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TNK-BP Management Calls for Lawsuit

By The Moscow Times

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The management board proposes joining an ongoing lawsuit against BP. **Vladimir Filonov**

The management board of Anglo-Russian TNK-BP Ltd. has asked its board of directors to sue shareholder BP for billions of dollars in damages over BP's failed alliance with Rosneft, sources said Tuesday.

"The management board has recommended to the board [of directors] to consider doing this, and it is expected that when it meets in November this issue will be discussed," a source close to the local shareholders said.

A simple majority vote on the 11-member board of TNK-BP Ltd., a 50-50 joint venture between BP and a quartet of Soviet-born billionaires, would be necessary to pass the motion to join a damages suit brought by a minority shareholder in the listed subsidiary TNK-BP Holding.

"As far as I know, it's a simple majority," one legal source familiar with the matter said. Sources close to the company and its shareholders also said this was the case.

On Monday, the board of subsidiary TNK-BP Holding voted against the listed company joining the lawsuit, since a nearly unanimous decision from the directors of the listed company was required.

The local owners of TNK-BP Ltd. are already pushing for damages in arbitration proceedings that earlier found the BP-Rosneft deal violated TNK-BP's right of first refusal to be the vehicle for any of the British company's business ventures in Russia.

Andrei Prokhorov, a minority shareholder in TNK-BP Holding, has filed a lawsuit against BP in a Russian court seeking 409 billion rubles ($13 billion) in damages for not involving TNK-BP in the tie-up with Rosneft.

Both Financial Times and Kommersant said Tuesday that outgoing deputy chief executive Maxim Barsky had written to TNK-BP Ltd.'s directors urging them to join the lawsuit.

FT also quoted a legal opinion that "there are strong grounds for the company pursuing legal claims arising out of the events involving BP and Rosneft."

The board of TNK-BP Ltd. comprises four BP nominees, four from AAR — the consortium representing the local shareholders — and three independents.

BP and TNK-BP, which were announcing third-quarter results on Tuesday, declined to comment.

Meanwhile, Viktor Vekselberg, a shareholder and executive director at TNK-BP, said relations between the Russian oil venture's partners are "good."

"All is good with us at TNK-BP, and all is good with BP," Vekselberg said in Moscow.

(Reuters, Bloomberg)

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