

November 26, 2001

MEMORANDUM

TO: SCOTT KERR, HOWARD CHASE, BP AMOCO

FROM : YURI KOSHKIN, TRIDENT GROUP

RE: TNK - ALFA GROUP

PRIVILEGED AND CONFIDENTIAL

This report outlines the results of a research effort undertaken by Trident Group ("Trident") at the request of BP Amoco ("BPA") into Tyumen Oil Company ("TNK"), related entities and key principals associated with it.

Preamble

The Alfa Group controls approximately one half of TNK. That group of companies is one of the best known business conglomerates in Russia. There are several reasons why Alfa-related structures are famous and carry a certain notoriety.

To begin with, the word "Alfa" itself became a household name in Russia in late 1980s and early 1990s, ironically, not because of Alfa Bank, but due to the public disclosure of the fact that there existed an Alfa Group within the KGB (now FSB). That group was, and still is, an elite counter-terrorist team used by the Soviet and then Russian government in highly sensitive special operations. Although Alfa Bank had nothing to do with this force, the automatic association that the public had with its name was rather opportune for the business, connoting the feeling of relationship to the fearsome special unit. This perception helped to keep organized crime away until the business group became strong enough to be recognized as a force to be reckoned with in its own right.

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Based on the results of our research, Trident is prepared to report the following in relation to TNK:

- The Russian side of TNK ownership -- Alfa Group -- consists of a comprehensive network of influential individuals and companies that complement TNK's ability to achieve its strategic objectives.
- In conducting business, Alfa Group is characterized by a symbiosis of long-term business planning, aggressive methods of achieving designated goals, past indirect connections with organized crime groups, and the active maintenance of a wide circle of connections with law enforcement bodies, regional opinion leaders, and federal government structures.
- Trident submits that Alfa is one of the best-positioned financial-industrial groups in Russia in terms of lobbying support and effectiveness.
- Alfa Group is believed to be very much in control of the entire government system and judiciary in its "home region" of Tyumen, including Khanty Mansiisk Autonomous Okrug.
- Although there is evidence of wrongdoing by Alfa Group persons and entities, Trident observes that the current Russian national leadership has no plans to touch Alfa Group as long as they do not become arrogant and go overboard in their activities.
- Trident Group has obtained information suggesting that Mikhail Fridman, Petr Aven and a few other key players of prominence are attempting to distance themselves from German Khan.
- Some informed sources perceive the greatest future threat to TNK as the likelihood of a conflict between shareholders, since management is reported to be split into two groups.

Background

In 1997, ZAO Novyi Holding (New Holding) won a tender for the first block of TNK shares. New Holding is jointly owned by Alfa-Eco and ZAO Raznotransservis. Those two are

eclectic collection of officials of various backgrounds (the so-called St. Petersburg reformers, FSB, Foreign Intelligence, etc.) who serve in Putin's Administration.

According to many analysts, Alfa is one of the best-positioned FIGs in Russia in terms of the lobbying support. The group arguably has the best representation in the current Duma, elected in December 1999. The most influential parliamentary faction, Unity, has quite a few members associated with Alfa. As just one example, Ms. Lyubov Sliska, first deputy speaker of the Russian parliament, is reported to be very close to Alfa.

Even more importantly, Alfa alumni are heavily represented on the staff of the Russian President. In mid-1999, when Alexander Voloshin became President Yeltsin's Chief-of-Staff, Vladislav Surkov, a former executive with Alfa Group, was appointed as his deputy. Significantly, at the Kremlin, Surkov was made responsible for an important portfolio embracing domestic policy, political parties, political movements, and relations with the Duma (please see appendix for more information on Surkov).

Following Surkov's arrival, two more senior Alfa representatives came to the Kremlin in quick succession, Vadim Boiko and Andrei Popov, joining the administration in the same year. Later that year, another Alfa alumnus, Alexander Abramov, joined them. He was made responsible for such critical issues as the Kremlin's relations with Russian regions (please see appendix for more information on Abramov).

On New Year's day, 2000, Vladimir Putin became Russia's acting President. He was elected the new Russian President in May of that year. In June 2000, Putin announced his new administration. All officials who used to work for Alfa retained their old staff positions (with minor changes in responsibilities). Russian analysts note that Alfa's lobbying efforts appear neither blatant nor conspicuous. However, most agree that Alfa does have direct influence over the Kremlin. (For additional information on Alfa associates in high-placed government posts, please see the appendices.)

Regional political connections

Alfa is known to have excellent relations with several provincial leaders. Tyumen Oblast, particularly Khanty Mansiisk Autonomous Okrug (KMAO), is known to be Alfa's domain and "property." Alfa's principals have a very cozy relationship with Krasnoyarsk Governor