

Rosneft Plans to Sign TNK-BP Deal With AAR in December

By [The Moscow Times](#)

December 01, 2012

The  Moscow Times

KHABAROVSK — State oil giant Rosneft should sign a binding agreement next month to buy half of oil company TNK-BP from the AAR consortium of Soviet-born tycoons for \$28 billion.

"I do not have any doubts. We are working quickly with AAR," Rosneft president Igor Sechin told reporters Friday after an extraordinary general meeting of Rosneft shareholders. "There are one or two points that need to be worked out."

Rosneft has already signed fundamental points of agreement to buy AAR as part of a \$55 billion takeover in which it will also acquire British group BP's 50 percent stake in TNK-BP, the country's third-largest oil company.

The BP leg of the deal, already approved at board level and by the government, should close in the first half of 2013.

After the acquisition, Rosneft will be the world's biggest listed oil company, with the equivalent of 4.6 million barrels per day of oil and gas output.

Sechin reiterated that Rosneft had no obligation to buy out minority shareholders in TNK-BP. Shares in TNK-BP Holding jumped on a report Rosneft was considering a share swap for minority investors.

"This matter is not being considered. We have not received any interesting proposals," Rosneft quoted Sechin as saying.

Rosneft's EGM saw Sechin, a long-standing ally of Russian President Vladimir Putin, elected to the board of directors.

Sechin was effectively ousted from the board last year by Dmitry Medvedev, the Russian president at the time, who barred state officials from taking up board positions at large state companies.

Rosneft needs \$45 billion to fund its takeover of TNK-BP. In addition to the AAR deal, it will buy out BP's stake for stock and \$17.1 billion cash. BP will then reinvest some cash in Rosneft.

Rosneft said it would invest \$3.8 billion to upgrade its Komsomolsk refinery in the Far East, which has a capacity of 160,000 barrels per day.

Downstream investment by Rosneft, which needs to modernize its plants to comply with new fuel quality standards, was set at \$25 billion by 2016, of which \$7 billion has been spent.

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