



JPMorgan Bankers to Join M&A Adviser to Russian State (Update2)

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By Jason Corcoran

April 15 (Bloomberg) -- Xenon Capital Partners, an investment company set up to advise Russian state-owned companies on mergers and acquisitions in the energy industry, plans to hire two bankers from JPMorgan Chase & Co.

Stan Song and **Hamid Gayibov** quit JPMorgan last week and may join three former colleagues from the U.S. bank's M&A energy team in Moscow who are already at the firm, according to an e-mailed statement from Moscow-based Xenon. A JPMorgan spokesman declined to comment.

Competition for Moscow's bankers is intensifying as the Russian economy recovers from its worst contraction on record. Credit Suisse hired five fixed-income specialists last month, including three from Deutsche Bank AG, while Renaissance Capital appointed Credit Suisse's **Nikolai Yukovich** to run its emerging- markets currency team. Otkritie Financial Corp., a local brokerage part-owned by VTB Group, took on 18 people for its new debt and currency market units last month.

Xenon said it needs more bankers to handle a "range of M&A mandates for state-owned corporates in the energy sector," describing Song as one of Russia's "most reputable M&A bankers" and Gayibov as a "rainmaker" executive.

JPMorgan's former head of investment banking in Russia, **Natalia Tsukanova**, set up Xenon last year to advise **Igor Sechin**, Prime Minister **Vladimir Putin**'s deputy for energy and chairman of OAO Rosneft, the country's largest oil company. Ex-JPMorgan M&A banker **Kamil Burganov** joined Xenon in February and another colleague **Anton Voronin** came over in March, Burganov said.

Twenty Hires

Xenon is expanding as the government consolidates state assets in industries including energy, aerospace and shipbuilding to help reduce Russia's dependence on oil and gas exports, and prepares some for sale. Russia is combining six state-owned regional airlines under OAO Aeroflot. State shipping company Sovcomflot plans to sell shares in an initial public offering in late 2010 or early 2011, Chief Executive Officer **Sergei Frank**, a former transport minister, told reporters in Moscow today.

Xenon plans to hire a total of 20 staff to focus on consolidation in the domestic energy industry and later help state-owned companies with foreign acquisitions, Burganov said. The company has a London office which will eventually advise companies seeking to list on the London Stock Exchange, he said.

As well as consulting on acquisitions, Xenon manages a \$2 billion state-owned power utilities fund, Burganov said. The fund, called Rusenergo, holds stakes in companies including **OAO Rushydro**, Russia's largest hydropower producer, and electricity producers known as TGKs and OGKs, Burganov said.

"The fund is focused exclusively on the power sector," Burganov said by phone. "But our M&A advisory work for state-owned companies will cover oil, gas, oil-services, utilities and manufacturing sectors."

To contact the reporter on this story: **Jason Corcoran** at Jcorcoran13@bloomberg.net

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