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# Rothschild Plays Strongest Suit in \$3 Billion Deal for Global Coal Company

By Jesse Riseborough and Simon Casey - Dec 2, 2010 4:17 AM ET

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Nat Rothschild plans to create a global mining company by leveraging his name, hedge-fund experience and a personal network that reads like a Who's Who of the commodities world.

Source: Finsbury Ltd. via Bloomberg

One of the most successful trades at Atticus Capital LP, where Nathaniel Rothschild was co-chairman, was an investment in U.S. mining company Phelps Dodge Corp. The future 5th Baron Rothschild says he now plans to build one of the world's largest coal producers.

A member of the Rothschild lineage that helped bankroll Britain's war against Napoleonic France, he's leading a \$3 billion takeover that will create the biggest exporter of coal to China.

Rothschild is leveraging his name, more than a decade of hedge-fund experience and a network that reads like a Who's Who of commodities. He's friends with [Ivan Glasenberg](#), head of the biggest commodity trader Glencore International AG; advises Russian aluminum billionaire [Oleg Deripaska](#); and is on the board of [Peter Munk's](#) Barrick Gold Corp., the largest gold miner.

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“There’s no global coal company today,” Rothschild, 39, says in an interview. “There’s not a Barrick Gold in coal. That’s where the opportunity is.”

Rothschild -- who likes to be called Nat -- had been searching for a natural-resources acquisition since [Vallar Plc](#), the investment company he founded, raised 707 million pounds (\$1.1 billion) in an initial public offering in London in July. The transaction announced Nov. 16 will combine Vallar, 25 percent of Indonesian coal producer PT Bumi Resources and 75 percent of PT Berau Coal Energy.

“My plate is pretty full,” says Rothschild. “The only slight kind of stress is on my travel schedule and my social life, which is non-existent.”

### Atticus Career

Rothschild has “the nerve to call up anyone and what’s interesting is he’s taken seriously,” says [Michael Rawlinson](#), a banker who met Rothschild in New York in the 1990s and is now head of resources at Liberum Capital Ltd. in London. “Ivan Glasenberg or Oleg Deripaska, they’ve come from nothing,” he says, “they are not impressed by posh blokes.”

Before setting up Vallar, Rothschild worked at hedge-fund firm Atticus Capital LP in New York, which generated almost \$7 billion for investors. Most of the Atticus funds were wound up last year after founder [Timothy Barakett](#) decided to spend more time with his family.

Rothschild says his work at Atticus “immersed” him in commodities, which became his “strongest suit.” He also got to know some of the industry’s most influential people.

“He has an unparalleled range of contacts,” says Munk, [Barrick’s](#) founder and chairman. “Certainly being a Rothschild does help, but opening a door, if you’re an idiot, it’s a single event. He has shown a talent.”

### Eton, Oxford

Rothschild, whose main residence is in Klosters, Switzerland, is the only son of U.K. financier [Lord Jacob Rothschild](#), the 4th Baron Rothschild, a former banker and modern art collector.

He attended Eton, the English private school that counts 19 British prime ministers as former

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<b>DOW</b>	<b>11257.50</b>	<b>+251.53 (2.29%)</b>	
<b>S&amp;P 500</b>	<b>1206.00</b>	<b>+25.45 (2.16%)</b>	
<b>NASDAQ</b>	<b>2551.66</b>	<b>+53.43 (2.14%)</b>	

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pupils, and is dating Princess Florence von Preussen, the great-great-granddaughter of the last German Emperor Kaiser Wilhelm II, according to the U.K.'s Daily Mail.

After studying history at Oxford University, Rothschild joined [Lazard Ltd.](#), having been introduced to the world of finance during trips with his father to New York to meet the business elite.

“I was exposed at a very, very early age to a lot of these big Wall Street tycoons,” he says.

### Dinner With Deripaska

On one visit, father and son met [Eric Gleacher](#), whose investment bank [Gleacher & Co.](#) was two floors below the Rothschild family office on Madison Avenue. Gleacher offered Rothschild a job as an analyst, and it was there that he met Harvard Business School graduate Barakett. Rothschild joined him the following year as Atticus's second employee.

The hedge fund, named after Atticus Finch in [Harper Lee's](#) novel *To Kill a Mockingbird*, was an activist shareholder, pressing copper producer Phelps Dodge to return cash to shareholders and find a buyer. [Freeport-McMoRan Copper & Gold Inc.](#)'s 2007 acquisition of Phelps returned a \$520 million gain, Rothschild says.

While at Atticus, Rothschild established his relationship with Deripaska. They first met in Paris in 2002 at a meeting where “the average age was considerably older than our average ages,” he says. “We ended up going out and having dinner.”

Rothschild chairs the board of [EN+ Group Ltd.](#), the holding company through which Deripaska controls assets including Moscow-based [United Co. Rusal](#), the largest aluminum maker.

### Los Angeles Meeting

Since the Vallar IPO, he says he's looked at potential deals with [OAO Polyus Gold](#), Russia's largest producer of the precious metal, and Moscow-based iron-ore miner [OAO Metalloinvest](#).

It was in Los Angeles in October that he met for the first time with [Nirwan Bakrie](#), one of the Bakrie family, which controls Bumi, Indonesia's largest coal producer. The three-way merger

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will create a “resources champion” in Indonesia, according to Vallar. The country is the world’s biggest exporter of power-station coal.

“Indonesia is a sleeping giant,” Rothschild says. “One scratches one’s head to think why isn’t there a mining champion out there already and hopefully we are in the process of showcasing one in the years ahead.”

The new company, Bumi Plc, will trade in London using Vallar’s listing there, and plans to almost double coal production from mines in Indonesia to 140 million metric tons a year by 2013.

“To be able to do an IPO without having any assets, he has to be somebody,” [Indra Bakrie](#), who will be Bumi Plc’s chairman, says of Rothschild. “I wish I could do that.”

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