

Fridman Wants Big Change at TNK-BP

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Mikhail Fridman **Maxim Stulov**

TNK-BP co-owner Mikhail Fridman said in an interview published Thursday that BP's Soviet-born partners in the venture are urging the British company to return to talks about changing the proportion of the 50-50 partnership.

The previous talks, which started after BP moved to strike a separate deal with Rosneft to develop offshore Arctic fields, collapsed last year.

“By and large, the existing arrangement stopped meeting the interests of either side,” he said, Kommersant reported. “Either BP or AAR must ultimately control the company.”

AAR is the company that represents the four Soviet-born billionaires in the venture. Fridman said BP realizes the need to tilt the balance in someone's favor, but it “drags its feet” on the talks.

A BP spokesman in London, Toby Odone, said the company would discuss any proposals from

AAR, Bloomberg reported.

Fridman said BP could gradually sell out of the venture or, alternatively, agree to swap its own shares for more shares in TNK-BP. In the latter scenario, some of the payment for AAR's portion of TNK-BP could come in cash, but Fridman insisted on also gaining some BP shares in that deal.

TNK-BP could also take on a third partner, he said.

“Everything is possible and realistic,” he said. “We are open to proposals.”

TNK-BP provides about 25 percent of BP’s output.

Fridman resigned earlier this week as chief executive of TNK-BP. In the interview, he said the reason was lack of trust in BP and failure to have constructive dialogue.

With this, “the strategic development of the company, in my view, is under threat,” he said. “I don't want to stay at the head of such a company.”

BP's Arctic deal with Rosneft fell by the wayside after AAR challenged the alliance in arbitration over what it said was violation of the shareholder agreement. Afterward, BP and Rosneft offered \$32 billion for AAR's share in TNK-BP — a bid that AAR rejected.

TNK-BP was worth about \$37 billion Thursday, based on the valuation of its traded unit TNK-BP Holding.

The other Soviet-born partners are Viktor Vekselberg, German Khan and Len Blavatnik, the founder of Access Industries. Vekselberg and Khan help run TNK-BP as members of its management board.

AAR chief executive Stan Polovets also said in a separate interview — to broadcaster RT on Wednesday evening — that the 50-50 arrangement “has run its course” and required a realignment.

TNK-BP is in talks with Itera to buy two oil fields in the Orenburg region, Kommersant reported, citing an unidentified person at the gas explorer.

The value of the two fields is about \$100 million, and together they could produce as much as 400,000 metric tons of crude a year, or 8,000 barrels a day, the paper said.

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