

TNK
Background report

September 1999

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Open Joint Stock Company "Tyumen Oil Company" (TNK)

Legal address: 625000, Tyumen, Lenina St., 67
Registration number: 62227

1. Management

TNK has the following system of management consisting of three tiers or bodies:

- The board of directors is the body that governs the main, strategic directions of economic policy. Its members are elected at the session of the shareholders and represent the main shareholders and regional authorities.

Khan is the real power in TNK whereas technically he is responsible for tactical planning and relations with regional leaders, first of all with of such regions where TNK has its foothold i.e. the Khanty-Mansi District and Tyumen and Ryazan regions, but also with the oil and gas rich Tartar, Udmurt and Bashkir Republics. In October 1998 his name for the first time appeared on the list of the most influential Russian lobbyists put together by politologists and published by newspapers.

In terms of economic policy Khan favors stable, predictable taxation, product sharing legislation and inviting big Western banks into Russia while Russian banks weakened by the crisis are not able to finance oil business.

His view of the "Sidanko" crisis:

"Let us take the exemplary case of "Sidanko". They got a strategic partner but the company is falling apart. Why? Because a foreign partner cannot solve problems existing inside Russia. Western management is not capable of solving our specific tasks."

This uttering somewhat contrasts with the fact that in October 1998 TNK entered into a strategic alliance the American Halliburton Energy Services to develop the Samotlor project.

Sources close to TNK believe that it is Khan that maintains contacts with criminal groupings in Nizhnevartovsk and the Tyumen region as a whole, the local oil industry having been infested with criminal elements long before Alfa took over TNK(see below).

Observers note Khan's unbalanced, explosive manner of behavior, a feature often found with criminal types. The story goes that he threatened Nizhnevartovsk mayor Timoshkov with a gun right in the latter's office.

Khan practices oriental martial arts. He is founder of the Federation of acrobatic rock-n-roll.

Victor Vekselberg

Victor Feklisovich Vekselberg is First Vice-President and Deputy Chairman of the Management Board of TNK (1998), Chairman of the Board of Directors of "Renova" company(1991), Director General of "Sibirsko-Uralskaya Aluminium Company" (1996), Chairman of the Board of Directors of "Tyumenneftegas" company (1998).

He was born in 1957 in the town of Dorogobych, the Lvov region of the (Western) Ukraine. In 1979 graduated with top degrees from the Moscow Institute of Transport Engineers and worked as a scientific researcher till 1991 when he became Deputy Director General of the Russia-American joint venture "Renova" and then Chairman of the Board of Directors of JSC "Renova".

Vekselberg is responsible for strategic development of TNK. He and his team worked out a program of restructuring the TNK's main oil producing enterprise – "Nizhnevartovsneftegas" (NNG), which should provide estimated 72 million ton of oil between 1999 and 2002 and profit of 23 million USD.