

AAR Goes for Half of BP's Stake in TNK-BP

By [The Moscow Times](#)

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TNK-BP's stormy relationship is set to end after BP decided to sell its stake in the joint venture in early June. **Andrei Makhonin**

BP's billionaire partners plan to bid for half of the British oil producer's 50 percent holding in Russian venture TNK-BP, rather than buying the entire stake, valued at \$32 billion last year.

AAR, the group representing the billionaires, will notify the British company of an intention to negotiate for the stake about July 19, Mikhail Loskutov, a spokesman for the group, said Friday by e-mail. In June, the London-based company said it was considering exiting the venture after receiving proposals to buy its shareholding.

TNK-BP has paid the London-based producer \$19 billion in dividends since 2003 and accounts for a quarter of the company's global output. BP chief executive Bob Dudley decided to look for a sale after fighting repeatedly with the Russian partners, who last year

blocked an alliance between the British company and Rosneft.

"This would just dilute BP's position and make it a running sore," said Iain Armstrong, an analyst at Brewin Dolphin in London. "BP wants out. If Dudley agrees to this kind of scenario, I suspect his job will be on the line."

"While we haven't yet seen anything, if AAR do express an interest we will consider it alongside the indications of interest that we have already received," David Nicholas, a London-based spokesman for BP said in an e-mail. "We look forward to receiving their offer and considering it in detail."

AAR made a preliminary proposal on buying half of BP's stake about a month before BP said it was considering selling its stake, Loskutov said Friday. The existing 50-50 partnership no longer serves the shareholders' interests, Mikhail Fridman said May 31 after stepping down as TNK-BP chief executive earlier that week.

"It is the price that will send a message," Alexei Kokin, an oil and gas analyst at Uralsib Financial, said by telephone from Moscow on Friday. "If the whole company is valued at any less than \$40 billion, then it is just maneuvering. If it is higher, then it is probably a serious offer. It would be understandable to do the purchase in two steps because it would be hard to come up with \$25 billion in one tranche."

BP and Rosneft offered to buy out AAR last year for \$32 billion, possibly including stock, and AAR rejected the bid. That offer would value 25 percent of the company at \$16 billion. AAR had blocked an alliance between BP and Rosneft, saying it violated TNK-BP's shareholders' agreement.

Under the terms of the agreement, the billionaires have 45 days to consider the acquisition from BP's June 1 announcement and 90 days to negotiate thereafter, two people with knowledge of the rights said. BP can hold talks with other bidders during that period, they said, declining to be identified because the matter is confidential.

David Brian Skidmore, BP Exploration Operating Company vice president for refining and marketing, has been elected chairman of the board of directors of TNK-BP Holding, Interfax reported Friday.

According to TNK-BP's shareholders' agreement, the chairman of TNK-BP Holding's board of directors must be alternately from BP and AAR. TNK-BP Holding was founded in 2005 as a holding company and operating business for TNK-BP in Russia.

It does not include stakes in Slavneft, joint ventures in Venezuela, several exploration assets in Yamal, and TNK-BP's Ukrainian business, including the LINIK oil refinery and a retail chain. At present, TNK-BP Holding's board of directors is comprised of Anatoly Akimenko, Jacky Baudon, John Murphy Brame, Pavel Nazaryan, Renee Denis Robin, David Brian Skidmore, Igor Cheremikin, Peter Anthony Charow and Denis Shumilin.

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