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## **AAR and BP Move to Resolve Joint Venture Dispute**

AAR announced that it has signed with BP a Memorandum of Understanding (“MoU”) on amending the corporate governance provisions of their agreement as joint 50% shareholders in TNK-BP.

AAR sees the MoU as a reaffirmation of its long-term commitment to TNK-BP and its ambition to build on the success of the company in Russia and internationally.

The MoU sets out the terms of changes to the governance of TNK-BP that will be incorporated into the shareholder agreement over the next few months. The changes are designed to improve both the company's governance and operations

The MoU outlines the following changes:

Three independent directors will be added to the Board of TNK-BP Ltd. BP will nominate a new, independent CEO of TNK-BP Ltd, whose appointment will require the unanimous approval of the expanded Board. The new CEO will have substantial work experience in Russia and be proficient in the Russian language.

The CEO will appoint a new executive team, subject to approval by the majority of the Board, and will have sole discretion over whether to increase or reduce the number of BP secondees working for TNK-BP. The CEO also will have authority to initiate and execute international projects, subject to majority board approval up to certain limits.

There will be parity between AAR and BP on the Boards of all key subsidiaries, including TNK-BP Holding and TNK-BP Management. Robert Dudley will be replaced as Group CEO by the end of the year.

The Board will examine the merits of an international listing. A decision to proceed with an international IPO will require approval by the majority of the Board of TNK-BP Ltd.

The Russian government strongly welcomed the successful outcome of the negotiations between AAR and BP. “We are pleased that this situation has been resolved and the shareholders have come to an agreement without the involvement of third parties, including the state,” said Igor Sechin, Deputy Prime Minister of the Russian Federation. “This is a positive signal for the Russian market. We support the development of TNK-BP and believe that this company has excellent long-term prospects.”

These sentiments were echoed by Arkady Dvorkovich, a top aide to the President of the Russian Federation. “We are interested in developing major projects with the active participation of foreign investors,” said Dvorkovich. “TNK-BP is one of the most ambitious and promising projects of this kind. We therefore are pleased that the

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shareholders resolved their differences through business negotiations, and we are confident this will serve as an important message for foreign companies investing in the Russian economy.”

“By agreeing to enhance the system of corporate governance of TNK-BP and enabling the company to compete on the international stage, we are beginning an exciting new chapter in the development of a great company,” said Mikhail Fridman, Chairman of Alfa Group and Chairman of the Board of TNK-BP Ltd. “AAR is very optimistic about the prospects for TNK-BP, both in Russia and internationally. As long-term investors, we are ambitious to see our joint venture with BP achieve great success.”

“These agreements are a good outcome of difficult negotiations, during which we managed not only to address the most challenging issues facing the shareholders, but also to take a fresh look at the future of the company,” said Viktor Vekselberg, Chairman of Renova Group. “Most importantly, emotions were not allowed to prevail over common sense and both sides found the solution that best meets the interests of TNK-BP.”

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**Notes to Editors:**

**AAR**

AAR is a privately-held, strategic investor dedicated to finding and exploiting opportunities in the oil and gas sectors to create exceptional value for its shareholders.

AAR's founding partners – Alfa Group, Access Industries and Renova – first came together with the acquisition of 40% of the Russian oil exploration and production company, TNK, in 1997. This stake was increased to 51% the following year. In 2003, the three companies entered into a 50/50 joint venture with BP, creating TNK-BP, one of the largest vertically-integrated Russian oil and gas companies.

Run by a dedicated, highly-entrepreneurial management team based in Moscow, AAR draws on the significant financial resources and expertise of the founding shareholders and their industrial and investment management groups.

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