997 until his appointment to the top position at the CBR, he was a first deputy finance minister.

Ignatyev's background is in stark contrast to that of his predecessor Viktor Gerashchenko, who had once been Chairman of the State Bank of the USSR. In a brief previous stint at the CBR in the early 1990s serving as one of Gerashchenko's deputies, Ignatyev cut an isolated reformist figure. After his return to the CBR ten years later as chairman, he brought in a new generation of reform-minded policymakers and granted them broad authority in monetary policy and banking sector supervision and restructuring. The most difficult moment in Ignatyev's tenure to date was the short but sharp banking crisis of June-July 2004. This year might prove no less challenging. Inflationary pressures are the main macroeconomic problem and the CBR has lead responsibility for combating them – yet the main cause (pro-cyclical fiscal loosening) is beyond the CBR's control. Ignatvev has demonstrated increasing readiness to compensate by allowing the rouble to strengthen faster and by tightening monetary policy. But he risks taking the blame for the slower growth and possible new liquidity problems in the banking system which may result.

Sergei IVANOV

Deputy Prime Minister and Defence Minister Date of birth: 31 January 1953



Sergei Ivanov is one of President Putin's closest political and professional associates. They were student contemporaries at Leningrad (now St Petersburg) State University in the 1970s, from where both men proceeded to become career intelligence officers in the KGB. When in 1998 Putin became head of the FSB (the successor organisation to the KGB in the field of domestic security), Ivanov was made his immediate deputy. A year later, he replaced Putin as National Security Adviser upon the latter's promotion to the premiership. In 2001, Putin made Ivanov Russia's first civilian Defence Minister, with particular responsibility for overseeing military reform.

Ivanov has unsurprisingly become bogged down in the sheer difficulty of that task, and Putin's periodic public expressions of impatience have fuelled speculation that Ivanov may be falling out of favour. Despite corporatist inertia and corruption in the military, change is progressing in the form of a shift towards a more professional army, though the draft is not to be abandoned and only downsized. This reflects Ivanov's underlying conservatism, which was also on display in his combative reaction to the public outcry over a particularly brutal hazing incident at a military base in the Urals in December 2005. He can disconcert western audiences with the toughness of his remarks on international military and political issues, though in a series of public comments on general political questions during the 2003-04 elections, he aligned himself unequivocally with Putin's key positions, such as not reversing privatisations. He has long seemed an obvious name on the likely shortlist of candidates for Putin's choice of whom to recommend to Russian voters as his successor, and this was implicitly confirmed in November 2005 by his promotion to the rank of deputy premier with added responsibility for the defence industry and arms exports. Opinion polls suggest that he is well known and generally approved of by the public.



Andrei KAZMIN

CEO, Sberbank Date of birth: 20 September 1958

Andrei Kazmin is entrusted with running Sberbank, Russia largest bank majority owned by the Central Bank. Kazmin took a degree in economics from the Moscow Finance Institute in 1983, and spent most of the 1980s in academia, first for PhD studies at his alma mater before moving to the Russian Academy of Sciences. In 1991-93 he undertook a number of financial training programmes sponsored by the Austrian and German governments. After returning to Russia in July 1993 Kazmin was appointed deputy finance minister, a position he retained until January 1996 when he was appointed CEO of Sberbank.

During his ten years of stewardship Sberbank has been transformed. Previously limited to channelling the general public's savings into the sovereign debt market, it has developed into a diversified commercial bank. The Kazmin-led management team has also carried out a major restructuring of Sberbank's operations, consolidating the chain of command between the Moscow headquarters and the regional networks - especially as regards loan approvals and risk management. Sberbank's balance sheet is now growing very rapidly, and since 2004 the bank has translated this expansion into impressive earnings growth. Besides improved cost control, this turnaround is mainly due to the focus on higher margin lending to households and smaller businesses where it has a strong competitive advantage, thanks to its unique nationwide network of over 1,000 branches and 19,000 retail outlets. Sberbank is now looking better placed to ride out the loss of the unique state guarantee on its deposits, a process designed to erode its near-monopoly on retail deposits, and which is due to be completed in 2007. Kazmin is now a rare example of a top state official or manager surviving from the 1990s. Speculation that he will be replaced is bound to continue, but however much longer he lasts at Sberbank, Kazmin will have a respectable record of achievement.

Alexander KHLOPONIN



Governor, Krasnoyarsk Region Date of birth: 6 March 1965

Born into a diplomatic family, Alexander Khloponin was educated at the Moscow Finance Institute and began his career at the Soviet Vneshekonombank before joining the International Financial Company (Interros' investment banking arm), of which he was CEO from 1994 to 1996. Khloponin came to public notice when he was named the first real Chief Executive of Norilsk Nickel after the government's controlling stake was acquired by the Interros Group in late 1995 in one of the notorious 'shares-for-loans' privatisations. For the rest of the decade, Khloponin and his Interros colleagues worked with the experienced operational managers at Norilsk to rationalise the company's operations.

The Khloponin-led management at Norilsk Nickel introduced active social programmes in the polar mining town. These programmes provided a platform for Khloponin's move into politics – first as governor of the Taymyr Autonomous District, before winning a hotly contested election for the governorship of the Krasnovarsk Krai itself in 2003. In April 2005, Khloponin won voters' approval in a regional referendum for the unification of Krasnoyarsk region with Taymyr and the region's other autonomous district. Yevenk. The combination of such electoral success with effective administration has made liberal political parties eye Khloponin as an ideal future leader, but he has preferred not to jeopardise a promising political career in this manner, and instead maintained a prudent association with the ruling United Russia party. After the abolition of direct elections of regional governors in 2004, Khloponin has not taken up the option of applying to President Putin for immediate confirmation, and instead opted to serve out his existing mandate until 2007. Khloponin's relations with Putin at that stage will be an interesting indicator of Russia's overall political direction.

Viktor KHRISTENKO



Minister of Industry and Energy Date of birth: 28 August 1957

Victor Khristenko is one of the longest serving senior ministers in the Russian government. Eight uninterrupted years in senior ministerial positions peaked with an eleven-day stint as caretaker acting prime minister in the gap between the Kasyanov and Fradkov governments in February-March 2004. That brief moment at the top reflected his reputation as a reliable bureaucrat. But while never rocking the boat, Khristenko has a good track record of implementing reformist policies ever since his first appointment in the federal government. This was a position in the Finance Ministry dealing with fiscal federalism, a job for which he was talent spotted in the regional administration of his native Chelyabinsk (southern Urals). In 1998, he received a meteoric promotion to the post of First Deputy Prime Minister with overall responsibility for macro-economic policy in the ill-fated government of Sergei Kiriyenko.

In the Fradkov government, Khristenko retained his previous responsibilities for energy policy and energy-related aspects of foreign economic relations. Moreover, as Minister of Industry and Energy, his brief has been widened to span several issues of interest to investors in Russia. Domestically, these include defining transparent rules for foreign investment in strategic and sensitive sectors, and the restructuring of the natural monopolies and the defence and aerospace sectors. In the international sphere, Khristenko's responsibilities include negotiating with the EU on the Energy Charter and European gas market liberalisation, liaising with OPEC, and supervising the expansion of oil export pipeline capacity. Renewed progress with UES restructuring is a good example of Khristenko's capacity for facilitating sound policies once the political decision in their favour becomes clear.

Sergey KIRIYENKO

Head, Federal Atomic Energy Agency Date of birth: 27 July 1962



Sergey Kiriyenko is an outstandingly able representative of Russia's new administrative elite who had the twin misfortune of being over promoted at the worst possible time. In March 1998, aged only 36, he was catapulted by President Yeltsin from a middle-ranking government position to the premiership, tasked with reinvigorating reform in the face of the mounting financial crisis. But that crisis overwhelmed him, and his decision to default on domestic government debt in August 1998 made him the principal scapegoat for the hardships that followed. Much of his aborted reform agenda was later implemented by the Putin administration, but the stain of the 1998 financial debacle closed off government office to Kiriyenko himself. But President Putin still found good use for Kirivenko's talents by making him a presidential plenipotentiary in one of the seven new federal districts or 'superregions'. The federal district chosen for Kiriyenko was the Volga, centred on the city of Nizhny Novgorod, where he was educated and made his start in life as an ambitious young Komsomol official and provincial politician in the late 1980s, before moving on in the 1990s to run one of the region's banks and then its oil refinery.

After five years of effective service as Putin's eyes and ears in the Volga region, Kiriyenko returned to central government in late 2005 to run the nuclear power sector. Besides the strategic importance of this sector, given the overall shortage of generation capacity as the electricity market is liberalised, Kiriyenko has also been in the public eye on the still more topical issue of Russia's attempts to defuse the Iranian nuclear crisis.



Andrei KOSTIN

CEO, Vneshtorgbank Date of birth: 21 September 1956

State-owned Vneshtorgbank (VTB), which Andrei Kostin has chaired since 2002, is Russia's second-largest bank in terms of assets and capital. Holding an MA and PhD in Economics from Moscow State University, Kostin joined the diplomatic service in the 1980s, where he worked mainly on relations with the UK. In 1992, Kostin left the Foreign Ministry for the private sector – and what has proved a meteoric banking career. He held various managerial positions in recently-created Russian banks, including Bank Imperial and National Reserve Bank, before being appointed in 1996 as CEO of Vneshekonombank (VEB), a quasi-banking institution left over from the Soviet period. In this capacity, Kostin spearheaded the plan to merge VEB's commercial operations into VTB, while reducing VEB's functions to those of a mere debt management agency – and subsequently securing his own move to VTB.

Kostin is successfully leading VTB's development into a genuine universal bank. One of his most notable achievements here has been to build a dynamic retail banking business. A first step was the acquisition of Guta, which collapsed in the mini-banking crisis of July 2004, bringing a ready-made branch network. In 2005, Kostin hired the able former Finance Minister Mikhail Zadornov to run this retail business. Kostin has also won his government shareholder's agreement to an important shift of strategic direction. After several years of discussions of a partial privatisation of VTB starting with the entry of the EBRD and IFC into the share capital, that plan was officially abandoned in 2005 in favour of an IPO – most likely with a listing on the London Stock Exchange. This major capital market event for Russia is expected to happen by early 2007. For Kostin, it would crown ten years of impressive achievement in the state-owned banking sector.

Dmitri KOZAK

President's Plenipotentiary in Southern Russia Date of birth: 7 November 1958



Dmitri Kozak is one of President Putin's closest and most influential lieutenants dedicated to the goal of reforming and modernising the Russian state. He stands out in Russian officialdom as a remarkably determined and productive administrator. Kozak has the classic profile of the administration's 'St Petersburg liberal lawyer' group. After taking a law degree from Leningrad State University (1985), he worked in the St Petersburg state prosecutor's office, and then, after a spell in city hall where he and Putin became colleagues, in private legal practice. Putin called Kozak to Moscow in 1999 to head the government staff. During Putin's first term as president, Kozak was entrusted as a Deputy Chief of Staff in the Kremlin with key policymaking assignments in the areas of judicial and federalist reform.

Putin's second term has seen Kozak move from policymaking to practical administration. This began with a brief stint as government Chief of Staff in 2004 before developing unexpectedly in the wake of the attack on Beslan. As part of his response to that tragedy, Putin plucked Kozak out of the government and sent him to Rostov-on-Don as the presidential representative for southern Russia with enhanced powers for dealing with the special problems of the North Caucasus. This assignment has proved as tough as could be expected. Kozak has had to contend with corrupt clan-based regimes which in turn have provoked radical Islamist and often violent opposition – with some of the worst bloodshed now occurring outside Chechnya itself. At the same time, reflecting his position in Putin's inner circle, Kozak has continued to intervene in key policy debates. He might well be on Putin's reserve list of candidates for the presidential succession.

Alexei KUDRIN



Finance Minister Date of birth: 12 October 1960

Alexei Kudrin belongs to the cohort of pro-market economists who got their start as young reformist officials once the Soviet centrally planned economy started to collapse the late 1980s. After studying and teaching economics in his native St Petersburg, Kudrin joined the team of liberal St Petersburg mayor Anatoly Sobchak in 1990. Kudrin held various senior economic positions in the St Petersburg administration, where he worked very closely with Vladimir Putin, then Sobchak's deputy in charge of external relations.

Like Putin, Kudrin resigned from the St Petersburg mayor's office after Sobchak's defeat in 1996, and moved to Moscow, where he worked mainly in the Finance Ministry apart from a brief spell in 1999 at UES with Anatoly Chubais, who had been the dominant influence on the first stage of Kudrin's progress as a federal official. Then, in Putin's first-term government, Kudrin was made Finance Minister and Deputy Prime Minister. Under his stewardship, fiscal policy was kept tight, and Kudrin buttressed this central achievement by overseeing strategic reforms, including radically reduced and simplified taxes and the introduction of a non-discretionary stabilisation fund. He was reappointed Finance Minister in the second-term government, though there can be little doubt that he had hoped for promotion to the premiership. He has since engaged in repeated public battles with Prime Minister Fradkov in the cause of fiscal restraint and continued liberal economic policy. Kudrin's tenacious defence of sound policy has had some successes despite the increases in public spending - and, as a result, inflation - over the past year. This still undecided battle may prove the defining moment in Kudrin's career.

Sergei LAVROV



Foreign Minister Date of Birth: 21 March 1950

In choosing Sergei Lavrov as Foreign Minister in his second-term government, President Putin promoted one of Russia's most able career diplomats whose already high-flying career has made him well prepared for this front-line political role. After a first posting in Sri Lanka in the 1970s, most of Lavrov's subsequent career has been involved with the United Nations. He rose through the ranks of the Foreign Ministry's International Organisations Department and the Soviet (later Russian) Mission to the UN in New York, which he had headed for ten years. Lavrov's long tenure in that post coincided with major diplomatic crises leading to the wars in Yugoslavia and Iraq. Against this background, his succession in 2004 to the top job of Foreign Minister seemed natural, if not overdue. He already seemed destined for the top as a Deputy Foreign Minister in 1992-94, a promotion he received in apparent recognition of his role in defining and securing Russia's claim to the internationally recognised status of 'continuing state' as the Soviet Union collapsed in 1991.

Armed with this rich experience and an eloquent command of English, Lavrov has proved well equipped for the challenging task of gaining a hearing for Russia among increasingly critical foreign audiences. As a career diplomat, he is at once detached from Putin's close Kremlin circle while clearly commanding their respect – as expressed in public by Putin himself. That respect appears due to his ability to maintain good working relations with the US in particular, despite increasing differences, and to articulate Russia's independent foreign policy initiatives – such as the overture to Hamas and the nuclear fuel reprocessing offer to Iran.



Vladimir LISIN

Chairman of the Board, Novolipetsk Steel Date of birth: 7 May 1956

Vladimir Lisin started his career in metallurgy in 1979 at TulaCherMet (the world's largest producer of merchant pig iron), after graduating from the Siberian Metallurgical Institute. His ascent through the ferrous metals industry, to his present eminence as outright owner of the Novolipetsk group, has been accompanied by life-long learning. He took MSc degrees in metal engineering in 1984, and (equipping himself for the post-Soviet world) in economics in 1992. These studies were crowned by doctorates in engineering and economics. He holds various patents for metallurgical processes and has published numerous articles on metallurgy and economics. Lisin's career in senior management began at the giant Karaganda steelworks in Kazakhstan in the 1980s, followed by an excursion into the non-ferrous sector as a director and then chairman of Sayansk Aluminium from 1992, before ending up at Novolipetsk – where he became chairman in 1998, having consolidated his shareholding control.

Under Lisin's management Novolipetsk Steel has become the thirdlargest Russian steel maker in terms of production and it has remained the most technologically-advanced of the country's large steel mills. In 2003 Novolipetsk Steel started its diversification campaign, acquiring assets in the raw materials sector. A key acquisition was Stoilensky GOK, Russia's third-largest iron ore producer. In January 2006, this upstream integration extended into coal mining. This vertical integration has been complemented by consolidated control of St Petersburg Sea Port to help make Novolipetsk Steel one of the most profitable steel groups in the world. After the December 2005 IPO on the London Stock Exchange, Lisin remains the company's controlling shareholder.

Yuri LUZHKOV



Mayor of Moscow Date of birth: 21 September 1936

Since 1992, Russia's vast and booming capital city has become associated with its powerful and popular mayor, Yuri Luzhkov. Unbowed by a long administrative career in the Soviet central planning system's industrial sector ministries, Luzhkov – with the help of an ever widening tax base – has delivered bread and circuses. With Muscovites' incomes over three times the national average, and retirees' pensions being topped up by the city government, it was not surprising to see Luzhkov overwhelmingly re-elected to a third term of office in December 2003 and then once again sweeping the board in the December 2005 election of the City Duma.

Luzhkov embodies a striking mixture of past and present. He has opposed privatisation, subsidised industrial dinosaurs, and stubbornly resisted the liberalisation of the old residence-permit system (with the city police coming down notoriously hard on migrants from the Caucasus). Luzhkov's benign paternalism contrasted favourably with the cynical oligarch world of the 1990s, but he was presiding all the while over large business empires built up in association with city hall. By the late 1990s, this Luzhkov corporatist-paternalist cocktail looked set to become the model for the whole of Russia, as he emerged favourite to succeed Boris Yeltsin as president. That prospect was removed by Luzhkov's national political defeat in 1999-2000 at the hands of the Yeltsin Kremlin team and their candidate - Vladimir Putin, which led to a period of loyal guiescence from Luzhkov. But in 2005, Luzhkov resumed his traditional attacks on liberal federal government policies, including the stabilisation fund. In 2005, Putin appointed some of Luzhkov's close associates as governors of other regions, perhaps preparing the way for a clean break with the Luzhkov regime in Moscow when his present mayoral term ends in December 2007.

Dmitri MEDVEDEV



First Deputy Prime Minister Date of birth: 14 September 1965

Dmitri Medvedev has been placed in pole position for the succession to the presidency in 2008 by his move in November 2005 from the post of Kremlin Chief of Staff to First Deputy Prime Minister. The next twelve months will be decisive for his chances. He has been dealt a strong hand – in the form of responsibility for implementing the new 'national projects'. Announced by Putin in September 2005, these projects involve substantial new discretionary spending of windfall oil revenues. And as Chairman of Gazprom, Medvedev has the strongest of bases. But he still faces major challenges. The popularity of the 'national projects' could decline if tangible benefits fail to meet public expectations. And despite much favourable television coverage, the ability of the mildmannered and low-key Medvedev to build a following in the country remains uncertain, though opinion poll findings in March 2006 indicated increasing public recognition and an improving approval rating.

Medvedev worked closely with Putin when they were both on the staff of the democratic mayor of St Petersburg, Anatoly Sobchak, in the early 1990s. Like Putin, Medvedev took a law degree at Leningrad State University. He then founded a private legal practice. After Sobchak's fall and Putin's departure to Moscow in 1996, Medvedev remained in St Petersburg as a commercial lawyer specialising in company and securities law. Soon after becoming prime minister in 1999, Putin called Medvedev to Moscow; and Medvedev has been at Putin's side ever since. Medvedev's known views are also indistinguishable from those of Putin: a modernising outlook with both liberal and nationalist elements. But these views, combined with Medvedev's relative youth and his private sector experience, make him look reformist and democratic compared with other likely potential successors to Putin.

Andrei MELNICHENKO

Principal Shareholder, MDM Group Date of birth: 8 March 1972



Aged just 34, Andrei Melnichenko already ranks among Russia's most successful tycoons. His spectacular rise from owning a handful of currency exchange kiosks to becoming the principal shareholder (along with Sergei Popov) of a large diversified financial-industrial group comprising MDM Bank and major holdings in the coal (SUEK), bulk chemicals (Evrokhim) and pipe manufacturing (TMK) industries speaks for itself.

A brilliant young mathematician plucked from his native Gomel (in Belarus) and sent to an elite Moscow boarding school, Melnichenko dropped out of Moscow State University in 1992 to start in general trading and soon concentrated on the retail foreign exchange business (though he later took an economics degree from the Plekhanov Academy in 1997). By 1993 he had established MDM Bank - the core of his future empire. At that time, MDM was dwarfed by the original 'oligarch' banks at the centre of the 'shares-for-loans' privatisations. The tables were turned, however, as most of those more prominent banks were buried under the rubble of the 1998 default and devaluation, while MDM emerged unscathed. Melnichenko exploited the opportunity to diversify the bank's operations into full service corporate banking - and, through more recent acquisitions of regional banks, into a national universal banking platform. However, Melnichenko's energies since 2000 have been concentrated on expanding the group's industrial interests. Since the decision to reduce the pipe manufacturing holding to a minority interest, Melnichenko's attention has appeared more focussed on acquisitions in the coal sector - and in that sector's major customer, electricity generation, given the opportunities created by the break-up of UES.



Leonid MIKHELSON

CEO, Novatek Date of birth: 11 August 1955

Besides its unique economic and strategic importance for Russia, the gas business is also the last major sector of the Russian economy to remain essentially unreformed. Novatek has succeeded in establishing itself as a profitable and fast-growing business in the unreformed domestic gas sector, and, having replaced its reserves at a rate of over 300% in 2005, looks set to benefit from a steadily improving commercial and regulatory environment. The company was founded in 1994 by an entrepreneurial group of pipeline engineers led by Leonid Mikhelson. The original venture was based on a privatised pipeline construction services company in the middle-Volga region of Samara, where Mikhelson was raised and educated, with a first degree in civil engineering. Then named Novafininvest, this company developed a strong franchise with oil and gas industry clients before Mikhelson led its decisive diversification from engineering services into the energy business. This move started in 1998 with the acquisition of companies holding gas extraction licenses in the Yamal-Nenets Autonomous District of North-Western Siberia, where Gazprom's core operations are also located. 2004 was a key year for Mikhelson and his team. They bought out Itera, their original gas business partner, and in 2003 agreed to sell a 25% stake in their company to Total for \$1 billion. That deal failed to obtain regulatory approval, and in July 2005 Novatek placed a 19% stake in the public market – and with a London listing - for about the same sum. Novatek's ambition to become an integrated energy group is now being realised in the construction of its own gas condensate processing facilities independent of Gazprom, and a move back to Mikhelson's home Volga region in a range of downstream ventures spanning refining and petrochemicals.

Alexei MILLER



CEO, Gazprom Date of birth: 31 January 1962

It is now five years since President Putin chose Alexei Miller to replace Rem Vyakhirev as CEO of Gazprom, but it was perhaps only in 2005 that Miller began to make a decisive mark on Russia's largest and most important company. Given the importance of Gazprom to Russia – geopolitical as well as economic – it is not surprising that Putin tapped his own trusted circle of associates from St Petersburg for a reliable pair of hands to run the company. Miller fitted the bill. He holds a PhD in Economics from a Leningrad (St Petersburg) Institute, and spent most of his previous career in that city, including a stint working alongside Putin in the city government's External Economic Relations Department in the early 1990s, before moving on to the St Petersburg seaport and Baltic Pipeline System. He spent a year as a Deputy Energy Minister from 2000 to 2001 before being appointed to Gazprom.

The focus of Miller's early years at Gazprom was the recovery of assets lost by the company during the Vyakhirev era, and purging the old senior management. By 2005, however, elements of a more positive long-term strategy emerged, from the expansion of Gazprom's oil business by the acquisition of Sibneft to the activation of the giant Shtokman project in the Barents Sea and the agreement with German partners on the planned new direct gas pipeline link under the Baltic Sea to Germany. Even if all such decisions were taken as much in the Kremlin as by Miller personally, there can be no doubting his contribution to the successful completion of the liberalisation of Gazprom's share market in December 2005 despite earlier resistance from the rival 'Rosneft' faction in the Kremlin.



Alexei MORDASHOV

Chairman, Severstal-Group Date of birth: 26 September 1965

Among Russian ferrous metal magnates, Alexei Mordashov – who controls and runs Severstal, the country's second-largest steel company – stands out for his relative youth and ambition. He was born in Severstal's hometown of Cherepovets, and returned there after graduating from the Leningrad Institute of Engineering and Economics in 1988. After gaining management experience in the steel mill, he was promoted to the position of CFO in 1992 and at the same time started buying up Severstal shares put on sale in the 1993 voucher privatisation. By 1996 Mordashov had built up sufficient ownership control over Severstal to become its CEO. After recovering from the 1998 financial crisis, Mordashov broadened his horizons, by acquiring stakes upstream in coal and iron ore mining, and downstream in autos and pipeline manufacture. Having built this substantial business, Mordashov has looked to foreign expansion, acquiring troubled steel makers in the US (Rouge Industries, now renamed 'Severstal of North America') and Italy (Lucchini).

The perception of Mordashov in financial markets has been mixed. Since the February 2005 stock market flotation of his automotive assets incorporated as Severstal-Auto, this company has been increasingly well regarded for its strategy and performance. But the consolidation of mining assets into the core steel group announced in April 2006 looks like a poor deal for minority shareholders – and may point to Severstal becoming a fully private company. In any event, Mordashov looks set to remain a major and influential captain of industry, especially given his good standing with Putin's Kremlin. The latest demonstration of this came in June 2005, when he acquired the controlling stake in REN-TV divested by state-owned UES.

Nikolai PATRUSHEV

Director of the Federal Security Service ('FSB') Date of birth: 11 July 1951



Nikolai Patrushev is a contemporary of President Putin, and the two men joined the KGB in Leningrad (St Petersburg) in the same year (1975). After Putin moved from St Petersburg to the Kremlin staff in 1996, Patrushev was plucked out from a series of middle ranking positions in the KGB apparatus – and began to shadow Putin's career, succeeding to the posts left vacant by Putin's own rapid series of promotions – from head of the Kremlin's Audit Directorate, to head of the Federal Security Service (FSB, the main successor organisation to the Soviet KGB).

Under Patrushev, the FSB has been made the lead agency in the fight against the terrorism inspired by the Chechen separatist cause. After investigating the September 1999 Moscow apartment block bombings, Patrushev was tasked to oversee the entire security holding operation in Chechnya. Despite some tactical successes for the FSB on the ground, the unsolved strategic problem of Chechnya was tragically highlighted by the resurgence of terrorist attacks in Moscow, against civil aviation, and most horrifically of all at the school in Beslan in September 2004. That calamity prompted widespread calls in the media and political class for the sacking of Patrushev. But Putin is loathe to part from any member of his core team, so Patrushev survived – to be congratulated by Putin in March 2005 after the Chechen separatist leader Aslan Maskhadov was tracked down by federal forces and killed. The FSB's status was further raised in a new counter-terrorism law enacted in 2006. At the same time, Patrushev has kept the agency focused on its most traditional of activities, which is catching spies - a field now enlarged to include resisting any contagion from Ukraine's 'Orange Revolution'.



Sergei POPOV

Principal Shareholder, MDM Group Date of birth: 12 August 1971

Since 2000, Sergei Popov has been an equal partner with Andrei Melnichenko in the major financial-industrial group combining one of Russia's leading private-sector commercial banks – MDM – and industrial holdings in coal, bulk chemicals (agricultural fertilisers) and pipe manufacturing.

Popov shares his partner's remarkable youth - relative to the scale of their business empire built up from scratch. But among other Russian tycoons, the early career that most closely resembles Popov's is that of Roman Abramovich. Like Abramovich, Popov preferred business to higher education, and made his first fortune trading resource-based products. In Popov's case, the products were not oil but metals - both ore concentrate inputs and refined metal output of metallurgical plants in the Urals region. Another similarity with Abramovich is Popov's low profile – and also the nature of his business activities as being those of an investor rather than a specialised industrialist. In the scant personal information put out through his companies, he describes his interests as "managing and restructuring assets, business strategy and promoting management change in line with modern corporate governance standards". This manifesto is well reflected in the record of the MDM group. Popov's first alliance with Melnichenko was to acquire the Volzhsky pipe factory in 2000, but by 2002 MDM had sold majority control of its pipe assets (TMK) to its partner, Dmitri Pumpyansky, to concentrate on banking, coal (SUEK) and the group of fertiliser producers which Popov has rapidly built up into the Evrokhim holding. In perhaps the first public recognition of his achievements, Popov won the 'most dynamic businessman' category in the Kremlin awards ceremony of a national 'Person of the Year' contest for 2005.

Vladimir POTANIN



President, Interros Date of birth: 3 January 1961

For a time in the mid-1990s, Vladimir Potanin was pre-eminent among the initial cohort of oligarchs to emerge with prize asset pickings from the 'shares-for-loans' privatisations. Active in and around government from 1995 to 1997, he appears to have played an important part in promoting that notorious scheme, from which the Interros group – which he still leads – emerged with a substantial vertically-integrated oil company, Sidanco (since lost to a rival group), and the mining giant Norilsk Nickel. The latter is now by far his most important asset, but before the 1998 crisis the group revolved more around Unexim Bank and its investment banking affiliates.

Potanin established Unexim in the early nineties from his platform in the Soviet trade bureaucracy, which he had entered in 1983 upon graduating from the elite MGIMO academy. The bank was professionally managed, but it defaulted after the Russian government's own default of August, and Potanin's reputation suffered. Potanin and Interros survived these storms - largely thanks to the value they created at Norilsk Nickel: the group's interests in other sectors (engineering, agriculture, real estate) are small by comparison and managed more on a private equity footing. The Yukos affair prompted speculation that Potanin might be next in line for the treatment meted out to Mikhail Khodorkovsky. But Potanin has astutely kept up with the changing political climate by being the first oligarch to express public regret for the excesses of the 1990s privatisations and developing a track record as a cultural benefactor and philanthropist. He became the head of the Charities Commission of the new Public Chamber (a civil society consultative forum) inaugurated in January 2006.

Mikhail PROKHOROV



CEO, Norilsk Nickel Date of birth: 3 May 1965

Alongside Vladimir Potanin, Mikhail Prokhorov is the principal partner in Interros, one of Russia's largest business groups, now centred on the mining giant Norilsk Nickel – of which Prokhorov has been the CEO since 2001. Before the 1998 financial crisis, Prokhorov was likewise at the heart of Interros operations, which were then focused on Unexim Bank. After graduating from the Moscow Finance Institute, Prokhorov started his career in 1992 in the world of CMEA ('Comecon') banking before joining Potanin first in the International Financial Company, and then as CEO of Unexim Bank. After the financial crisis of August 1998, Prokhorov oversaw the successful restructuring of Unexim, later transformed into Rosbank – where he remained chief executive for a time.

At Norilsk, Prokhorov has presided over a corporate governance and general management turnaround. He has lobbied successfully for the removal of state secrecy bars on the disclosure of Norilsk's PGM reserves and production, and presided over improved efficiency in capital expenditure and cost control. But the greatest value creation has come from the decision to build up a substantial gold business – already in the world's top ten, and which has now been spun off into a separate company, Polyus, to realise the higher rating which markets place on the gold mining sector. Meanwhile, Prokhorov has moved to strengthen Norilsk's position in the present climate of increasing state appetite for strategic assets. In January 2006, a joint venture with Rio Tinto to explore new mineral deposits in the Russian Far East was signed under government auspices, and Norilsk appears to have left the door open to a partial merger a few years down the road with the government-owned diamond producer, Alrosa.

Vladimir PUTIN



President of the Russian Federation Date of birth: 7 October 1952

Now past the half way point of his second term, Vladimir Putin's presidency has entered its final phase - not only in the formal sense that the constitution forbids him to run for a third consecutive term, but also in the more important political sense that he seems finally to have convinced the world of the sincerity of his commitment to stand down in line with the constitution. That commitment is consistent with the stability which has been the hallmark of Putin's rule – a stability which was reasserted in 2005 after the setbacks and misjudgements of 2004 (Yukos, Beslan, Ukraine). Besides stability, another constant feature of Putin's presidency has been the centralisation of power. As a result, there seems little danger of his becoming a lame duck. He may even have the reverse problem, of having to take too many decisions himself rather than concentrate on strategy. But 2005 did bring one major strategic initiative - the so-called national projects, designed to ensure that ordinary people feel more of the benefit of the oil boom. By contrast, another strengthening trend - towards the nationalisation of the 'commanding heights' of the economy - has not been presented by Putin as an explicit agenda. Such developments fuel continuing debates about the extent of the shift to authoritarianism and nationalism under Putin, alongside his unmistakably liberal and modernising agenda.

The origins of all these contrasting elements in Putin's presidency can be found in his early career, beginning in the KGB – including its foreign intelligence arm – before becoming in the 1990s a top aide to Anatoly Sobchak, the liberal mayor of St Petersburg, where Putin was born, raised and educated as a lawyer. Putin's choice of candidate to endorse in the 2008 presidential election – effectively guaranteeing that candidate victory – will reveal which side of his political make-up is the strongest.



Leonid REIMAN

Minister for Information Technologies and Communications Date of birth: 12 July 1957

Leonid Reiman typifies the ascendancy of St Petersburg in Putin's Russia. After completing brilliant studies in telecommunications engineering in the city's prestigious Bonch-Bruyevich Institute of Electronics, Reiman made his whole early career from 1985 onwards in the city's fixed-line telephone operator. By 1999, Reiman had risen to the position of first deputy CEO of the by now partially privatised company, while at the same time becoming associated with other companies in the city's burgeoning telecoms business – including Telecominvest, a holding structure for various new independent operators. Reiman was one of several fellow St Petersburgers whom Putin called to Moscow when forming his government team in 1999. In the first full government of Putin's presidency, Reiman became Minister of Communications – a post which he has held ever since.

Reiman's background in the St Petersburg telecoms business has given rise to concerns about possible conflicts of interest in the years in which he has been regulating the sector. This issue was highlighted by testimony provided in international litigation arising from a shareholders' dispute inside Megafon, the third national GSM operator which emerged in 2000 and which is controlled by a group formed under the aegis of Telecominvest in St Petersburg in the 1990s. Meanwhile, Reiman has been caught up in an investigation by German prosecutors into possible wrongdoing in the St Petersburg telecoms sector in the 1990s. Reiman has brushed aside all allegations and continued on his course of presiding over one of the most successful and competitive sectors in the new Russian economy. His latest, and perhaps greatest, success may prove to be the privatisation of Svyazinvest, the incumbent wireline telecoms holding, which looks set to take place during the coming year.

Igor SECHIN



Kremlin Deputy Chief of Staff Date of birth: 7 September 1960

A close and trusted aide of a powerful leader can often become thought of as the real power in the land. The less that is known about such an adviser, and the more he shuns publicity, the greater the supposed influence of the 'power behind the throne'. Igor Sechin is a perfect example of this phenomenon. On becoming a deputy to the mayor of St Petersburg Anatoly Sobchak, Putin chose Sechin to head his own private office. Since then, Sechin has never left Putin's side, and is now the second equal-ranking official in the Kremlin staff and the Chairman of Rosneft. The fact that Rosneft acquired Yuganskneftegaz has combined with other circumstantial evidence to create the impression that Sechin acted as a kind of project manager in the Yukos affair. In 2005, his power base within the administration was preserved by the success of Rosneft in blocking an attempt by Gazprom to take it over. But the real test of Sechin's influence will be the 2008 presidential succession struggle.

Sechin's rise to the Kremlin inner circle seems all the more remarkable given an unpromising start as a language student at Leningrad State University directed to specialise in Portuguese. That led to foreign postings as a translator in Mozambique and Angola, where Sechin worked for Soviet military advisers. Such activities must have involved some association with the Soviet intelligence services, but nothing more precise is known. The best account of what proved to be Sechin's big break is that he was included as a Portuguese speaker in Sobchak's delegation on a trip to Rio de Janeiro, a city twinned with St Petersburg, and was noticed by Putin during that trip.



Igor SHUVALOV

Presidential Aide & G8 Sherpa Date of Birth: 4 January 1967

The second Putin term, even more than the first, has seen strategic policy making concentrated in the Kremlin staff. Igor Shuvalov was recruited to the Kremlin in a senior policy-making role in June 2003 and soon put in charge of a working group formed to develop strategic policies for the second Putin term. In the reorganisation of the Presidential Administration after Putin's re-election in March 2004, Shuvalov was retained in this role of coordinating policy strategy in the broad swathes of the structural reform agenda in between the purely economic and purely political. His position of presidential aide was supplemented and upgraded in January 2005 by his appointment as Russia's G8 sherpa – that is, the senior official designated by each G8 head of state or government to coordinate preparations for the annual summit of the advanced industrial democracies. Russia's tenure of the rotating annual chair of the G8 in 2006 makes Shuvalov one of the world's more important, albeit behind-the-scenes, officials.

Shuvalov's career is remarkable for its uninterrupted progress through the contrasting phases of the past decade. A law graduate of Moscow State University, Shuvalov started in business in the mid-1990s, concentrating in real estate and media. These business interests brought him into the orbit of the dominant Yeltsin 'family'. Rapid promotion resulted. By 1998 Shuvalov was Chairman of the Federal Property Fund, and rose further to become chief of staff in the government of Putin's first-term Prime Minister, Mikhail Kasyanov. His transfer to the Kremlin was well timed, given the eclipse of the 'family' as the Yukos affair unfolded. Underlying the pragmatism necessary for such a career, Shuvalov has demonstrated a steady commitment to the cause of reform and modernisation.

Sergei SOBYANIN



Kremlin Chief of Staff Date of birth: 21 June 1958

Sergei Sobyanin is the newest recruit to Russia's top leadership, as a result of his appointment to the key post of Kremlin Chief of Staff in November 2005. This appointment crowns an already impressive career in public administration and politics. Sobyanin comes from a relatively humble family of Ural Cossack background which by the time of his birth had moved to Western Siberia, where he has spent most of his career. The two keys to Sobvanin's future advancement are first that this region is the heart of Russia's oil industry and second his decision to study for a second degree - in law - in the late 1980s. Thus Sobyanin became a prominent and well qualified official in Russia's richest region. By 1994 he had become head of the regional legislature, and hence an ex officio member of the Federation Council in Moscow, chairing one of the leading committees. Having made his first mark in federal politics, Sobyanin was sent back to his home region in 2000 as the presidential plenipotentiary. Later that year, he was elected regional governor, defeating a wellentrenched incumbent who had powerful supporters in Moscow.

This makes Sobyanin one of the few senior officials in the Putin administration with a successful record in democratic politics. That fact, combined with the influence of his present position at the head of the presidential administration, where all key decisions are taken, could lead Sobyanin to still greater things. However that may be, Sobyanin's neutrality with regard to the St Petersburg factions in the Kremlin may have been Putin's main reason for choosing him as Chief of Staff, and may make him equally useful to the president's successor.



Vladislav SURKOV

Kremlin Deputy Chief of Staff Date of Birth: 21 September 1964

Vladislav Surkov is the Putin administration's political manager – and more recently has emerged as its chief ideologue. It was the now eclipsed Yeltsin 'Family' group that first promoted Surkov in a Kremlin career which has made him one of the most influential behind-the-scenes officials in Russia. After Putin's re-election in 2004, Surkov was appointed to one of the only two remaining positions of deputy Kremlin Chief of Staff in the slimmed-down administration. The Yukos affair cast an ironic perspective on Surkov's rise and influence in Putin's service, since Surkov first came to notice in association with Mikhail Khodorkovsky's Menatep Bank, for which he devised a pioneering public relations campaign in 1989. Surkov later took his communications and organisational abilities to the main television network ('ORT'), then controlled by Boris Berezovsky, who in 1999 helped initiate the Unity party formed to support Putin, as the Family's preferred successor to Yeltsin. Surkov managed Unity's successful Duma campaign.

Four years later, in the December 2003 Duma election, Surkov steered Unity's successor – United Russia – to a landslide victory. This is perhaps his most notable single achievement to date, but may look modest in hindsight compared to his present agenda as the strategist of the presidential succession in 2008, which will determine Russia's political direction into the next decade. Surkov is widely thought to be supporting the candidature of Dmitri Medvedev. If Surkov continues to operate as successfully as he has in recent years, the country should be set on a relatively liberal modernisation track after 2008.

Nikolai TSVETKOV

Chairman, UralSib Financial Services Corporation Date of birth: 12 May 1960



Nikolai Tsvetkov founded the NIKoil investment company in 1992. The company is jointly owned by Tsvetkov and the president of LUKoil, Vagit Alekperov – who is the sleeping partner, with Tsvetkov running and expanding the business into today's major integrated financial services group. Back in those early days, Tsvetkov developed NIKoil while holding senior management positions at LUKoil – as head of its Securities Department until 1995 and of its Main Department of Finance and Investment from 1996 to 1997. Tsvetkov graduated from the Tambov Higher Military Aviation School in 1988. He studied marketing at Plekhanov Academy, and holds a PhD in Economics.

Thanks to LUKoil's financial power and Tsvetkov's proactive management – dedicated to NIKoil since 1997 – NIKoil has grown from an investment company into a financial supermarket comprising corporate and retail banking, asset and wealth management, insurance and e-commerce. This expansion has mainly been achieved through acquisitions (notably of the commercial banks Avtobank and Uralsib, and the insurance company PSK). Tsvetkov has pursued this expansion strategy with his characteristic persistence. By the end of 2005, the combination of ongoing consolidation and organic business growth in the dynamic financial services sector had increased total assets to nearly \$16 billion. This places the group – now rebranded as the 'Uralsib Financial Corporation' – among the top five financial institutions in Russia. An interesting question during 2006 will be whether Tsvetkov will take the consolidated Uralsib into an international IPO.



Alisher USMANOV

Principal Shareholder, Metalloinvest Date of birth: 9 September 1953

Alisher Usmanov comes from Uzbekistan, but was educated in the 1970s at the elite MGIMO academy in Moscow. In contrast to the many leading Russian oligarchs who built their fortunes on close relations with the Yeltsin administration, the rise of Usmanov as a ferrous metals magnate was founded on his relationship with the former CEO of Gazprom, Rem Vyakhirev. Under Vyakhirev, Gazprom took control of Oskol, Russia's most modern steel mini-mill and the Lebedinsky iron ore mining and processing facility. Oskol and Lebedinsky were managed by Interfin, a corporate turnaround group created by Usmanov, who in 1998 was invited by Vyakhirev to head Gazprominvestholding - the Gazprom subsidiary which directly owned those steel assets. In 2000, Usmanov became an official adviser to Vyakhirev, and was kept on in the same capacity by Vyakhirev's successor, Alexei Miller, in 2001. Having been closely involved in Gazprom's affairs during the Vyakhirev era, Usmanov was well placed to assist the new Gazprom management with their first priority of recovering assets and shares which had gone astray. The next priority was the divestment of non-core assets - such as Oskol and Lebedinsky, which were sold to Usmanov's Interfin-Gazmetall group.

In partnership with Boris Ivanishvili and Vasily Anisimov, Usmanov had made strides towards the expansion of this group – now called Metalloinvest – into what could be the second-largest company in Russia's ferrous metals sector. Acquisitions have spanned the upstream (iron ore mining) and downstream (steel and pig iron producers, as well as the country's largest private rail transport operation for iron ore). A brief foray into the share capital of Corus reflects Usmanov's foreign ambitions, which are now concentrated in a bid for Anglo American's Highveld Steel & Vanadium Corporation in South Africa.

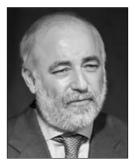
Semyon VAINSHTOK



President, Transneft Date of birth: 5 October 1947

Semyon Vainshtok has a reputation for toughness, even in the unforgiving world of the Russian oil industry. Born in Moldova, he studied at Tyumen Oil & Gas University and after starting his career in the forest products sector, joined the oil industry in 1982. He worked in the upstream industry in Siberia, including at Kogalymneftegaz which formed the heart of LUKoil when it was created in 1991. Between 1993 and 1995 he ran Kogalymneftegaz and from 1995 to 1999 was the General Director of LUKoil-Western Siberia Ltd. In 1999 he was appointed President of Transneft, the national state-owned crude oil pipeline transport monopoly, a position he still holds today.

While remaining the focus of frequent oil company complaints about tariffs and slow progress on infrastructure development, Transneft under Vainshtok has assumed a new importance and certain dynamism. In recent years the company has started to expand infrastructure, bringing on stream the Baltic Pipeline System in 2001 and expanding it in 2003/4 with the commissioning of a new terminal facility on the Baltic coast near St Petersburg. By early 2006 Transneft had completed the feasibility study and secured the environmental approvals necessary to start construction of the strategic pipeline to supply key Asian markets. As for the other major project of a pipeline to the ice-free and deep-water port of Murmansk opening the way for large-scale direct exports to America, Vainshtok has stuck stubbornly to his preference for the ice-bound port of Indiga. Regardless of final decisions, Transneft will commission and operate all these projects as the instrument of the Putin administration's policy of maintaining outright state ownership and control of the pipeline system.



Victor VEKSELBERG

Chairman, SUAL Holding and Executive Director, Gas Development, TNK-BP Date of birth: 14 April 1957

For many years, Victor Vekselberg – the co-owner of Tyumen Oil Company (TNK) and Siberian Urals Aluminium (SUAL) – was one of the least public of Russia's leading businessmen. That changed in 2003, with the announcement of the strategic tie-ups of TNK with BP and of SUAL with Fleming Family & Partners – both deals being landmarks in the history of foreign investment in Russia.

Vekselberg was educated in Moscow as an industrial design engineer, before moving smartly into business as new opportunities began opening in 1990. In 1991, he established his Renova holding company, together with his key partner Len Blavatnik. Their first major venture was in the aluminium sector, acquiring control of large smelters in the Urals and eastern Siberia (Irkutsk) in the early 1990s privatisations. By 2000, SUAL had become the country's second largest aluminium group. Meanwhile, Vekselberg and Blavatnik had made their second big move - teaming up with the Alfa Group in 1997-9 to privatise TNK, Russia's third-largest oil company by production, which in 2003 became TNK-BP when Vekselberg and the other partners in TNK sold half their stake to the global major. Vekselberg's most visible business activity at present is securing the involvement of Gazprom in TNK-BP's Kovykta gas project in eastern Siberia. This is proving a difficult task in the face of relentless Gazprom hostility. Less visible, but still more interesting, is the question of Vekselberg's next business move armed with the proceeds of the deal with BP. For now, the indications point not to new acquisitions (after an unsuccessful attempt to take over the titanium producer VSMPO-Avisma) but rather to further divestments - possibly even of SUAL after the alliance with the Flemings unravelled in February 2006.

Oleg VYUGIN

Head, Federal Financial Markets Service Date of birth: 29 July 1952



Oleg Vyugin is one of the most prominent representatives of the new generation of policymakers recruited to public service in the early 1990s, and who have risen to senior and highly responsible positions. In Putin's second-term government, Vyugin has been entrusted with a newly-minted agency – the Federal Financial Markets Service – apparently destined to become a universal financial services regulator along the lines of the UK's FSA. That long-term goal is contentious and uncertain; but on almost every other point of his agenda, Vyugin has made respectable progress – especially compared to the perceived slowdown in many other areas of structural reform. In particular, he has piloted through new legislation and regulations designed to prevent the primary equity capital market emigrating entirely to London and elsewhere. He plans to achieve this not only by restrictive rules but also by making it possible to conduct an IPO on the domestic market in line with accepted international best practice.

Though a mathematician by training, Vyugin's early academic career in the 1980s shifted to economics research, which remained his occupation until 1993 when he was appointed head of the macroeconomics department of Russia's fledgling Ministry of Finance. By the time of his resignation in 1999, Vyugin was already a first deputy finance minister. Between 1999 and 2002, he worked in the private sector, as chief economist of the local investment bank Troika Dialog. He came to his present job from effectively running Russia's monetary policy as First Deputy Chairman of the Central Bank. Vyugin is an official of noted integrity as well as ability, who has not been afraid to speak out in public on the subject of the damage to the investment climate caused by the Yukos affair and related scandals.

Vladimir YAKUNIN



President, Russian Railways Date of birth: 30 June 1948

Of all of President Putin's close associates, Vladimir Yakunin had the longest wait before promotion to a top job. This came in June 2005 with his appointment as President of Russian Railways, organised in 2003 as a wholly state-owned JSC separate from the government bureaucracy. The importance of the vast railway network to Russia's economy, and hence its political influence, is comparable to that of Gazprom and Rosneft.

Yakunin's background and views make him a natural member of Putin's inner circle. He was educated in St Petersburg (then Leningrad) as a chemical engineer, and seems to have been talent spotted during his military service for a career which bears all the hallmarks of the foreign intelligence wing of the KGB (where Putin also worked), including a diplomatic posting at the Soviet mission to the UN in Vienna. Back in St Petersburg in the early 1990s, Yakunin was associated with business projects in the orbit of the city government in which Putin was a leading official. For example, he joined the supervisory board of the Grand Hotel Europe which was then chaired by Alexei Miller (now the CEO of Gazprom). In 1996, Yakunin was a partner in a dacha cooperative outside St Petersburg which also included Putin. Yakunin is associated with a variety of patriotic associations linked with the Russian Orthodox Church, in one of which - the 'Russian National Glory Centre' - the Defence Minister Sergei Ivanov is also involved. This suggests a communality of conservative and patriotic views between the two men, which in turn could lead to Yakunin and Russian Railways playing an important part in Ivanov's possible campaign for the presidency and in the subsequent administration.

Vladimir YEVTUSHENKOV

Principal Shareholder and President, AFK Sistema Date of birth: 25 September 1948



Vladimir Yevtushenkov is the founder and majority owner of the major Moscow-based conglomerate, Sistema. With an array of educational qualifications under his belt – degrees from the prestigious Mendeleev Chemical-Engineering Institute and Moscow State University, and a PhD in economics – Yevtushenkov worked in the Soviet petrochemical industry until joining the Moscow municipal administration in the late 1980s. His relationships with the Moscow city government under Mayor Luzhkov were the foundation on which Yevtushenkov built Sistema, starting in 1993.

Under Yevtushenkov's leadership, Sistema has grown into a diversified empire with interests in telecommunications, technology, retail, oil and financial services (including Rosno - one of Russia's largest insurance companies). The jewels in its crown are majority shareholdings in Eastern Europe's largest mobile operator Mobile Telesystems (MTS), and in the Moscow wireline incumbent MGTS, now consolidated with other assets into Comstar. The group has a long track record in the public equity markets. Back in 1999, MTS was one of the first IPOs to come out of Russia, and Sistema became the sole controlling shareholder in 2005 with the exit of Deutsche Telecom. In February 2005, Sistema went public itself with a \$1.4 billion IPO and London listing, followed exactly a year later by Comstar. The proceeds of this latest IPO may be destined to finance a bid for Svyazinvest in the privatisation of that national incumbent wireline telecoms holding, expected during the next twelve months. Meanwhile, the group has found a new use for its cash in the form of a \$600 million financial investment in the oil and petrochemicals industry of Bashkortostan. In December 2005, Yevtushenkov announced that he was giving 1% of his 65% stake in the company to senior managers as part of a share incentive scheme.

Alexander Zhukov



Deputy Prime Minister Date of birth: 1 June 1956

Alexander Zhukov was appointed second-in-command of Putin's second-term government formed in March 2004 as the sole Deputy Prime Minister. He suffered a minor formal demotion in November 2005 with the appointment of Dmitri Medvedev and Sergei Ivanov as two other deputy premiers. But while those new appointments are widely seen as linked to the presidential succession in 2008, Zhukov's role in the government has remained unchanged in practice. This mainly takes the form of important behind-the-scenes coordination work in complex reform policymaking – such as the Law on Concessions adopted in 2005, providing the basis for public-private financing of infrastructure development, and policy implementation – such as the controversial welfare benefit monetisation reform.

Before joining the government, Zhukov had been one of the longestserving State Duma deputies and held the top economic job in the legislative branch – namely, Head of the Duma's key budget and finance committee – without interruption from 1998 to 2003. Zhukov's performance in government recalls those Duma days in amounting to constructive but somewhat passive responses to policies and problems generated by others. His main challenge now is more active and sustained supervision of new policy-making and implementation in key strategic areas such as reform of the bureaucracy and of public spending – as well as carrying through one of his rare public initiatives, which concerns changes to tax administration procedures that would make it impossible in practice to repeat the fatal back tax attack on Yukos. Zhukov's low-key but often effective action owes much to his political base in the United Russia party which dominates the Duma.

Igor ZYUZIN



Chairman, Mechel Date of birth: 29 May 1960

The decision of Mechel's CEO and major shareholder Vladimir Iorikh to sell out of the company in March 2006 has left Igor Zyuzin as the sole principal of this combined steel and coal mining group. Mechel is Russia's second-largest producer of rolled steel products and coking coal, but the company's importance looks set to grow further in coming years thanks to its leading position in the strategically important business of developing the vast and largely unexploited coal reserves of Yakutia in north-eastern Siberia and exporting the product to neighbouring China. Zyuzin is well placed to lead the company in this direction since his own background and early business success have been in the coal sector. After taking degrees in both the engineering and economics of coal mining, Zyuzin worked for over a decade in the Kuzbass - Russia's largest existing coal basin in the Kemerovo region of western Siberia. In the difficult conditions of the 1990s, Zyuzin identified and restructured several of the region's most efficient mining operations. By 1999, he had established control of a group of assets comprising the Kuzbass Coal Company, which is now part of Mechel.

Today, the coal mining side of Mechel's business barely exceeds a quarter of group revenues, but is set to account for three-quarters of the \$1bn annual capital investment planned until 2010. This reflects the strategic expansion into the Yakutian coal business, which has been attracting some political attention. President Putin intervened personally in February 2006 to ratify Mechel's partial privatisation of Yakut Coal, and Zyuzin now appears to have secured Kremlin approval for a Mechel-led merger of Yakut Coal with Elga Coal, which may be the largest single deposit in Russia.

Deutsche Bank

In 2006, Deutsche Bank proudly celebrates its 125th anniversary in Russia: testimony to an enduring commitment to one of the world's global economic powerhouses.

Deutsche Bank was established in 1870. With \in 992 billion in assets and over 63,000 employees, Deutsche Bank offers its clients unparalleled financial services in 73 countries throughout the world.

In 2003, Deutsche Bank acquired an initial 40% stake in United Financial Group (UFG), one of the leading home-grown investment banks, to create a relationship encompassing sales and trading of Russian equities, award-winning equity research and corporate finance, and together they led the market in leveraging the burgeoning capital markets. In 2006, acquiring the remaining 60% of UFG, the two organisations were integrated to create the largest financial advisory in the Russian markets.

Deutsche Bank ranks among the global leaders in corporate banking and securities, transaction banking, asset management and private wealth management. International Financing Review (IFR) named Deutsche Bank 'Bank of the Year' in 2003 and 2005.



The Russian Economic Forum is now widely recognised as the world's leading business event on Russia, bringing hundreds of opinion formers and world leaders to London each April. Eventica, the organiser of the Forum, also runs a number of briefings, cultural events and other activities, including a British press mission to Moscow each autumn, and the Russian Winter Festival on Trafalgar Square every January. Aside from Russia Index, the company has other publishing interests, including the Russian Investment Review, a quarterly digest on the most significant trends in Russia's economic development, with contributions from leading businessmen, economists, fund-managers and political and economic analysts.

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KEY PLAYERS IN BUSINESS AND POLITICS

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