

Rosneft Defends TNK-BP Minority Buyout Terms

By [The Moscow Times](#)

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Rosneft's buyout of minority shareholders in TNK-BP Holding is in line with the law and good corporate governance practice, a board member of the energy giant said Friday, rejecting complaints that the price is not high enough.

Rosneft said Monday it planned to buy out the remaining holders of ordinary shares in TNK-BP Holding for about \$1.5 billion, at a rate of 67 rubles (\$2.07) per share and 55 rubles per preferred share.

That was a fraction of the \$3.70 a share that analysts calculated the majority owners received at the time of the \$55 billion takeover of TNK-BP, in a worrying development for minority shareholders in Russian companies.

Shares in TNK-BP Holding, now renamed RN Holding, were trading up 0.47 percent at 63.50 rubles on Friday.

"One can always argue the price of any buyback," said Andrey Kostin, Rosneft's deputy chairman. "However, I believe the price should be defined by the market, and the market only. In this case, the price was determined on the basis of the average share price over the last 18 months."

Rosneft bought the TNK-BP holding company and its parent in a deal that closed earlier this year, creating the world's largest publicly traded oil company by output. Minority shareholders were left with about 5 percent.

Kostin, who is also CEO at Russia's second-largest bank VTB, said Rosneft did not have any legal obligations to buy out the minority shareholders but was doing it voluntarily in response to demands from shareholders.

The buyback was in full compliance with both Russian and international legislation and in line with best international practice in corporate governance, he said.

"There will always be someone who is dissatisfied," said Kostin, who owns 111,876 Rosneft shares, according to the oil company's website.

Sources close to the minority shareholders have said they think Rosneft should pay them \$2.8 billion, based on what it paid for its majority stake in TNK-BP.

Rosneft's powerful president, Igor Sechin, has already said that the company has no obligation to buy the remaining shares and that the company is not a "charity fund."

But he changed his tone last week saying the company would consider buying the shares at a 20 to 30 percent premium to the market price.

Sechin said the offer to minority shareholders was final, Interfax reported Thursday.

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