

Bashneft Will Offer Buyback

By [The Moscow Times](#)

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Oil producer Bashneft, controlled by billionaire Vladimir Yevtushenkov's AFK Sistema, might pay as much as \$300 million to investors that oppose its plan to consolidate refining and marketing units.

Shareholders that oppose or abstain from voting on the plan to swap new stock in the oil producer for its units' shares will have the right to sell their stock, Bashneft said in a regulatory filing Sunday. The company will probably buy \$200 million to \$300 million of stock as a result, according to the Ufa-based company's press service.

Yevtushenkov's Sistema agreed to pay \$2.5 billion to buy controlling stakes in the oil assets in the Bashkortostan republic in 2009. Sistema sold its shares in the refineries to Bashneft the following year to consolidate profit within the group. Minority investors in the refineries, including Prosperity Capital Management, which has about \$4 billion of assets, passed on a mandatory buyout offer at the time.

Bashneft will ask investors to vote on swapping new common and preferred shares for stock

in Bashkirnefteprodukt, Ufaneftekhim, Orenburgnefteprodukt, Ufa Oil Refinery and Novoil at a meeting on April 27, according to the regulatory filing.

The consolidation will bring Bashneft greater transparency and better quality in management, Bashneft chairman Alexander Goncharuk said in an e-mailed statement.

Bashneft shareholders who oppose the measure will be offered 1,784 rubles (\$60) a common share and 1,397 rubles a preferred share. Shareholders in Bashkirnefteprodukt that vote against the swap will be offered 490 rubles a common share and 267 rubles a preferred share. Ufaneftekhim owners will be offered 132 rubles a common share and 72 rubles a preferred share. Orenburgnefteprodukt shareholders will be offered 4,539 rubles a common share and 2,474 rubles a preferred share.

The company will offer dissenting investors in Ufa Oil Refinery 56 rubles a common share and 31 rubles a preferred share. Novoil shareholders will be offered 39 rubles a common share and 21 rubles a preferred share.

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