

# **Exhibit 3**

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA**

MIKHAIL FRIDMAN, PETR AVEN, and  
GERMAN KHAN,

Plaintiffs,

v.

BEAN LLC a/k/a FUSION GPS, and GLENN  
SIMPSON,

Defendants.

Civil Case No. 1:17-cv-2041-RJL

**DEFENDANTS' REQUESTS FOR ADMISSION TO PLAINTIFF MIKHAIL FRIDMAN**

Pursuant to Federal Rules of Civil Procedure 26 and 36, Defendants Bean LLC a/k/a Fusion GPS and Glenn Simpson, by and through their attorneys, serve these Requests for Admission.

**INSTRUCTIONS**

1. For each statement, you must specifically admit or deny the statement. If a matter is not admitted, the answer must specifically deny it or state in detail why the answering party cannot truthfully admit or deny it. If denied, the denial must fairly respond to the substance of the requested admission. If you qualify your answer or deny only part of the matter for which an admission is requested, you shall admit so much of the statement as is true and either qualify or deny the remainder of the statement. You may assert lack of knowledge or information as a reason for failing to admit or deny only if you state that you have made a reasonable inquiry and that the information you know or can readily obtain is insufficient to enable you to admit or deny.

2. If you object to a request, you must state the grounds for objecting to the specific request.

3. If, in answering these Requests for Admission ("RFA"), you encounter any

vagueness or ambiguity in construing either the Request for Admission, set forth the matter deemed vague or ambiguous and set forth the construction chosen or used in answering the Request for Admission.

4. These Requests are continuing in nature and require supplementation pursuant to the Federal Rules of Civil Procedure.

### **DEFINITIONS**

1. “You” and “your” means Mikhail Fridman.

2. The term “Plaintiffs” means Mikhail Fridman (“Fridman”), Petr Aven (“Aven”) or German Khan (“Khan”).

3. “This action” and “this litigation” mean the action captioned on the first page of these requests for admission.

4. “Defendants” means Bean LLC a/k/a Fusion GPS (“Fusion GPS”) and Glenn Simpson (“Simpson”) including without limitation their agents, attorneys, employees and representatives.

5. “Complaint” means the Amended Complaint filed by Plaintiffs to commence this action (Dkt. No. 17).

6. “CIR 112” means Company Intelligence Report 112 first described in Paragraph 2 of the Complaint.

7. “Dossier” means the 35-page document file first described in Paragraph 1 of the Complaint.

8. “Alfa” means the conglomerate of entities described in Paragraph 1 of the Complaint, and as defined by Plaintiffs in their Requests for Production of Documents, as an umbrella term used to describe a number of entities in which Plaintiffs hold significant beneficial

interests, and any subsidiaries or affiliates of such entities, and any agents, attorneys, representatives, employees or other persons or entities acting for or on behalf of such entities, or in concert with them.

9. “Alfa Group Consortium” is part of “Alfa” and refers to the privately owned financial-investment conglomerate described at <http://www.alfagroup.org>.

10. “Alfa-Bank” is part of “Alfa” and refers to the privately owned bank and is described at <https://alfabank.com/corporate-profile/about-us/about-us>.

11. “Alfa Banking Group” is part of “Alfa” and is described at <https://alfabank.com/corporate-profile/about-us/about-us>.

12. “BGR” means BGR Group, the lobbying and public relations company in Washington, D.C., whose website is <https://www.bgrdc.com>.

13. “Mueller Report” means the Report entitled, “Report on the Investigation into Russian Interference in the 2016 Presidential Election,” by Special Counsel Robert S. Mueller, III, and comprising two volumes. A copy is located here: <https://www.justice.gov/storage/report.pdf>.

14. The term “Trump Administration” means Donald J. Trump, his staff, Cabinet members, the Vice President, and the Vice President’s staff, and anyone or any entity known or suspected by you to be acting for or on behalf of them, including any of their agents, attorneys, employees, contractors, and representatives.

15. The term “Trump Transition Team” means Donald J. Trump’s presidential transition team for 2016 through January 20, 2017, and anyone or any entity known or suspected by you to be acting for or on behalf of it, or in concert with it, including any of their agents, attorneys, employees, contractors, and representatives.

16. The term “Trump Campaign” means Donald J. Trump’s presidential campaign and anyone or any entity known or suspected by you to be acting for or on behalf of it, or in concert with it, including any of their agents, attorneys, employees, contractors, and representatives.

17. The term “U.S. Government Official” means any officeholder in the Legislative, Executive, or Judicial branch of the U.S. government, or any member of his or her staff.

18. The term “associate with” means to keep company with, or to have a relationship with.

19. The term “person” means any natural person or any corporation, association or other legal or governmental entity.

20. The term “concern” or “concerning” means comprising, indicating, concerning, describing, evidencing, discussing, constituting, involving, reflecting, referring to, relating to or otherwise having anything to do with the subject material of the request in any way whatsoever.

21. Use of the singular includes the plural. The use of the plural includes the singular.

22. As used herein, the term “and” shall mean “and” as well as “or.”

23. As used herein, the term “or” shall mean “or” as well as “and.”

24. Unless otherwise specified, the relevant time period for these Requests for Admission is January 1, 1990 through the present.

### **REQUESTS**

1. Admit that, for purposes of the application of the law of defamation to this action, the history and current state of relations between President Putin and Alfa and you, as described in CIR 112, is a matter of public concern.

2. Admit that, for purposes of the application of the law of defamation to this action, the statements in CIR 112 that you allege are defamatory involve matters of public concern.

3. Admit that, for purposes of the application of the law of defamation to this action, the statement: “RUSSIA/US PRESIDENTIAL ELECTION: KREMLIN-ALPHA GROUP COOPERATION,” in CIR 112, involves a matter of public concern.

4. Admit that, for purposes of the application of the law of defamation to this action, the statement: “Significant favours continued to be done in both directions, primarily political ones for PUTIN and business/legal ones for Alpha,” in CIR 112, involves a matter of public concern.

5. Admit that the following statement in CIR 112 involves a matter of public concern:

. . . during the 1990s GOVORUN had been Head of Government Relations at Alpha Group and in reality, the ‘driver’ and ‘bag carrier’ used by FRIDMAN and AVEN to deliver large amounts of illicit cash to the Russian president, at that time deputy Mayor of St Petersburg. Given that and the continuing sensitivity of the PUTIN-Alpha relationship, and need for plausible deniability, much of the contact between them was now indirect and entrusted to the relatively low profile GOVORUN.

6. Admit that you are a public figure for purposes of CIR 112.

7. Admit that you are a public figure for purposes of the controversy concerning Russian oligarchs’ involvement with the Russian government and their activities and relations around the world, including the United States.

8. Admit that you are a public figure for purposes of the controversy concerning how Russian oligarchs do business in and outside of Russia, including the nature and significance of their relationships with Putin and the Kremlin.

9. Admit that you have special prominence in the controversy concerning how Russian oligarchs do business in and outside of Russia and the nature and significance of their relationships with Putin and the Kremlin.

10. Admit that you have special prominence in the controversy concerning Russian oligarchs’ involvement with the Russian government and their activities and relations around the world, including the United States.

11. Admit that you are one of the most influential businessmen in Russia.

12. Admit that you have the resources, paid-advisors, and relationships in Russia, Europe and the United States to arrange interviews with the media to tell your story.

13. Admit that you have access to the media.

14. Admit that you have regularly used your access to the media.

15. Admit that you have been the subject of widespread news coverage.

16. Admit that you have given interviews to the media to enhance your reputation.

17. Admit that you have given interviews to the media for the purpose of countering what you consider to be false statements about yourself.

18. Admit that you have the ability to issue press releases to defend yourself.
19. Admit that you associate with the Russian business elite.
20. Admit that you associate with Russian politicians at high levels of government.
21. Admit that you are not claiming that the statement in CIR 112 that “Significant favours continued to be done in both directions, primarily political ones for PUTIN and business/legal ones for Alpha” is false for the time period before January 1, 2016.
22. Admit that you are claiming that the statement in CIR 112 that “Significant favours continued to be done in both directions, primarily political ones for PUTIN and business/legal ones for Alpha” is false for the time period before January 1, 2016.
23. Admit that your charitable contributions have invited attention and comment.
24. Admit that you have taken specific actions to attract attention to yourself when you have made charitable contributions.
25. Admit that the reason you have made charitable contributions is, in part, to invite attention to yourself.
26. Admit that you have sought out the public’s attention in the United States when you have made charitable donations to organizations.
27. Admit that you have used public relations professionals to arrange speeches and other public appearances by you in the United States.
28. Admit that you have used public relations professionals to arrange speeches and other public appearances by you in the United States to bring attention to yourself.
29. Admit that you have spoken publicly about the relationship between Russian oligarchs and the Russian government.
30. Admit that you have spoken publicly about the relationship between Russian oligarchs and the Russian government between January 1, 2010 and January 10, 2017.
31. Admit that you have become a prominent oligarch through your own actions.
32. Admit that you are an internationally known businessman.
33. Admit that you are a prominent individual in the business world in Russia.
34. Admit that you are a prominent individual in the business world in the United States.
35. Admit that your notoriety as an oligarch has not decreased since 2005.
36. Admit that your notoriety as an oligarch has decreased since 2005.

37. Admit that you have the legal right to obtain your emails and documents at Alfa.
38. Admit that you have the legal right to obtain your emails and documents at Alfa Group Consortium and Alfa Bank.
39. Admit that you have the practical ability to access your emails and documents at Alfa Group Consortium and Alfa Bank.
40. Admit that you have the practical ability to access your emails and documents at Alfa.
41. Admit that you can direct Alfa to give you custody of your Alfa emails and documents.
42. Admit that you have the ability to obtain your Alfa emails and documents upon demand.
43. Admit that you and the other two Plaintiffs in this action collectively own a controlling share of Alfa Banking Group.
44. Admit that you and the other two Plaintiffs in this action collectively own a controlling share of LetterOne.
45. Admit that you relied on Alfa documents in support of your claims in *Aven v. Orbis*, Case No: QB-2018-006349.
46. Admit that before you filed the Complaint in the instant lawsuit, you reviewed Alfa documents to help verify the allegations in the Complaint.
47. Admit that you utilize your Alfa email in the ordinary course of business.
48. Admit that you have in your possession a mobile phone.
49. Admit that you do not have in your possession a mobile phone.
50. Admit that you use a mobile phone.
51. Admit that you do not use a mobile phone.
52. Admit that you are claiming in this action that you and Alfa are one and the same for purposes of the statements in CIR 112.
53. Admit that you are not claiming in this action that you and Alfa are one and the same for purposes of the statements in CIR 112.
54. Admit that you and the other two Plaintiffs in this action together control ABH Holdings, S.A.
55. Admit that you can exert influence over officers and directors at Alfa.

56. Admit that you portray yourself to others as one of the heads of Alfa.
57. Admit that you and the two other Plaintiffs collectively are the principal shareholders and ultimate owners of over 66% of the beneficial interests in Alfa Banking Group.
58. Admit that you have caused to be filed with regulators and published on the Internet statements that you and the two other Plaintiffs collectively are the principal shareholders and ultimate owners of over 66% of the beneficial interests in Alfa Banking Group.
59. Admit that you received favors from Putin prior to 2016.
60. Admit that you did favors for Putin prior to 2016.
61. Admit that you have used your @alfabank.ru email address for personal use.
62. Admit that you have never used your @alfabank.ru email address for personal use.
63. Admit that you have used your @letterone.com email address for personal use.
64. Admit that you have never used your @letterone.com email address for personal use.
65. Admit that you have a personal assistant employed by Alfa who has sent communications on your behalf.
66. Admit that you do not have a personal assistant employed by Alfa who has sent communications on your behalf.
67. Admit that you used proceeds from the sale of TNK-BP to Rosneft to fund LetterOne investments.
68. Admit that Putin and/or the Kremlin expected you to reinvest your proceeds from the sale of TNK-BP to Rosneft into the Russian economy.
69. Admit that you are on good terms with Vladimir Putin.
70. Admit that prior to 2008, approximately 44% of VimpelCom shares were pledged as collateral to secure a Deutsche Bank loan to Alfa.
71. Admit that in 2008, when the 44% of VimpelCom shares described in Request for Admission (“RFA”) 70 fell below the price that would trigger a margin call, Alfa risked a seizure by Deutsche Bank of the 44% of VimpelCom shares that Alfa posted as collateral for its Deutsche Bank loan.
72. Admit that, following the events described in RFA 71, VimpelCom secured a \$2 billion letter of credit from the Russian state development bank, Vneshekonombank (“VEB”).

73. Admit that the Russian government's nonprofit development bank VEB provided Alfa (or its principal owners) a \$2 billion letter of credit in 2008 that enabled Alfa to prevent Deutsche Bank from seizing a 44 percent stake in VimpelCom.

74. Admit that shortly before Deutsche Bank could seize Alfa's collateral on its loan (*i.e.*, the 44% of Vimpelcom shares), a judge in the Siberian city of Omsk issued an injunction freezing trades of VimpelCom stock owned by Alfa's subsidiary, Altimo, thereby preventing Deutsche Bank from seizing Alfa's collateral.

75. Admit that in 2009, Telenor stated that another ruling from the Omsk court that benefited Alfa's attempts to control VimpelCom was illegal and had no merit.

76. Admit that Alfa has been accused in the American media of using its political power and influence over the Russian judiciary to obtain improper business advantages in disputes with foreign companies.

77. Admit that Putin was the chairman of VEB in 2008.

78. Admit that you have relied on the services of public relations experts to engage with the media.

79. Admit that you have never relied on the services of public relations experts to engage with the media.

80. Admit that you have relied on the services of government relations experts to engage with the media.

81. Admit that you have never relied on the services of government relations experts to engage with the media.

82. Admit that Putin's eldest daughter, Maria Faassen, has worked for the Alfa subsidiary, Alfa-Endo.

83. Admit that Putin's eldest daughter, Maria Faassen, has never worked for the Alfa subsidiary, Alfa-Endo.

84. Admit that in 2013, Alfa-Bank, as a part of Alfa Group Consortium together with the Russian Academy of Medical Sciences, pledged to donate \$100,000,000 to support a health care promotion program for Russian children called "Alfa-Endo."

85. Admit that Russian Foreign Minister Sergey Lavrov's son-in-law worked for an Alfa entity.

86. Admit that Russian Foreign Minister Sergey Lavrov's son-in-law did not work for an Alfa entity.

87. Admit that you have had in-person meetings with Putin.

88. Admit that you and Alfa have prospered while Putin has been President of the Russian Federation.

89. Admit that you worked with the Russian government to push BP to sell to Rosneft.

90. Admit that Putin personally approved the purchase by Rosneft of TNK-BP in 2013.

91. Admit that Putin did not punish Alfa or Plaintiffs after Rosneft purchased TNK-BP in 2013.

92. Admit that the sale of TNK-BP to Rosneft included at least one session at which Vladimir Putin was present.

93. Admit that, in the past 10 years, you have spoken to Putin about U.S. sanctions policy.

94. Admit that you have had meetings with U.S. State Department officials concerning Russia's effort to gain entrance to the World Trade Organization.

95. Admit that you have had meetings with the White House concerning Russia's effort to gain entrance to the World Trade Organization.

96. Admit that you have had meetings with representatives and/or staffers in Congress concerning Russia's effort to gain entrance to the World Trade Organization.

97. Admit that you told Putin or other Kremlin officials about your meetings with U.S. State Department officials concerning Russia's effort to gain entrance to the World Trade Organization.

98. Admit that you told Putin or other Kremlin officials about your meetings with the White House concerning Russia's effort to gain entrance to the World Trade Organization.

99. Admit that you told Putin or other Kremlin officials about your meetings with representatives and/or staffers in Congress concerning Russia's effort to gain entrance to the World Trade Organization.

100. Admit that Alfa made financial contributions to Putin's election campaign in 1999.

101. Admit that Alfa did not make financial contributions to Putin's election campaign in 1999.

102. Admit that multiple employees of Alfa left the company to join the Presidential administration of Vladimir Putin upon his election in 1999.

103. Admit that Vladislav Surkov served as the Deputy Board Chairman at Alfa Bank.

104. Admit that Vladislav Surkov has never been an employee of Alfa.

105. Admit that the relationships between you and Alfa, on the one hand, and President Putin and the Kremlin, on the other, have been the subject of news and media stories prior to January 10, 2017.

106. Admit that you have participated in interviews with international news media that were published.

107. Admit that Rosneft is controlled by the Russian government.

108. Admit that you objected to the 2011 BP-Rosneft arctic exploration agreement.

109. Admit that you and Alfa were able to present your objections to the 2011 BP-Rosneft arctic exploration agreement to Vladimir Putin and Dimitry Medvedev.

110. Admit that you sued to block the 2011 BP-Rosneft arctic exploration agreement.

111. Admit that after you successfully sued to block the 2011 BP-Rosneft arctic exploration agreement, you faced no reprisal from the Kremlin.

112. Admit that in 2006 you and Alfa were warned that proceeding with a suit to secure a 25% share in the telecommunications company Megafon would lead to reprisal from the Kremlin and/or Vladimir Putin.

113. Admit that in 2007 you and Alfa prevailed in the suit described in RFA 112 to secure a 25% share in the telecommunications company Megafon and faced no reprisal from the Kremlin or Vladimir Putin.

114. Admit that Mikhail Fradkov was an employee of Alfa.

115. Admit that you have used Alfa public relations services to issue press releases about yourself.

116. Admit that you have previously retained the services of BGR.

117. Admit that Alfa has previously retained the services of BGR.

118. Admit that you have paid BGR to lobby on your behalf in the United States.

119. Admit that Alfa has paid BGR to lobby on its behalf in the United States.

120. Admit that you have paid BGR to perform media relations work on your behalf in the United States.

121. Admit that BGR has performed media relations work on your behalf in the United States.

122. Admit that you have paid BGR to arrange meetings between you and one or more U.S. Government Officials.

123. Admit that Alfa has paid BGR to arrange meetings between you and one or more U.S. Government Officials.

124. Admit that you and Alfa have not paid BGR to arrange meetings between you and one or more U.S. Government Officials.

125. Admit that you have paid BGR to arrange editorial board meetings between you and one or more news organizations.

126. Admit that you have paid BGR to facilitate meetings between you and one or more US-based think tanks and diplomacy and public policy-oriented NGOs (nongovernmental organizations).

127. Admit that you are aware of international media reporting concerning the relationship between Russian oligarchs, on the one hand, and Vladimir Putin and the Kremlin, on the other.

128. Admit that Vladimir Putin appeared at a press conference announcing the TNK-BP partnership.

129. Admit that you hosted a reception with BP executives at the Kremlin Armoury celebrating the TNK-BP partnership.

130. Admit that Alfa has provided financing to Atomstroyexport.

131. Admit that Alfa has not provided financing to Atomstroyexport.

132. Admit that your net worth is in excess of USD 10 billion.

133. Admit that you are under investigation by the office of Spanish prosecutor Jose Grinda in connection with Spain's investigation into Zed World Wide.

134. Admit that this is an accurate quote by you, as published in the article included as Ex. 1, Guy Chazan, "Lunch with the FT: Mikhail Fridman," Fin. Times, Apr. 1, 2016, <https://www.ft.com/content/9527e2be-f5b5-11e5-96db-fc683b5e52db>: "We never wanted to challenge authority."

135. Admit that this is an accurate quote by you, as published in the article included as Ex. 1, Guy Chazan, "Lunch with the FT: Mikhail Fridman," Fin. Times, Apr. 1, 2016, <https://www.ft.com/content/9527e2be-f5b5-11e5-96db-fc683b5e52db> "We always followed this philosophy — always to be loyal and friendly [to the government] but never to be too close."

136. Admit that this is an accurate quote by you, as published in the article included as Ex. 1, Guy Chazan, "Lunch with the FT: Mikhail Fridman," Fin. Times, Apr. 1, 2016, <https://www.ft.com/content/9527e2be-f5b5-11e5-96db-fc683b5e52db>: "It's our moral duty to become a global player, to prove a Russian can transform into an international businessman."

137. Admit that this is an accurate quote by you, as published in the article included as Ex. 2, Irina Reznik & Alexander Sazonov, *Russian Oil Billionaires' Next Big Investment – American Health Care*, Bloomberg, July 14, 2016, <https://www.bloomberg.com/news/articles/2016-07-14/russian-billionaires-plan-u-s-health-push-with-d-c-insiders>: “We cannot hold all our assets in Russia. It’s too risky.”

138. Admit that this is an accurate quote by you, as published in the article included as Ex. 2, Irina Reznik and Alexander Sazonov, *Russian Oil Billionaires' Next Big Investment – American Health Care*, Bloomberg News, July 15, 2016, <https://www.bloomberg.com/news/articles/2016-07-14/russian-billionaires-plan-u-s-health-push-with-d-c-insiders>: “Our Russian background is a disadvantage as businessmen at the moment, given the political tensions, but this sentiment is changing.”

139. Admit that this is an accurate quote by you as published in the article attached as Ex. 3, Jeanne Whalen and Bhushan Bahree, *How BP Learned to Trust Ally That Once Burned It*, Wall St. J., Feb. 27, 2003, <https://www.wsj.com/articles/SB1046295978238979863>: “Until we knew we had [Mr. Putin’s] approval... we couldn’t feel confident.”

140. Admit that this is an accurate quote by you, as published in the article attached as Ex. 4, Miriam Elder, *Fridman on PR Blitz for TNK*, Moscow Times, June 17, 2008, [http://www.ocnus.net/artman2/publish/Business\\_1/Fridman\\_On\\_PR\\_Blitz\\_for\\_TNK.shtml](http://www.ocnus.net/artman2/publish/Business_1/Fridman_On_PR_Blitz_for_TNK.shtml):

“The fundamental question is what kind of foreign investors does Russia need?” Fridman said. “We don’t need investors that try to spoil the image of Russia.”

141. Admit that you have not sent a letter requesting access to your emails and documents at Alfa.

142. Admit that you acquired assets from the Russian state, directly or indirectly, through the loans-for-shares scheme.

143. Admit that you supported Boris Yeltin’s campaign for president in 1996.

144. Admit that you have been investigated by Russian prosecutors and accused in Russian court of improper business dealings with former Russian Prime Minister Mikhail Kasyanov and improper acquisition of government property.

145. Admit that you appointed Plaintiff Aven to Alfa to be a channel for communication with the government.

146. Admit that you visited the White House complex (including, but not limited to the Old Executive Office Building) in May 2010 and May 2011.

147. Admit that you visited the White House complex in May 2010 and May 2011 with the aim of strengthening ties between the US and Russia.

148. Admit that you have met with State Department officials in Washington regarding diplomatic and economic policy matters involving the US and Russia.

149. Admit that you have met and corresponded with members of the *Washington Post* editorial board.

150. Admit in May 2008, you attended a meeting at the Treasury Department along with Petr Aven, Ed Rogers, and top Treasury officials.

151. Admit that you are personally involved in directing the media and government relations activities of BGR Holdings.

152. Admit that your personal direction of the media and government relations activities of BGR includes personal directions by you to BGR chief executive Ed Rogers.

153. Admit that this is an accurate quote by you as published in the article attached as Ex. 5, Andrew Jack and Arkady Ostrovsky, *Power Broker in Russia's Shifting Scene*, Fin. Times, Aug. 29, 2003: "Of course we benefited from events in the country over the past 10 years. Of course we understand that the distribution of state property was not very objective."

154. Admit that businesses located in Russia must maintain an active channel of communication with the government.

155. Admit that cultivating and maintaining regular contact with the Russian government is one of Petr Aven's duties at Alfa.

156. Admit that this is an accurate quote by you concerning business in Russia, as published in the article included as Ex. 6, Jason Corcoran, *PROFILE: Mikhail Fridman – the teflon oligarch new to Londongrad*, bne Intellinews, Apr. 11, 2016, <https://www.intellinews.com/profile-mikhail-fridman-the-teflon-oligarch-new-to-londongrad-94873>:

"Here, the most important factor of your success is the ability to build relationships with the government. Well, at least these relations should be favourable or the government should not interfere. The power structure in Russia is huge – you're confronted with it everywhere."

157. Admit that you celebrated the closure of the \$28 billion sale of TNK with a three-day trek in the Israeli desert, flanked by a film crew.

158. Admit that in 2016 you purchased the historic Athlone House for approximately £65 million.

159. Admit that in 2016 you began extensive renovation plans to the estate described in RFA 158 that would increase the value of the property to an estimated £130 million.

160. Admit that the following excerpt from the article included as Ex. 7, *Russian Economy Suffers, Saudi King in Moscow, Lessons for Intelligentsia*, Institute of Modern Russia,

Oct. 13, 2017, <https://imrussia.org/en/the-rundown/media-must-reads/2862-russian-economy-suffers,-saudi-king-in-moscow,-lessons-for-intelligentsia>, accurately portrays your description at the Atlanta Russian Business Forum in October 2017 of Alfa's relationship with the Russian authorities:

Fridman eventually spoke about Alfa Group's strange relationship to the Russian authorities, using an analogy that he seemed to think had been successful in the Western press. In Africa, he said, there are many dangerous predatory animals—lions, leopards, etc.—but one of the most dangerous for humans is the hippopotamus. The hippopotamus is a herbivore, but if you get in the way between it and the water, it will immediately attack you. The Russian authorities, he argued, behave in a very similar way. The main thing here is not to get between the authorities and the “water.” Fridman explained that Alfa Group has never tried to get state contracts, state owners, or state shareholders.

161. Admit that, consistent with the description set forth in RFA 160, Alfa Group Consortium, as a general strategy, avoids investments that may interfere with state contracts or the rights of state shareholders.

162. Admit that this is an accurate quote by you, as published in the article included as Ex. 8, Miriam Elder, *Russian Oligarchs Try Their Hand at Cultural Diplomacy*, BuzzFeed News, May 12, 2015, <https://www.buzzfeednews.com/article/miriamelder/russian-oligarchs-try-cultural-diplomacy-in-new-york>: “People are scared — sanctions and all that. For us, it's sad. As businesspeople, it's doubly sad.”

163. Admit that the article included as Ex. 8, Miriam Elder, *Russian Oligarchs Try Their Hand at Cultural Diplomacy*, BuzzFeed News, May 12, 2015, <https://www.buzzfeednews.com/article/miriamelder/russian-oligarchs-try-cultural-diplomacy-in-new-york>, accurately characterizes your explanation that the May 2015 launch of a Russian art installation at the Neue Gallerie in New York City was a “way to keep communication open” between Russia and the United States.

164. Admit that the party celebrating the launch of the art installation described in RFA 163 was also intended to celebrate the launch of L1 Energy.

165. Admit that, during the Clinton Presidency, you met with Treasury Secretary Robert Rubin.

166. Admit that this is an accurate quote by you, made in a speech that has been translated and published in the article included as Ex. 9, Mikahil Fridman, *How I Became An Oligarch*, Open Democracy, Nov. 14, 2010, <https://www.opendemocracy.net/en/odr/fridman-how-i-became-oligarch>: “whether we want it or not, staying within national borders in this business would be an absolutely no-win strategy.”

167. Admit that in 2003 you established the Russia and Russian-American Lecture Series at the Council on Foreign Relations.

168. Admit that in 2016 you wrote the article included as Ex. 10, Mikhail Fridman, *As Global Instability Spreads, the "Indigo" Economy Rises*, Real Clear Politics, Apr. 29, 2016, [https://www.realclearpolitics.com/articles/2016/04/29/indigo\\_era\\_a\\_tectonic\\_shift\\_is\\_reshaping\\_the\\_world\\_130434.html](https://www.realclearpolitics.com/articles/2016/04/29/indigo_era_a_tectonic_shift_is_reshaping_the_world_130434.html).

169. Admit that in 2011 you were part of a venture that planned to invest \$1 billion in American real estate with Jack Rosen and Rosen Partners.

170. Admit that this is an accurate characterisation of what you said in an interview with the *Economist*, as published in the article attached as Ex. 11, *Billionaire Blues: Mikhail Fridman Shows the Downside of Being a Russian Oligarch*, *Economist*, Dec. 8, 2018, <https://www.economist.com/europe/2018/12/08/mikhail-fridman-shows-the-downside-of-being-a-russian-oligarch>: "As Mr Fridman puts it, his rule is to remain in 'the second row', a position that still affords 'crucially important' access to the Kremlin."

171. Admit that this is an accurate characterisation of what you said in an interview with the *Economist*, as published in the article attached as Ex. 11, *Billionaire Blues: Mikhail Fridman Shows the Downside of Being a Russian Oligarch*, *The Economist*, Dec. 8, 2018, <https://www.economist.com/europe/2018/12/08/mikhail-fridman-shows-the-downside-of-being-a-russian-oligarch>:

Mr Fridman counted Nemtsov among his "closest friends"; but "any contact with him could be interpreted as a kind of support," which would "not [be] very useful for doing business". So Mr Fridman stopped speaking to him. "I regret that heavily," he says now. "I did not know there was no future for our relationship." In Mr Putin's Russia, some things cannot be put right.

172. Admit that you have hosted members of the international press corps at private parties at your home in Moscow.

173. Admit that you once described yourself as being viewed as a "Russian bandit," as stated in Ex. 12, Peter Koenig, *Special Report BP: From Hate to Love in Russia*, *The Sunday Times*, Oct. 5, 2003, <https://www.thetimes.co.uk/article/special-report-bp-from-hate-to-love-in-russia-9gg5n5st02q>

174. Admit that you stated to the Times of London in 2008, "It's true that in Russia there are closer ties between business and politics than in the West," as stated in Ex. 13, Mark Franchetti, *BP Has Only Held Us Back, Says Russian Oligarch Mikhail Fridman*, *The Sunday Times*, July 20, 2008, <https://www.thetimes.co.uk/article/bp-has-only-held-us-back-says-russian-oligarch-mikhail-fridman-nxkjg732qmc>.

175. Admit that you have not hosted members of the international press corps at private parties at your home in Moscow.

176. Admit that you co-founded the Genesis Prize.

177. Admit that you made a donation to the Sochi Winter Olympics.



**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on June 24, 2020, I served the foregoing Requests for Admission and attached exhibits via e-mail on the following counsel of record:

Alan S. Lewis, Esquire  
CARTER LEDYARD & MILBURN LLP  
2 Wall Street  
New York, NY 10005  
Tel: (212) 238-8647  
[Lewis@clm.com](mailto:Lewis@clm.com)

Kim Hoyt Sperduto, Esquire  
SPERDUTO THOMPSON PLC  
1133 Twentieth Street, NW  
Second Floor  
Washington, D.C. 20036  
Tel: (202) 408-8900  
[ksperduto@sperdutothompson.com](mailto:ksperduto@sperdutothompson.com)

/s/ Joshua A. Levy

Joshua A. Levy

**EXHIBIT 1**

Lunch with the FT **BP PLC**

## Lunch with the FT: Mikhail Fridman

The combative oligarch talks about battles with BP and the 'moral duty' of rich Russians

Guy Chazan APRIL 1 2016

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© James Ferguson

As I sit with [Mikhail Fridman](#) in Frescobaldi, an Italian restaurant in Mayfair, my eyes drift to a quote from Dante's *Divine Comedy* painted on the white ceramic tiles behind us: "The devil is not as black as he is painted."

For years, Fridman was demonised in the western press as a symbol of everything that was wrong with Russian business. He was portrayed as a ruthless tycoon who exploited Russia's corrupt politics and courts, a billionaire bully who stopped at nothing to defeat competitors and partners alike.

As a reporter in Moscow in the 1990s, I'd witnessed his rise to mogul-dom, as he began to amass a fortune currently estimated by Forbes at \$14.6bn. On returning to London, I covered the ins and outs of his war with BP over their jointly-held Russian oil producer TNK-BP — one of the most spectacular corporate battles of the past decade. The company had been subjected to an onslaught of tax, labour and police inspections — all engineered, BP claimed, by Fridman and his partners as part of a furtive power-grab. TNK-BP's American boss Bob Dudley fled Russia in July 2008, after a campaign of what he called “sustained harassment”.

I was prepared for a touch of menace: this is a man whose appetite for litigation is legendary and who in a 2010 lecture entitled “How I Became an Oligarch” said that, of all types of human activity, “entrepreneurship is in some sense the closest to war”. But today he is soft-spoken and jovial. Having moved his base from Moscow to London to reinvent himself as a global investor, Fridman is, he says, on a mission to improve the image of his country's business elite. “It's our moral duty to become a global player, to prove a Russian can transform into an international businessman.”

To that end, he has hired a clutch of oil industry bigwigs as advisers — one of them is [John Browne](#), the erstwhile boss of BP and a former adversary. In the 1990s, Browne had watched in impotent fury as a series of legal proceedings in remote Siberian courthouses left Fridman in control of some of BP's oilfields; for years, he wouldn't take the Russian's phone calls. Now, all is forgiven. A western oilman who knows Fridman once likened doing business with him to a rugby game: “You kick the shit out of each other on the pitch but then you go and have a beer afterwards.”

Frescobaldi, the venue for our lunch, is a short walk from the offices of LetterOne, Fridman's new investment vehicle. Owned by the eponymous Italian wine dynasty, it is stylish but discreet, with oak panelling, a marble floor and vines draped across the ceiling. Regulars include Tidjane Thiam, boss of Credit Suisse, and Pierre Lagrange of GLG Partners, as well as art-world types from Mayfair — there's a Hauser & Wirth gallery across the road.

Fridman says he chose it on a whim: the name evokes his beloved Tuscany, where he holidays every summer. Tieless in an elegant dark suit and blue shirt, the 51-year-old fits in among the bankers and hedge fund managers sauntering in for lunch, drawn by a wine list that includes a rare Ornellaia white for £290 a bottle. But he seems different, too: maybe it's his stocky frame and round, babyish face, or perhaps the vivid tales of 1990s Moscow — a cut-throat world that seems light years away from this polished corner of Mayfair.

Does he now regret the corporate wars with BP and other partners that earned him such opprobrium in the west? “When you’re working with big companies they have their own agendas,” he says. “At a certain stage, your interests are aligned, and sometimes they collide.” The legal disputes did “damage our reputation”, he adds, “but at the end of the day we benefited a lot as shareholders of the company.”

In 2013 Fridman and his partners sold their 50 per cent stake in TNK-BP to Rosneft, Russia’s state-owned energy group, for \$28bn. It turned out to be a remarkably well-timed deal: crude prices have crashed and, with them, oil company valuations. But Fridman claims he doesn’t really understand oil markets. “To be successful in business, you don’t have to be smart, but you do have to be lucky,” he says. He celebrated with a three-day pilgrimage through the Israeli desert accompanied by a group of fellow Russian Jewish billionaires and a caravan of camels.

A waiter sweeps over with menus and we go for the set lunch. Fridman chooses octopus salad, and I take the mixed salad with avocado: we both opt for the pan-fried sea bream with spinach and lemon, eschewing Frescobaldi’s Tuscan wines for mineral water. I ask whether he thought of slowing down after selling out of TNK-BP — maybe buying a yacht and a football club, like Chelsea owner Roman Abramovich. He laughs. Keeping control of his weight is a “constant problem”, he says, patting his belly, “so the idea of spending my time on a yacht is not good”. Lying on a beach, meanwhile, is a “form of torture”. “It’s a kind of talent to spend money beautifully,” he adds. “I don’t have it.”

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Fridman was born into a Jewish family in Lviv, Ukraine, in 1964. It was a city that always felt different to the rest of the Soviet Union, he explains: for centuries it was ruled by the Habsburgs, and from 1918 to 1939 by Poland. “The body language of the people was anti-Soviet,” he says.

Coming to Moscow in the 1980s, Fridman felt like an outsider. Unofficial anti-Semitic quotas meant he was barred from the best Soviet universities, so he went to the drab Moscow Institute of Steel and Alloys instead. It was there that his entrepreneurial streak first revealed itself. He led a group of students who would queue for tickets to some of Moscow’s most popular plays and then use them as hard currency, bartering them for goods in short supply and favours from officials.

In 1988, as Mikhail Gorbachev began to open up the Soviet economy, Fridman set up a window-washing business, which quickly became a success. But that made his parents anxious. When his mother discovered he was earning Rbs1,000 a month — nearly seven times his official salary as an engineer — she turned “as white as this”, he says, holding up his side plate. “She said, ‘You must stop this immediately, or you’ll end up in prison,’” he recalls. “In her mind it was impossible to make Rbs1,000 legally.”

### Ristorante Frescobaldi

## 15 New Burlington Place, London, W1S 2HX

Still water £5

Set menu x 2 £58

Avocado salad

Octopus salad

Sea bream x 2

Sorbet x 2

Double espresso £5

Single espresso £4

**Total (inc service) £81**

Eating salad, he explains how in 1989, together with fellow students German Khan and Alexei Kuzmichev, he formed Alfa Group, which mushroomed into one of Russia’s biggest conglomerates, spanning interests in telecoms, banking, retail and oil. The friends started off selling computers, perfumes, cigarettes and carpets. They soon branched into oil trading, amassing a vast fortune by buying up cheap Russian crude and selling it abroad at a mark-up. In 1991 they set up a bank, Alfa, now Russia’s largest private lender.

In 1997, Fridman teamed up with tycoons Len Blavatnik and Viktor Vekselberg to buy TNK, a struggling Siberian oil producer, for \$800m. The company was bankrupt, hit by a falling oil price. “We thought it was a mistake,” he says. “We overpaid.” But the new owners restructured its debt and then watched as the price of crude began to rise. TNK turned into a cash machine.

As piped jazz drifts round the restaurant, I ask Fridman whether he ever looks back at the Russia of the 1990s — when many lost their fortunes and some their lives — and wonders how he survived. Pausing over his fish, he puts it down to a refusal to do deals with criminals. Others turned to mafia gangs to provide “*krysha*” — “roof” — or protection. Alfa instead enlisted the local police. “They had no money, so we would buy [them] furniture,” he says.

He also avoided politics. “We never wanted to challenge authority,” he says. “We always followed this philosophy — always to be loyal and friendly [to the government] but never to be too close.”

The spectre of [Mikhail Khodorkovsky](#), a fellow oilman and oligarch, inevitably lurks in the background. After dabbling in opposition politics, Khodorkovsky fell foul of Putin, lost his oil company and ended up in jail. Fridman, in contrast, says he was never tempted by power: indeed, as a Jew, he consciously avoided it. “My mother always said, ‘With your name you shouldn’t be in government,’” he says.

That said, one of the keys to his success was his partnership with Pyotr Aven, a former minister who retained close ties to the Kremlin and from 1994 was president of Alfa-Bank. “We needed a channel for communication with the government,” he says. “We didn’t know anyone, and he was this very smart guy, young, energetic and liberal.” Aven was also one of Putin’s old acquaintances, a link that was to prove critical to Alfa Group later on.

In 2003, when TNK merged with BP’s Russian operations to form TNK-BP, Fridman and Browne signed the deal at a ceremony in London presided over by Putin and Tony Blair. At first, relations between the two partners were cordial, but it wasn’t long before the clash of cultures became apparent. BP executives found Khan particularly hard to deal with. In a US cable published by WikiLeaks, a TNK-BP executive said he had been invited by Khan on a hunting trip and the Russian had shown up with a girlfriend, as well as six other glamorous women. At dinner, which he attended armed with a chrome-plated pistol, Khan had described *The Godfather* as a “manual for life”.

The tensions steadily grew and came to a head in 2008, after it emerged that BP had been holding secret talks with the state gas company Gazprom to buy out Fridman and his partners. TNK-BP soon found itself facing a wave of intrusive inspections, while its foreign staff were stripped of their Russian visas and work permits. BP accused Fridman and his associates of orchestrating the administrative nightmare. Fridman denied having anything to do with the official harassment, which eased off after Bob Dudley left Moscow, and control of the company effectively passed to the Russians.

Later Alfa was embroiled in an equally bitter struggle with the Norwegian company Telenor over a Russian mobile company they jointly owned. A drumbeat of lawsuits in Russia, Europe and the US climaxed in 2009 when a Siberian court ordered Telenor to pay \$1.7bn or face the loss of its Russian investment. Soon after, the two companies settled their differences and the court case was quietly withdrawn.

We both order a dessert of pear and mango sorbet. I ask Fridman whether it was true that Alfa exploited Russia's ramshackle legal system to win favourable judgments against its partners. "I don't agree," he replies. His partners, he says, were just as powerful: "BP as a major player has at least an equal ability to influence Russian officials, through diplomatic channels, and government-to-government."

Perhaps his boldest legal gambit came in 2011, when BP struck a megadeal with Rosneft for rights to drill for oil in the Arctic. TNK-BP's Russian investors cried foul, saying it violated the exclusivity provisions of their shareholder agreement with BP, and won an injunction in the London High Court to block the partnership.

How did Fridman feel taking on Rosneft boss Igor Sechin, one of Putin's closest allies, who had staked so much political capital on the tie-up with BP? "Of course we were worried about it," he says. "But why shouldn't we protect our rights? If you can't do that, you'll never succeed."

Thwarted, BP ultimately decided to sell out of TNK-BP. Fridman followed suit and Rosneft ended up buying the whole company for \$55bn. About \$14bn of that went to Alfa Group and Fridman has been putting the proceeds to use. Last year LetterOne bought Dea, a small German oil and gas company, and his latest bet is a \$200m investment in US ride-hailing company Uber.

Putin said he hoped Alfa and its partners would invest the proceeds from the Rosneft deal in Russia. Fridman says he is still committed to his home market, but "the Russian economy is not in the best shape. And generally it would be inappropriate to put all our eggs in one basket."

**When his mother discovered he was earning Rbs1,000 a month, she turned 'as white as this' he says, holding up his side plate**

That's an understatement. Russia is in recession, labouring under a stubbornly low oil price and western sanctions over Ukraine. As our coffees arrive — a double espresso for him, a single for me — I ask him about the mood in Moscow, where he spends 40 per cent of his time.

"It's a pretty tough situation for everybody," he says. He avoids outright criticism of Putin but insists that Russia "must restructure its economy, to make it more open for investment, for competition. There should be privatisation, less domination of state businesses," he says. He omits to mention that it was the sale of TNK-BP that cemented the dominance of one of those state businesses — Rosneft — over Russian oil.

The conversation turns to Ukraine — a subject I know will be sensitive for him. Fridman feels a strong connection with the land of his birth. The annexation of Crimea, the war in Donbass — all of this is, he says, a “huge tragedy . . . for both nations, Russia and Ukraine”. But, for the first time in our two-hour conversation, he clams up. “As head of a big company, I don’t have the right to comment on the situation,” he says.

We move on. I ask about his children. His eldest daughter recently graduated in economics at Yale, while his second is in her first year there. He has a teenage son at boarding school in Kent and his youngest daughter lives with his former partner in Moscow. Fridman says he has no intention of giving any of his children a job in Alfa Group or LetterOne. “I don’t want to create a dynasty,” he says.

I ask for the bill and pose one last question. Fridman’s westward expansion hit a hurdle last year when the British government insisted he sell a dozen gasfields in the North Sea as part of the Dea deal. Ministers worried that he might be hit by future sanctions against Russia, and the fields would have to be shut down.

Fridman called the demand irrational and [threatened legal action](#), yet he sold the fields anyway. I asked him why he didn’t take the government to court — after all, that’s what he does, all the time. “The situation is not completely finished yet,” he says. “We fulfilled the demand of the British government but we are still considering what could be our approach.” I ask if legal action is still an option. “No comment,” he says, with a smile.

*Guy Chazan is the FT’s Berlin correspondent*

*Illustration by James Ferguson*

Letter in response to this column:

[City of Lions, bulwark of Christianity for centuries / From Dr Eva C Hoffman Jedruch](#)

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**EXHIBIT 2**

# Russian Oil Billionaires' Next Big Investment - American Health Care

By [Irina Reznik](#) and [Alexander Sazonov](#)

July 14, 2016, 5:00 PM EDT

Updated on July 15, 2016, 4:21 AM EDT

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► [Fridman's LetterOne to invest \\$3 billion in health care](#)

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► [‘We cannot hold all our assets in Russia. It’s too risky.’](#)

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[Mikhail Fridman](#) cashed out of his Russian oil venture near the top of the market and moved to London to build an empire in calmer climes. Then Brexit struck, reinforcing his determination to keep heading west.

With Britain’s decision to leave the European Union and sanctions over Ukraine muddying the investment waters from Moscow to Glasgow, Fridman and his three fellow [Alfa Group](#) billionaires are looking across the Atlantic and see a clear stream of profit in ever-higher spending on health care. With two Washington insiders in tow to help navigate the terrain, the Russians are preparing to invest as much as \$3 billion in the industry over three years, starting in the U.S., where it accounts for almost a fifth of the economy.



Mikhail Fridman *Photographer: Riccardo Lugermad/Letterone*

“There are signals of a major tectonic shift in economic development happening before our eyes,” Fridman said in an interview in London. Case 1:17-cv-02041-RJL Document 135-4 Filed 03/05/21 Page 30 of 88

Flush with almost \$14 billion from the sale in 2013 of TNK-BP to state-owned Rosneft PJSC, Fridman and his partners created Luxembourg-based LetterOne to acquire western projects to balance their holdings back home. After buying North Sea energy assets, U.K. student housing and a slice of Uber Technologies Inc., they have about half left to deploy.

## Clinton, Trump

The skills and tactics that allowed Fridman to flourish in post-Soviet Russia won't necessarily translate into success in the U.S., particularly with relations at a post-Cold War low. So he and his partners, who are both decried and admired for their mastery of what is known as administrative resources -- the aggressive use of connections, courts and cops to achieve commercial aims -- have brought on board people with ties to both major candidates for president.

Advisers to LetterOne's board include Thomas McLarty III, former President Bill Clinton's first chief of staff, and Richard Burt, George H. W. Bush's lead negotiator for the Strategic Arms Reduction Treaty with the Soviet Union. Burt, a partner at McLarty's Washington-based consultancy McLarty Associates and a former ambassador to Germany, has also advised presumptive Republican presidential candidate Donald Trump on foreign policy, according to Reuters.

“Our Russian background is a disadvantage as businessmen at the moment, given the political tensions, but this sentiment is changing,” said Fridman, 52, whose eldest daughter just graduated from Yale University in New Haven, Connecticut, where his second eldest is an undergraduate.

LetterOne's new L1 Health unit, which will be based in the U.S., is already working to identify investment targets, aided by an advisory board that includes Diageo Plc Chairman Franz Humer, a former chairman of the world's biggest maker of cancer drugs, Roche Holding AG.

“Innovations in technology, biology, and genomics are changing the way we think about health-care treatments,” Fridman said. “This enables us to look at health care in new and unique ways.”

## Communism, Capitalism

Fridman started what would become Alfa Group with two college classmates, German Khan and Alexey Kuzmichev, in the dying days of communism, scalping theater tickets and washing windows. They named their company Alfa in honor of a physics professor, Mikhail Alfimov, who found them their first office, an unused room at the Institute of Chemical Physics, where he taught.

By the mid-1990s, they'd become pioneers in the post-communist version of corporate raiding, targeting newly privatized entities in the metals and energy industries. A fourth partner and key political fixer, Petr Aven, joined the trio in 1994 and has overseen their lender, Alfa Bank, ever since. Aven was the minister in Moscow for foreign economic relations in 1991 and 1992, when Vladimir Putin held the same post in the St. Petersburg city government.

After more than two decades of working together, the four men, who insist they've always acted within the law, have a collective fortune of \$33.5 billion, according to the Bloomberg Billionaires Index.

In addition to LetterOne and Alfa Bank, they control almost half of VimpelCom, an Amsterdam-based wireless carrier with customers in a dozen countries, Russia's second-largest supermarket chain and a major insurance company. Fridman, Khan, 54, Kuzmichev, 53, and Aven, 61, are worth \$12.7 billion, \$8.8 billion, \$6.6 billion and \$5.4 billion, respectively.

"The art of business is universal and a very rational thing: revenue minus operating expenses," Fridman said.

## War, Sport

Fridman said he and his partners have no interest in jumping back into Russian oil, which is tightly controlled by the government, saying "there are no valuable assets" in the industry that produced their most spectacular windfall. The expansion, he said, isn't about "withdrawing money" from Russia, but about asset diversification in terms of both location and allocation.

"We cannot hold all our assets in Russia," Fridman said. "It's too risky."

But that doesn't mean the partners won't continue to invest in their Russian companies, which account for about half of their wealth.

Besides, investing in real projects, as opposed to just parking money with a hedge fund and waiting "silently" for a return, is an endeavor that's part war and part sport and team Alfa still enjoys both, he said.

"Me and my partners are not old -- we have a lot of energy and are eager to work," Fridman said. "We want to become decision-making investors."

*(Updates with details of U.S. advisers in sixth paragraph.)*

**EXHIBIT 3**

# How BP Learned to Trust Ally That Once Burned It

Lord Browne Gambled on Oil Reserves -- And Improving Ethics -- in Russia

*By Jeanne Whalen and Bhushan Bahree* Staff Reporters of *The Wall Street Journal*

Updated Feb. 27, 2003 4:07 am ET

MOSCOW -- Earlier this month, as **BP** PLC neared the end of a bruising, decade-long campaign to become a big player in Russia's oil industry, its Russian partners paid a visit to President Vladimir Putin.

Oil tycoon Mikhail Fridman and his associates were ready to sell half of their Siberian oil empire to BP, but they wanted to be sure the Kremlin didn't object to a multibillion-dollar deal that would give foreigners 50% of what would be Russia's third-largest oil producer.

"Until we knew we had [Mr. Putin's] approval ... we couldn't feel confident," says Mr. Fridman, a baby-faced 38-year-old who rose from a window-washing business to become one of Russia's richest men.

Three days later, after some additional lobbying by British Prime Minister Tony Blair, who phoned to nudge Mr. Putin, the deal went through. In return for \$6.75 billion, BP's chief executive, John Browne, acquired something he had coveted since the early 1990s -- a prime chunk of one of the world's richest oil frontiers. For Lord Browne, 55 years old, the deal is the culmination of a personal crusade to make Russia work for BP.

The logic driving Lord Browne's quest is simple: BP, saddled with aging fields in the North Sea and Alaska, needs new sources of oil. And Russia has lots of it. Its proven reserves are only a fifth of those of Saudi Arabia but experts believe there is much more still to be found. Moreover, with the Middle East largely closed to big new deals, Russia is one of the few places where a Western company can buy into hefty production.

BP's as-yet-unnamed Russian partnership will pump 1.2 million barrels of oil a day. If it were listed, its oil production would rank it ninth among the world's largest publicly traded energy companies. Some of the reserves are near the border with China, a huge energy market. Quizzed by shareholders on a conference call about the wisdom of the

deal, Lord Browne called Russia "a very important element in the long-term renewal of BP."

The transaction, announced Feb. 11, also reflects a growing faith among Westerners that Russia is moving beyond the chaos, corruption and commercial catfights of recent years. Lord Browne is so convinced of Russia's transformation that he has agreed to go into partnership with the same Russian tycoons whom BP just a few years ago regarded as exemplars of the country's ills. It was largely thanks to the machinations of Mr. Fridman and his associates that BP in 1999 had to write off nearly half of an earlier, smaller investment in Russian oil.

Other foreign companies are also taking a fresh look at Russia. TotalFinaElf of France last year bought a big stake in a Siberian oil field. OAO Lukoil, Russia's biggest oil producer, says it has approached Exxon Mobil Corp. about a possible joint venture developing reserves in northern Russia; Exxon declines to comment. But while the business climate has grown more stable, many foreigners remain uneasy about risking billions in Russia. The courts are still notoriously corrupt, and bureaucrats often interpret regulations as they see fit.

BP's new venture also faces big risks. A dearth of export pipelines leaves the domestic market flooded with so much oil that crude often sells for as little as \$5 a barrel, compared with an export price well over \$30 a barrel. Russian oil companies have recently announced big plans to build additional pipelines to ease the bottleneck, but the initiatives have gotten bogged down in government wrangling.

And while Mr. Putin blessed the BP deal, he clearly has concerns about foreigners gaining too much sway over Russia's most important industry. During their meeting, Mr. Fridman remembers the president posing a somber question: "Who will have control? Will they have it, or will you?" The Kremlin declined to comment on the conversation. Although BP won't control the new venture, it is paying nearly 30% more than the current market value of Russian oil reserves.

In recent years, all of the three biggest publicly traded oil companies -- Exxon Mobil, the Royal Dutch/Shell Group and BP -- have struggled to raise their output. Exxon and Shell have also looked to Russia and plan to invest billions in wells off the Far East island of Sakhalin. But BP's new venture is by far the biggest firm commitment.

The Russia deal, says Lord Browne, "rivals any other potential opportunity available anywhere in the world."

Until the collapse of the Soviet Union in late 1991, Russia jealously guarded its energy riches. After that, Western oil companies piled in, setting up offices in Moscow and joining with Russian partners to produce oil in remote Siberian ventures.

But disillusionment came quickly as taxes and regulations kept changing. BP's first agreement fell apart, and firms such as Exxon and Amoco found themselves muscled out of projects by local politicians or rivals. The country's most valuable oil fields fell into the hands of a few well-connected tycoons.

BP persevered and hooked up with one of Russia's best-connected tycoons, Vladimir Potanin, a banker and former first deputy prime minister who bought oil producer OAO Sidanko in a privatization auction. In November 1997, BP paid Mr. Potanin \$480 million for 10% of Sidanko. Prime Minister Blair and Russian energy officials hailed the deal with champagne toasts at 10 Downing Street.

But within a year, BP got caught in the crossfire as another new oil tycoon, Mr. Fridman, launched an aggressive takeover attack for Sidanko's best oil fields. He had made a small fortune in the early 1990s selling computers, founding a bank and trading oil. In 1997, he joined with two aluminum traders, Viktor Vekselberg and New York-based Russian emigre Len Blavatnik, to buy a big oil producer from the state. Though the company, Tyumen Oil, was named after Russia's richest energy region, its fields had been damaged by years of careless Soviet drilling. So the Tyumen partners set their sights on the richer Sidanko fields next door.

Taking advantage of legal loopholes and Russia's notoriously weak and corrupt courts, Tyumen got key Sidanko units declared bankrupt and bought them on the cheap. By the fall of 1999, Sidanko was nearly an empty shell.

BP deployed its clout around the world to try to recover its oil fields. It sent an army of lobbyists to the U.S. Congress and then-Secretary of State Madeleine Albright to try to abort a \$500 million loan Tyumen was seeking from the U.S. Export-Import Bank. Lord Browne personally petitioned a string of Russian officials to intervene on BP's behalf, warning Mr. Putin, who was then prime minister, in a letter in late 1999 that defeat for BP would send "an alarming message" to other potential investors.

BP's efforts didn't seem to be bearing fruit, and Lord Browne began to consider cutting the company's losses and giving up on Russia, as many rivals had. But BP needed the Russian reserves and had to consider its corporate reputation, a critical asset in the often bare-knuckled international oil business. "We did not want to leave the impression that BP could be easily discouraged," says Bob Sheppard, a top BP man in Russia at the time.

Mr. Fridman says he, too, began to weary of a battle that was muddying his name. He had already amassed huge oil reserves and was also busy managing a growing bank and other property. Gradually, he says, he began to see the British giant as a valuable partner that could help him develop his damaged oil fields and raise the value of his company.

"We understood it would be wrong to drive them out of Russia," Mr. Fridman says from a lofty white office in downtown Moscow decorated with the abstract canvases of a well-known Soviet painter named Boris Messerer. "We had to offer them something ... that could help us establish a new relationship with them."

Mr. Fridman spent several months trying to get a meeting with BP toward the end of 1999, but Lord Browne refused to take his calls. "There was nothing to talk about," the BP chief says.

The son of an Auschwitz survivor, Lord Browne began his career as a trainee petroleum engineer for the company in Alaska. He is a believer in the advantages that come from being the first mover. He says that BP's merger with Amoco Corp. of the U.S. in 1999, which set off an industrywide consolidation, was a much better deal than BP's subsequent acquisition of Atlantic-Richfield Co. In taking a huge equity stake in Russia, Lord Browne once again seems to be betting that later, safer deals will be on worse terms for foreigners.

In late 1999, Mr. Fridman managed to pass along a message through personal friends of Lord Browne's and his late mother. Tyumen, Mr. Fridman said, was a reasonable outfit willing to compromise with BP. A few days later, Mr. Fridman's phone finally rang. "People I respect tell me you are a man of your word, that if you promise to do something you'll do it. Is that true?" the BP chief asked calmly, according to Mr. Fridman. "Of course it's true," Mr. Fridman answered in English. "Well then, we're ready to meet," Lord Browne replied.

Weeks later, Mr. Fridman flew to London to propose a settlement to Lord Browne's deputies: Tyumen would return the oil fields in exchange for 25% of Sidanko. BP took the tentative deal, and Lord Browne met with Mr. Fridman at the World Economic Forum in Davos, Switzerland.

Their gradual detente coincided with an impressive rebound in Russian oil production that was reminding foreign investors of the country's potential. After a decade of pumping Russia's fields dry for quick profits amid the chaos of the Yeltsin era, Russia's tycoons were beginning to behave more like real owners.

The year 2000 marked an important change. Oil prices soared, and Mr. Putin came to power as president with a calming message for the business elite: The state wouldn't question whether they'd acquired their companies legally, as long as they started

investing their profits at home rather than stashing them in foreign banks. The tycoons responded by hiring veteran Western oil executives and pumping cash into fixing their wells. Russia started to re-emerge as a serious rival to the Organization of Petroleum Exporting Countries, boosting output by 15% from 1999 to 2001.

Impressed, Western companies began to consider investing again -- but got nowhere with their demands that the state pass special production-sharing legislation to protect their multibillion-dollar expenditures. After its bitter Sidanko experience, BP focused on finding a strong Russian partner that could protect it better than Mr. Potanin had.

Cautiously, BP stepped up its efforts to close the tentative settlement it had signed with Mr. Fridman in late 1999. After a year and a half of delays, Tyumen returned the oil fields in 2001 and bought out all of Sidanko's shareholders other than BP. That Mr. Fridman had kept his word was a turning point, a "big positive signal" for BP that it could do business in Russia, says group Vice President Robert Dudley, who soon after began investigating new Siberian deals at Lord Browne's behest.

BP was still cautious about Mr. Fridman, though, so it began talking to other Russian firms to see whether there was a better fit. Top BP officials visited Mikhail Khodorkovsky, head of OAO Yukos, and sent geologists to help explore some Yukos oil reserves in good position for export to China. But BP ultimately decided the company was too expensive and unwilling to cede control of management.

In April 2002, increasingly confident that it was best off sticking with a known quantity, BP placed a tentative bet on Mr. Fridman and partners, buying a further 15% of Sidanko from them to boost BP's total share to 25%. Signing the deal in London, Lord Browne and Mr. Fridman began discussing a broader partnership.

At a dinner last summer, Mr. Dudley began to sense that BP and the Tyumen owners shared common strategic views on Russian oil. Over caviar, beef stroganoff and wine at an exclusive, dark-paneled Moscow restaurant once frequented by the Soviet elite, Mr. Dudley and two colleagues talked excitedly with Messrs. Fridman, Vekselberg and Blavatnik about rehabilitating Siberia's giant oil fields and targeting profitable new markets in Asia. "I had been told these men were really just financial investors, but it became apparent to me at this dinner that they had strategic vision," Mr. Dudley says.

BP's board, however, was slower to trust again. Directors gathered for a monthly board meeting last September were incensed by a Wall Street Journal report that BP executives had already begun negotiating with two Russian companies, according to a person familiar with the meeting. Mr. Browne had been preparing to ask permission to start the talks.

BP says it conducted more due diligence on this deal than on any other in recent memory. During final talks late last year, top negotiator Rodney Chase spent hours outlining BP's expectations on corporate governance, shareholder rights and management before even mentioning money. His presentations left his Russian interlocutors "psychologically exhausted," jokes Mr. Vekselberg.

Money, too, became a sticking point. When BP proposed a price that didn't suit the Tyumen shareholders, they printed out fresh data showing the efficiency gains they'd achieved at some of their older oil fields. Impressed, BP nudged up its offer.

Now the partners will tackle a restructuring on a scale never before attempted in Russia -- the combining of dozens of giant oil fields and tens of thousands of employees into one efficient corporation overseen by an independent board and a chief executive to be selected by BP. The shareholders hope to keep growing and acquiring new reserves, particularly near the lucrative markets of China, Japan and South Korea.

Lord Browne says all this promise was worth the hard knocks and the uncertainties ahead. "There is a toughness built into the culture of Russia. ... You have to cooperate," he says.

Write to Jeanne Whalen at [jeanne.whalen@wsj.com](mailto:jeanne.whalen@wsj.com) and Bhushan Bahree at [bhushan.bahree@wsj.com](mailto:bhushan.bahree@wsj.com)

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## ROAD TO THE DEAL

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[Heard on the Street: BP May Have Finally Won Forgiveness From Investors](#)

02/12/03

[Page One: BP Unveils Russia Deal, Posts 49% Profit Jump](#)

02/12/03

[Russia Might Boost Sale of Oil Producer Slavneft](#)

10/09/02

[U.S. Companies Are Wary of Russia as Oil Alternative](#)

10/03/02

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**EXHIBIT 4**

Ocnus.Net

## BUSINESS

### Fridman On PR Blitz for TNK

By Miriam Elder, Moscow Times 17/6/08

Jun 17, 2008 - 10:09:56 AM

As the country's third-largest oil company stands mired in a fierce public dispute over its future ownership structure, Fridman, the world's 20th-richest man with a reported fortune of nearly \$21 billion, appears to be enjoying himself.

Pressed by a reporter to provide a timeline on a lawsuit threatened by Fridman and his Russian shareholder partners in TNK-BP against 50 percent shareholder BP, the rotund oligarch answered with a Russian saying: "Whether there's a war on or not, always make time for lunch."

Fridman and his Russian partners, fellow billionaires German Khan, Viktor Vekselberg and Len Blavatnik, have gone on a massive PR offensive as they seek to establish a greater say in the running of the company, which they now argue has functioned mainly as BP's Russia subsidiary.

"We cannot treat this company as just an asset into which we have invested our money," Fridman said.

"This is a normal dispute between shareholders," he said, speaking on behalf of the Russian shareholders' consortium AAR, named for the billionaires' investment vehicles Alfa, Access and Renova.

The dispute, which observers say likely centers on whether BP, AAR or a state company will gain control over the firm, erupted after BP and TNK-BP saw their Moscow offices raided by the Federal Security Service, a TNK-BP employee arrested on charges of industrial espionage, and a series of back tax claims brought against TNK-BP.

Investors are closely watching the conflict, seen as a key test of the country's approach to foreign investment as rival factions within the Kremlin and Prime Minister Vladimir Putin's White House stake out a role following the inauguration of President Dmitry Medvedev last month. "The fundamental question is â€" what kind of foreign investors does Russia need?" Fridman said. "We don't need investors that â€" try to spoil the image of Russia."

TNK-BP, formed five years ago this August, was heralded at the time as a symbol of Russia's openness to foreign investors. That was well before the days of \$140-per-barrel oil and the rise of state oil champion Rosneft, alongside gas giant Gazprom. It was also before relations with Britain spiraled to a post-Cold War low following the 2006 poisoning of Alexander Litvinenko in London.

Fridman accused BP of operating TNK-BP in the British firm's interest, favoring their own employees and thwarting TNK-BP's international ambitions to avoid creating a global competitor.

"There's a good word in English â€" arrogance," Fridman said.

He reiterated that AAR would bring a lawsuit against BP in a Stockholm court to force the British oil major into withdrawing some 150 foreign employees contracted to TNK-BP.

He also demanded that the company's board of directors reflect both sides' interests equally, and insisted upon the firing of TNK-BP's American CEO, Robert Dudley, who is backed by BP. The lawsuit would be brought ahead of a June 26 annual shareholder meeting, which AAR has deemed illegal, he said.

"In so far as [BP] is an international company, an English-American one, it doesn't want us to go into markets where [BP also has interests]," Fridman said. "For the governments of the United States and Britain, BP plays a big role."

He pointed to TNK-BP's unsuccessful efforts in gaining a foothold in Iraqi Kurdistan as an example.

He denied press reports that said AAR had offered to swap TNK-BP shares for a direct stake in BP, but acknowledged that the consortium was looking for an option to do so.

"We never offered to exchange shares of TNK-BP for shares in BP â€" we sought an option to [do so]," he said, adding that if an offer of an option was made, "we wouldn't say no."

Yet he said the Russian shareholders had no plans to sell their stake in TNK-BP, whose 5 percent free-float shares value the company at about \$38 billion.

"In the near future, we have no plans to sell," he said.

As AAR continues its publicity drive â€" Fridman's comments came the same day as Vedomosti published a question-and-answer interview with him, and Kommersant a similarly large interview with Vekselberg â€" BP and its representatives inside TNK-BP appear in retreat, following comments last week by BP chairman Peter Sutherland that likened the Russian shareholders to "corporate raiders."

Dudley, TNK-BP's embattled CEO, canceled a planned appearance at a Renaissance Capital investment conference Tuesday, and was to be replaced by chief operating officer Tim Summers. Dudley has also stopped granting interviews.

"All disputes like this can be solved only through negotiations," BP spokesman Vladimir Buyanov said.

Clemens Grafe, chief economist at UBS, warned that the dispute, which has dragged on for months and appears no closer to conclusion, could harm the country's investment climate, particularly in oil stocks. "The outcome does not really matter that much for the market, but the way we are going to get there does," Grafe said. "If BP loses control, there will always be a doubt if that was voluntary, even if they are perceived to have been paid a fair price.

"We, just like everybody else, are careful in trying to fully second-guess if this is purely a shareholder dispute or if there is more to it," he said.

Source: Ocnus.net 2008

**EXHIBIT 5**



## Power broker in Russia's shifting scene.

By ARKADY OSTROVSKY AND ANDREW JACK.

724 words  
28 August 2003  
[Financial Times \(FT.Com\)](#)  
FTCOM  
English  
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Mikhail Fridman (pictured), head of the powerful Russian group Alfa, has done more than most of his rivals to establish corporate partnerships with the west. But he makes clear that operating in his country remains a highly distinctive business.

Sitting in his Moscow office, Mr Fridman - Russia's third-richest man, with an estimated wealth of \$4.3bn (GBP2.7bn) according to Forbes Magazine - defends the privacy of his group and his reluctance to adopt full public disclosure of ownership.

"The rules of business are quite different to western standards," he says. "I don't want to lie and play this game. To say one can be completely clean and transparent is not realistic."

Mr Fridman is a veteran Russian oligarch, one of the original seven who bankrolled former president Boris Yeltsin's election in 1996 in return for participation in cut-price "loans for shares" privatisations. Since then some of his peers have lost their businesses and gone into self-imposed exile. Mr Fridman has bridged the transition to the new regime of President Vladimir Putin more smoothly than most, and has gone further in restructuring and selling interests in his businesses.

Mr Fridman makes no bones about the way he and his counterparts made their money. "Of course we benefited from events in the country over the past 10 years. Of course we understand that the distribution of state property was not very objective. But we used our chance, and people are angry about it," he says.

The centrepiece of his empire is the oil group TNK, which recently combined its assets with BP to create a \$14bn joint venture, a flagship deal blessed and praised by Mr Putin as a sign of Russia's openness to foreign investment. Sceptics say the deal is a form of insurance policy for Mr Fridman in Russia's still politically unstable environment.

"Fridman has created a transnational company which is now outside the Kremlin's jurisdiction," says Igor Bunin, a Russian political analyst. Mr Fridman rejects this argument, insisting that business - not politics - was his only consideration.

The deal, approved this week by the Russian anti-monopoly ministry, poses significant challenges for both sides. Russia's poor environmental standards constitute one of them. Mixing Anglo-Saxon corporate culture, epitomised by BP, with Russian practices is another. Behind the affable public face of Mr Fridman, observers talk of associates, including German Khan, another important Alfa shareholder described by many as one of the country's most ruthless businessmen.

Alfa itself has been criticised for its aggressive approach, illustrated last December when it joined with Sibneft to bid for the state oil group Slavneft, depriving the government of the extra revenue that a more competitive auction might have generated.

Buying TNK at privatisation, for more than \$800m, forced Alfa to raise substantial debt, helping to pioneer links between Russian companies and foreign banks. Its need to join forces at TNK with Access/Renova, another powerful Russian business group, also gave it an early taste of co-operating with those outside its own tight circle, rare in a country where a strong majority shareholder is the norm.

Its business strategy is different from those of other groups. While his peers focused on one core asset - usually oil or metals - Mr Fridman diversified, moving into growing sectors of the economy and playing the role of a venture capital fund. His talent, observers and competitors say, lies in spotting trends.

Alfa also stands out for riding the recent turbulence in Russia's own political landscape. With the transition from Mr Yeltsin to Mr Putin, many observers still see it as among the most influential lobbyists in parliament and the Kremlin, where a number of its former employees work.

In the years since Mr Putin ordered the oligarchs to keep out of politics, Mr Fridman has been cautious and discreet, observing the new rules of the game.

"Of course we lobby our interests in parliament, but we don't get involved in politics," he says. When a chairman of a commercial TV channel 25 per cent owned by Alfa asked Mr Fridman's permission to hire an outspoken Russian journalist, Mr Fridman replied: "Only if you can guarantee that there will be no telephone calls from the Kremlin."

The Financial Times Limited (AAIW/EIW)

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**EXHIBIT 6**

## PROFILE: Mikhail Fridman – the teflon oligarch new to Londongrad



A workaholic, Fridman surprised many with his recent involvement in the Alfa Future People music festival.

By Jason Corcoran in Moscow April 11, 2016

His oligarch peers from the 1990s have been incarcerated, exiled or had their assets seized, but Mikhail Fridman lives a charmed life, retaining much of his wealth without falling foul of the Kremlin. Now the [Alfa Group](#) founder has moved to London and is seemingly defying an edict to repatriate Russian wealth by splurging billions on foreign assets.

In a rare interview with the foreign press, Fridman told the *Financial Times* over lunch on April 1 that he is on a mission to improve the image of his country's business elite. "It's our moral duty to become a global player, to prove a Russian can transform into an international businessman," he said.

But a straw poll of Moscow analysts uniformly guffawed upon hearing of Fridman's elevation to a figurehead for good Russian corporate governance on the global stage. "Fridman is no Mary Poppins," a leading Moscow-based strategist tells *bne IntelliNews*. "He's clearly moved to London to run his fast-growing overseas portfolio."

Fridman, whose \$15bn fortune makes him Russia's second-richest man, has been living in London for at least a year now and says he plans to spend 50% of his time there. With the exception of Chelsea Football Club owner Roman Abramovich, all of the UK's prominent Russian exiles are firmly in the Kremlin's bad books.

Mikhail Khodorkovsky, the former Yukos owner, resides in London after spending 10 years in jail on what many considered to be trumped-up charges of tax evasion and theft. Boris Berezovsky, a former mentor-turned-critic of President Vladimir Putin, was found dead three years ago in suspicious circumstances in his Berkshire home. Banker Andrei Borodin calls the UK home now after being granted asylum upon fleeing Russia. Sergei Pugachev, once known as Putin's personal banker, made London his home up until a year ago when he fled for France. Yevgeny Chichvarkin, the Russian entrepreneur and Putin critic, also lives in London, while Vladimir Ashurkov, a former Alfa Bank executive who works for opposition leader Alexei Navalny, was granted UK asylum in 2015 after fleeing Russia.

Not so for Fridman, though that of course could change. According to the Russian edition of *Forbes* magazine, after selling his Russian oil business Fridman decided to relocate his holding company to London, and together with Alexey Kuzmichev, one of his key lieutenants, they became British tax residents last year even after Putin had requested that investors pay Russian taxes on profits they receive on holding companies registered abroad.

Perhaps moving to London's Mayfair district can be civilising, but the reputation of Fridman and his Alfa Group over the past two decades is one tarnished by nasty and protracted corporate spats.

His battle with BP for control of their joint venture TNK-BP, for example, was ugly and played out in the full glare of the media. The oil producer, which was hugely profitable, was the subject of unprecedented corporate pressure in the form of police and FSB raids and tax and immigration inspections – all contrived, BP asserted, by Fridman and his partners as part of a plan to take control.

Tensions came to a boiling point in 2008 after it was reported that BP had been holding secret talks with state gas monopoly Gazprom about buying out Fridman and his partners. Staff at TNK-BP's office in Orla had so far used to raid and inspect the former boss' office and the former boss' wife stayed in his office and work permits.

TNK-BP's British boss at the time, Bob Dudley, was constantly hounded. According to a report by *The Times* newspaper, Dudley regularly swept his office for bugs and took phone calls on his balcony to avoid being recorded. Dudley eventually fled Russia in July 2008 after what he described as a campaign of "sustained harassment."

Alfa's telecommunications unit was involved in a lengthy legal battle with Norway's Telenor over control of mobile phone giant VimpelCom, which began in 2005 and dragged on for seven years. Cases linked to the corporate tussle — which ended in a compromise agreement — were heard in US and Russian courts. Telenor announced on April 1 that it plans to sell its 33% stake.

VimpelCom, in which Alfa has a 56% stake, has also been embroiled in a corruption investigation in Uzbekistan. In February, the company agreed to pay a \$795mn to settle US and Dutch claims that it had bribed officials to win contracts in the former Soviet republic.

### Aven a laugh

The key to Fridman keeping on side of the Kremlin has been his suave partner Petr Aven, who joined Alfa in 1991 after serving as Russia's foreign minister.

Aven regularly meets with Putin at the President's Novo-Ogarevo residence and was even conferred with a state award for corporate citizenship personally by Putin in May last year. Berezovsky, who was once known as the Godfather of Kremlin, admitted that it was Aven who introduced him to Putin.

A former Alfa executive tells *bne IntelliNews* that Fridman and his partners were allowed to keep the \$14bn proceeds of their sale of TNK-BP offshore. "Abramovich was allowed to keep his proceeds from the sale of SibAl and Sibneft, and Fridman/Alfa were allowed to too," said the former Alfa executive. "This is probably driven by their personal relations with Putin."

Fridman is incredibly loyal to his partners and senior cadre who have worked with him for a long time. Even those who have left Alfa companies still speak well of him. "Fridman is an unbelievably smart guy and also quite down-to-earth compared to other oligarchs," a former senior executive at an Alfa Group company who now works for a rival conglomerate, tells *bne IntelliNews*. "I was stumbling out of a store with a bottle of vodka on my way to a party. Fridman recognised me and told his driver to stop the car so he could get out and have a chat and ask me about my family."

All of Alfa's businesses are kept in silos, deal with one another at arm's length and sometimes even compete with one another. Employees at Alfa Capital had MTS as their mobile provider even though Fridman holds the largest stake in its rival VimpelCom, an employee tells *bne IntelliNews*.

Despite their education and refinement, Fridman's senior cadre come across as sharks in sharp Italian suits. In April 2013, the Irish government hired Alfa's "special situations and recovery vehicle" unit A1 to help find and seize assets in the former Soviet Union that belonged to Sean Quinn, a bankrupt billionaire who was once Ireland's richest man.

The then-Irish ambassador, Philip McDonagh, and the government representatives looked like lambs being brought to the slaughter at the press briefing in the Interfax building on Moscow's Tverskaya. Fridman's A1 chiefs Mikhail Khabarov and Dmitry Vozianov laughed heartily when this journalist asked the ambassador if the Irish government had selected "the nice gentlemen from Alfa" through a competitive beauty parade.

The pointed irony is that there are few private banks or institutions in Russia and the CIS that can do the complex and murky corporate work that A1 does. Alfa managed to wiggle out of the agreement with the Irish government after the recession proved that nobody wanted to buy commercial real estate.

### Shiny, happy Alfa people

A confessed workaholic, Fridman surprised many with his recent involvement in organising and taking part in an electronic music festival. The event, Alfa Future People, has become an annual fixture for around 40,000 ravers on the river Volga. Fridman, 52, has even been sighted dancing and mingling with the mostly twenty-something crowds. "He was wandering around the festival without much security and nobody bothered him nor recognised him," photographer Todd Prince told *bne IntelliNews* after photographing the oligarch at last summer's event.

Fridman is a regular on the London party and arts scene, but he still travels back to Russia where he retains significant holdings in the retailer X5, VimpelCom as well as Alfa Bank, Russia's largest privately-held lender.

LetterOne, his Mayfair-based investment holding, has been busy ploughing the TNK-BP proceeds into overseas energy, telecom and technology assets like ride-sharing app Uber. The fund spent \$1.6bn on E.ON's oil and gas assets in the North Sea only after the UK government forced it to sell its North Sea fields in the country because of the risk of facing Russian sanctions.

Nobody connected to Alfa or LetterOne has been sanctioned by the US or the EU, and sitting down for lunch with the *FT* may help keep Fridman off any new list.

Asked about the difference between life in Moscow and London in a November interview, Fridman made a tacit admission that he owes his success in Russia to connections to power, which doesn't apply in the UK. "They are different worlds," Fridman told *Snob* magazine. "Here [Moscow], the most important factor of your success is the ability to build relationships with the government. Well, at least these relations should be favourable or the government should not interfere. The power structure in Russia is huge — you're confronted with it everywhere."

**EXHIBIT 7**

## INSTITUTE OF MODERN RUSSIA

MEDIA MUST-READS

## Russian Economy Suffers, Saudi King in Moscow, Lessons for Intelligentsia

Russian media roundup, October 7–13, 2017

13 October 2017

In this week's roundup, *New Times* interviews economist **Sergei Guriev** on Russian economic growth and the influence of Western sanctions; **Igor Nikolaev** defies official statistics pointing to a growing economy; **Leonid Isayev** details last week's visit of King Salman of Saudi Arabia to Moscow; *Republic* gets political advice from Alfa Group co-founder **Mikhail Fridman**; **Vladimir Pastukhov** outlines the real reasons behind the Serebrennikov case. **If you are interested in receiving this weekly roundup in your mailbox every Friday, let us know at [info@imrussia.org](mailto:info@imrussia.org).**



King Salman of Saudi Arabia at the bilateral meeting with Vladimir Putin on October 5, 2017 in Moscow. Photo: Planet Pix / TAASS.

### 1. *New Times*: Sergei Guriev: "Russia Continues to Sustain Losses from Isolation"

- *New Times* interviews **Sergei Guriev**, chief economist of the European Bank of Reconstruction and Development (EBRD), on Russian economic growth, the influence of anti-Russian sanctions, and how the rise in populism in Europe is related to economic issues.
- *On the impact of Western sanctions*: the Russian economy is growing, but slowly. It would grow more with structural reforms (the EBRD forecasts economic growth by 1-2 percent of GDP in the next several years and does not expect turbulence in the banking market).
- However, if present conditions prevail, Russia will continue to lag behind, and its share in the world economy will decrease.
- UN Special Rapporteur Idriss Jazairy estimates that Russia lost about \$52-55 billion (1 percent of GDP), and that the U.S. and the EU together lost \$155 billion as a result of the sanctions policy.

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## TRENDING

1. Why Russia Needs a "Sovereign Runet"
2. How Putin's Russia Works
3. Vladimir Bukovsky: "The more protests there are, the more likely political prisoners will be released"
4. Sergei Davidis: "Repressions inside Russia Embolden the Putin Regime to Act More Aggressively Abroad"
5. Alina Polyakova: "The idea that you can have a real democracy in Russia is an existential threat to the Putin regime"

## NEWS

#### What Moscow Protests Tell Us About Putin's Russia

On October 28, IMR and the Atlantic Council co-hosted a panel discussion on the prospects of the Russian protest movement. Panelists included director of the Atlantic Council's Eurasia Center, Ambassador John Herbst, IMR's director Olga Khvostunova and Russian journalist Ksenia Kirillova. Political scientist Maria Snegovaya moderated the discussion.

#### IMR Welcomes New Trustees

The Institute of Modern Russia is happy to welcome two new members to our Board of Trustees—Dr. Alina Polyakova of the Brookings Institution and Mr. Leonid Nevezlin, entrepreneur and philanthropist.

#### New Articles Added to the Research Section

Three research articles authored by IMR's Senior Advisor Vladimir Kara-Murza have been added to the Research section of the website. They had been previously presented in Tauride Readings, an edited volume published by the Center for the History of Parliamentarianism at the CIS Interparliamentary Assembly.

- Guriev notes that the U.S. losses are statistically indistinguishable from zero, and that Europe's losses are less than Russia's.
- The losses for Russia are real, but Guriev adds that the limits imposed by sanctions, particularly on technology, create risks for Russia's future development—not only for today's GDP, but for future economic growth. The lack of access to Western financial markets for all Russian economic agents is also a serious difficulty, particularly for private banks.
- *On investment*: Guriev estimates it remains at 21 percent of GDP. The government's calls to attract five trillion rubles in investment have not succeeded in expanding its portion of GDP. There is money within Russia, but Russian investors do not aspire to invest in the country as they believe the business climate is too poor.
- *On the Central Bank's effectiveness*: Guriev questions its current policies, despite the successful recent rescues of Otkritie and B&N Bank. He also recalled that during the collapse of the ruble rate in December 2014 Otkritie helped Rosneft conduct an \$11 billion bond deal in violation of banking standards, which the Central Bank ignored.
- *On the growing populist movement in Europe*: Guriev's view is that this movement is directly related to the worsening of the economic situation and the growth of unemployment—his research shows that people vote more actively for populists when they think that migrants are an economic problem, rather than a cultural one.
- *On the alleged EU crisis*: Guriev argues that, on the contrary, the European economy is growing, the unemployment rate is decreasing, and there is discussion of further European integration.

*New Times, Сергей Гуриев: "Россия продолжает нести потери от изоляции", Наталья Фролова, 8 октября 2017 г.*

## 2. *Vedomosti*: The Growth Is Not Real

- **Igor Nikolaev**, an economist and the director of the Institute of Strategic Analysis at FBK Grant Thornton, one of Russia's leading national audit and consulting groups, writes that while official statistics point to a growing economy, there is no ground yet for optimistic economic forecasts.
- In Q1 2017, GDP growth was 0.5 percent higher than in Q2 2016. By the second quarter this year, it was up to 2.5%. Top officials continue to quote these statistics, and President Putin has said that the Russian economy is "gaining momentum."
- Nikolayev notes that before judging the durability and sustainability of economic growth, one should determine what type of growth this is.
- According to the Russian Federal State Statistics Service (Rosstat), wholesale trade is the weightiest contribution to economic growth (followed by motor vehicle repair, mining, and regional information and communication activities). However, in Rosstat's monthly information bulletin, wholesale trade is absent.
- Wholesale trade is the resale (without modification) of new and secondhand goods. Although no new goods appear, with each resale there is added value. This new value makes a new contribution to total GDP.
- Therefore, although wholesale trade contributed to GDP growth the most in Q2 2017, it cannot be called quality growth. Nevertheless, the Ministry of Economic Development continues to make optimistic forecasts, even claiming that GDP will grow up to 2.3% by 2020.
- Nikolaev concludes that the main problem with this growth is its unstable nature. Given the instability of the economic situation in Russia, potential threats to the stability of the ruble are likely related to the high volatility in wholesale trade. This is confirmed especially by the monthly dynamics of its turnover. When the nature of economic growth works this way, it's hard to call it reliable.

*Ведомости, А рост-то ненастоящий, Игорь Николаев, 9 октября 2017 г.*

## 3. *RBC*: Test Contracts: What the Saudi King Brought From Russia

- **Leonid Isayev**, expert on the Middle East and Senior Lecturer at the Higher School of Economics, details last week's long-awaited visit of **King Salman of Saudi Arabia** to Moscow.
- Isayev argues that while this was the first appearance of a Saudi monarch in Russia, the significance of the visit ends here. The limits of Russian-Saudi cooperation are defined by the countries' fundamental

- The point of the visit was pragmatic, not ideological: Riyadh wants to play an important role in the postwar stability of Syria, and for that negotiations with Moscow and the procurement of Russian weapons are needed.
- Another key issue is Salman's son, who became the heir to the throne in June 2017, but whose transition to power requires foreign policy victories, e.g. an important agreement with Russia.
- The trip does not entail any fundamental changes in stance either by Moscow or Riyadh. However much the Saudis want it, Russia does not intend to curtail its cooperation with Iran; the Kremlin also continues to view Assad as a legitimate president. However, Russia's relationships with these countries mean that Saudi Arabia has to have a dialogue with Moscow.
- Isayev points out that situational cooperation between Russia and Saudi Arabia on the Syrian issue is entirely possible. Moscow values the role of the kingdom in the preparation of the Cairo accords in Eastern Ghouta; Riyadh hopes to continue to play a key role in forming the opposition delegation at the Geneva talks over Syria. It also expects loyalty from Moscow on the Yemen issue.
- Moscow is also interested in strengthening the financial, economic and military-industrial components of bilateral relations. The parties agreed to create a \$1 billion investment energy fund, and another in the hi-tech area.
- Additionally, Rosoboronexport and a Saudi military production company signed a contract licensing the production of automatic Kalashnikov AK-103s on Saudi soil. The contract is modest compared with the Saudi-American transaction in May, but up until now there had been no Saudi-Russian agreement on military technologies to begin with.
- In conclusion, Isayev notes that Riyadh is not interested in Russian weapons per se or in rearming its army with them. It's more of a political issue to prevent the sale of Russian weapons to Iran.

*РБК, Пробные контракты: с чем уехал из России король Саудовской Аравии, Леонид Исаев, 9 октября 2017 г.*

#### 4. *Republic* gets political advice from Alfa Group co-founder Mikhail Fridman

- **Evgeny Karasyuk**, editor of *Republic*, covers **Mikhail Fridman's** talk at the Atlanta Russian business forum in Moscow last week. Fridman is the co-founder of Alfa Group, one of Russia's largest privately owned investment groups. The talk was moderated by **Nikolai Uskov**, editor-in-chief of Russian *Forbes*.
- Fridman spoke, albeit with little inspiration, about his early business experience in Alfa Group, but refused to give advice, repeatedly stressing that there are no universal formulas to success.
- Fridman, who made his fortune in the 90s, also said that he did not want to touch on politics, but Uskov finally asked about the relationship between his business and the state, curious, as many in the audience were, as to why the Kremlin has not attacked such a huge conglomerate.
- After sidestepping the question, Fridman eventually spoke about Alfa Group's strange relationship to the Russian authorities, using an analogy that he seemed to think had been successful in the Western press. In Africa, he said, there are many dangerous predatory animals—lions, leopards, etc.—but one of the most dangerous for humans is the hippopotamus. The hippopotamus is a herbivore, but if you get in the way between it and the water, it will immediately attack you.
- The Russian authorities, he argued, behave in a very similar way. The main thing here is not to get between the authorities and the "water." Fridman explained that Alfa Group has never tried to get state contracts, state owners, or state shareholders.
- Fridman also said he has never met with Putin one-on-one. The company has not funded political parties on any side or sought to enter the inner circle of politics as a precautionary measure, even if that meant they would be without state help.

*Republic, Михаил Фридман: «Главное, добежать и сказать, что тебя уже практически убили», Евгений Карасюк, 7 октября 2017 г.*

- **Vladimir Pastukhov**, political scientist and research fellow at University College London, argues that the Serebrennikov case is not as senseless as it may seem. Theater director **Kirill Serebrennikov** has always been loyal to the authorities, but his arrest doesn't set his case apart from those of Khodorkovsky, Magnitsky, or Navalny.
- Pastukhov outlines three possible reasons for this arrest.
- 1) Some observers believe that Serebrennikov circumvented "the rules of the game" and that his arrest could be a warning of the risks of such behavior. But even if Serebrennikov followed all the rules, his fate would not change because his case is a classic example of the legal arbitrariness of the Putin era.
- Perhaps even better than all previous political prosecutions, it demonstrates that accusations of embezzlement have become an instrument of political repression.
- While "enemies of the state" under Stalin were forced to confess to crimes they did not commit, legality was strictly observed. Under Putin, the very fabric of law is actively being destroyed. So the Serebrennikov case should not be judged on the legal plane.
- 2) Others believe the criminal prosecution and arbitrariness are related to Serebrennikov's political views.
- While the theater community defended him, Serebrennikov was still criticized for his former proximity to power.
- Thus, the question was raised as to whether the creative intelligentsia can cooperate with the Russian authorities. Between the Russian government and the Russian intelligentsia there is a deep inner connection—it is unfair to describe their relationship in terms of hostility and betrayal. The authorities constantly breed the Russian intelligentsia, support it, and then destroy it.
- Within this logic, the persecution of Serebrennikov is seen as mystical retribution for an unacceptable compromise with the Kremlin, as if the director made a deal with the devil.
- 3) From Pastukhov's point of view, the main and almost meaningless lesson that the Russian intelligentsia can learn from the Serebrennikov case is that the loss of political freedom will sooner or later lead to the loss of aesthetic and creative liberty.
- Since the annexation of Crimea, it is not enough to be politically loyal; it is also necessary to fit into the aesthetic preferences of the authorities. Serebrennikov didn't change, the authorities did.
- Pastukhov concludes that only those who can compel themselves to love the authorities can get along with them. The reckless creative freedom of the two post-communist decades is coming to an end, whereupon the Serebrennikov case is not special, merely the beginning of a new era.

*Republic, Власть над эстетикой. Какие уроки может извлечь интеллигенция из дела Серебренникова, Владимир Пастухов, 9 октября 2017 г.*



**EXHIBIT 8**

WORLD

## Russian Oligarchs Try Cultural Diplomacy In New York

The oligarchs behind L1 Energy, a new oil and gas concern, open an art exhibit at New York's Neue Galerie.

By Miriam Elder

Posted on May 12, 2015, at 2:08 p.m. ET



Petr Aven

*Carl De Souza / AFP / Getty Images*

NEW YORK — More than \$20 billion worth of Russian money gathered under the high ceilings of New York's Neue Galerie on Monday evening to open a new exhibit featuring the private collection of one of the country's top bankers — and to promote the new oil company he has just taken part in founding.

Case 1:17-cv-02041-RJL Document 133-4 Filed 03/05/21 Page 54 of 88

The exhibit, which opens May 14, draws heavily from the private collection of Petr Aven, worth an estimated \$5.2 billion according to Forbes. Along with Mikhail Fridman, one of Russia's richest men with an estimated fortune of \$15.4 billion, Aven has made billions as part of Alfa-Bank and sits on the board of LetterOne, a new investment vehicle that includes L1 Energy, an oil and gas concern designed to look beyond Russia's troubled borders for investment.

“People are scared — sanctions and all that,” Fridman told BuzzFeed News, saying he felt increasing fear among Western investors regarding Russia. “For us, it’s sad,” he said. “As businesspeople, it’s doubly sad.” He called the exhibit a “way to keep communication open.”

Addressing the small crowd gathered Monday evening, Aven made no mention of the Kremlin or President Vladimir Putin, or the worsening relations between Washington and Moscow. Nor did he mention the strict sanctions regime that has closed the West to many of his fellow wealthy countrymen. “For my generation, to be part of the world ... was a deep existential idea,” he said.

The invitations for the gathering mentioned the “occasion of” the new exhibit, but presented the event as the launch of L1 Energy, a \$10 billion oil and gas group launched by two Alfa colleagues, Mikhail Fridman and German Khan. The seed capital comes from Alfa’s sale of its stake in TNK-BP, which began as a joint venture between the Russian oligarchs and BP, but descended into a vicious shareholder battle that harmed Russia’s reputation as a site of stable investment. Rosneft, Russia’s state-owned oil giant, took over TNK-BP in 2013.

Since then, Russia’s economy has tumbled on sinking oil prices and the fallout from its war in Ukraine, which prompted the U.S. and Europe to put many of those oligarchs closest to Putin on sanctions lists.

Even those not on the sanctions list have been affected by the climate of risk that now surrounds Russian money. When L1 was looking to buy RWE Dea, the oil and gas arm of German company RWE, earlier this year, it faced stiff opposition from elements inside the U.K. government who feared the company's ownership of North Sea gas fields could be in jeopardy if further sanctions were implemented. The deal eventually went through in March.

“We look forward to working all over the world,” Lord Browne, the former head of BP who oversaw the creation of TNK-BP in 2003 and now chairs L1 Energy, told the crowd. “We are going to build a company from scratch,” he said. “It’s the right time to do it.”



Miriam Elder is a political reporter for BuzzFeed News and is based in New York. Her secure PGP fingerprint is 5B5F EC17 C20B C11F 226D 3EBE 6205 F92F AC14 DCB1

Contact [Miriam Elder](mailto:miriam.elder@buzzfeed.com) at [miriam.elder@buzzfeed.com](mailto:miriam.elder@buzzfeed.com).

Got a confidential tip? [Submit it here](#).

**EXHIBIT 9**



| ODR

## Fridman: How I became an oligarch

What do you need to succeed in business? A mixture of luck and good judgement, according to Mikhail Fridman, one of Russia's richest men and currently head of the Alfa Group. Gorbachev's 1980s reforms made private enterprise possible – Fridman and others like him did the rest, as can be seen from this transcript of his lecture at the Publishers' Forum in Lvov.

[Mikhail Fridman](#)

14 November 2010

Good afternoon, good people of Lvov, dear colleagues!

I am starting this lecture in Ukrainian because I can still remember it, although I haven't spoken Ukrainian for almost 30 years. I'm very grateful that you have taken the time on this day off to come and listen to me. I would like to apologize and switch to Russian, as my vocabulary is not sufficient to say everything that I would like to.

I'm grateful to the organizers for the chance to visit my native city and meet them. Actually, I never give lectures, as I work in a somewhat different genre, but I do enjoy it. I hope I will be able to answer the questions that interest you. The topic of the lecture is "How to become an entrepreneur". In discussing this topic with my friends, I said that to start with you need to be born in Lvov, then come to Moscow at the right time, when the empire starts to collapse. In principle, this is the simplest way to become an entrepreneur.

But more seriously, I think that to become a major, very successful entrepreneur, you really need to be in the right place at the right time – a lot of things have to coincide. It would probably be difficult to become an entrepreneur in a small or a very poor country. The world is changing and becoming globalized, and the list of the richest people naturally includes Chinese, Indians, Americans and Russians – Russia is after all an enormous country with enormous resources. But the richest person in the world is the Mexican Carlos Slim, who is certainly not from the largest and richest country in the world. Nevertheless, from his beginnings in a small town he created an enormous business empire, which works practically all over the Latin American continent and successfully competes with representatives of other economies of the world, which are much larger and stronger. So I think that everyone present here who decides to devote his life to entrepreneurship has a chance of achieving virtually unlimited success.

But the most important thing is not how to become a major entrepreneur or head of enormous business projects, but how to become an entrepreneur in general. For this I believe it's not so much the circumstances that are important, as a completely different quality – entrepreneurial talent.

Entrepreneurial talent is a talent just like any other. It's like scientific, creative or literary talent – we are here as part of a literary forum, after all. Historically, the attitude towards entrepreneurial talent has generally been rather controversial, I would even say discriminatory, especially on the territory of contemporary Ukraine and Russia and the states that existed here. Public perceptions of entrepreneurial talents were generally quite negative. There are undoubtedly many reasons for this. One of the most important is probably religious. As you know, greed – and essentially entrepreneurship is about earning material wealth – is one of the deadly sins, and traditionally all religions, especially the Orthodox church, had a very negative attitude towards it. As Christ said in the Sermon on the Mount, "rather a camel will pass through the eye of a needle than a rich man will enter the Kingdom of Heaven". This idea has been uppermost in the public mind for centuries. To this day, the image of the entrepreneur in Russia, and I think Ukraine, is generally contradictory.

The destruction of this stereotype began with Protestantism. The dissemination of the Protestant ethic led to a change in the attitude towards entrepreneurship: people began to think for the first time that an entrepreneurial talent was a gift from God, just like any other. A person who was born with this talent should use it and should accumulate material wealth, to be used not for his own needs, but to the benefit of society.

From that moment, business gained full legitimacy and became a respected and honourable occupation. This is why we have the phenomenon of Anglo-Saxon societies today – America, Canada, England and others – where the businessman is a leading figure in public life. The general approach of these countries to politics, social life and culture, has a clear business orientation and their societies focus on achieving results. There is strict public monitoring of business expenditure and norms of behaviour. But the obvious success of these societies and their achievements have led to the figure of the businessman and business activity becoming increasingly important and significant in all countries, religions, and on all continents. For some, results are better, for others they are not so good.

Undoubtedly, for Russia and for Ukraine this is a long path, and a great deal of time must pass before attitudes towards business change.

Now for a few words about the talents I believe a businessman needs, and what entrepreneurial talent consists of. It is widely thought, and has in fact been proved by science. If a person has the talents of Descartes, as people with analytical tendencies, an inclination towards the natural sciences, logic and calculation, the right hemisphere is more developed. The left hemisphere controls creative tendencies, intuition and creative thinking. Each person is considered to have one or other side better developed. My analysis of the activities of people who are seriously successful in business leads me to conclude that entrepreneurs come into the category of people with equally well developed hemispheres. Perhaps they might not make such great scientists or outstanding artists, but evidently they have a little of both talents, to an equal degree, so to say.

Why do I think this? Because, on the one hand, I think that entrepreneurship is an inherently scientific analytical function: it develops calculation, economy, a sober and very precise approach, forward planning ability and the calculation of results, efficiency and so on.

On the other hand, the main target for the work of the businessman is clearly the person, as it is for creative people. People, as we know, are very complicated and contradictory, and it is quite difficult to use the analytical method alone in your dealings with them, especially when we are talking about such subtle things as building a business team or relations with partners or the authorities. Therefore, in principle, I believe that a successful entrepreneur makes a precise, cold-blooded and balanced calculation of what will happen, but he also enjoys socializing with people and is good at it. He has a good sense of human nature, and sometimes even an intuitive understanding of the motives and behaviour of others. In other words, business is a science about the behaviour of people, both the general public and individual outstanding individuals. And I believe that the combination of these qualities to a sufficiently equal degree usually gives a good basis for success in business.

Entrepreneurial talent is expressed in a standard set of very important talents which are useful in any type of human activity: qualities of leadership, persistence, perseverance and so on and so on. But there are also some characteristics and qualities that are quite specific to entrepreneurial activity.

I would say that the first specific quality is that the entrepreneur has to have a healthily opportunistic approach. Opportunism doesn't always have a positive meaning, and very often in personal relationships or family life and friendship it may not be so good, but in business it is sometimes very useful.



*Mikhail Fridman: I think that of all the types of human activity, entrepreneurship is in some sense the closest to war (photo:polit.ru)*

I recently told my friends a story: when we started working as entrepreneurs at the dawn of the cooperative movement, we had an office in the building of the Institute of Chemical Physics, one of the largest academic institutes in Moscow. We rented a small part of the building, and people of the same age worked in the building next to us (I was about 24-25 at the time), graduates of the best Soviet universities, the Soviet scientific and technical elite. They were already either young candidates of science or professors, although we were all about the same age; in other words, these people were brilliant, well-educated, smart, erudite etc. Incidentally, I also tried to enrol in the Moscow Physics and Technical Institute at one time, but unfortunately I didn't get in, so for various reasons I was mildly envious of these people.

We were friends, we met and talked, and as we were all only just starting out, I said to them: "Come on then, join us". They seemed to be interested, but then we talked, and they explained to me very logically and in detail why they couldn't do it. They said, for instance, that we would need start-up capital and that we didn't have any. This was quite right. Then they started talking about the danger, the rackets and gangsters, which was also absolutely correct. Thirdly, they said that the Soviet regime would not allow it, and we would all end up in jail. They gave ten reasons why you could not go into business. After that we continued on our way and they on theirs and the final result was clear for all to see: the Institute collapsed and they lost their jobs.

I'm not saying this because I want to criticize their logic. We had no answers to their questions, but we did have an internal conviction that we would win through. Businessmen frequently work in very contradictory conditions and it is very hard for them to make precise calculations of every aspect of what they are doing. I would actually say that if it could all be calculated, it would no longer be business, just the technique of execution. But a healthy opportunism and confidence that you will find the right decision in this rapidly changing world are some of the most important qualities for businessmen.

Another quality which I think is interesting for entrepreneurs is a combination which in ordinary life might be regarded as not very positive: great flexibility on the one hand and an ability to stand up for your interests very firmly. Flexibility in tactical issues and firmness in standing up for your strategic goals is a combination that one rarely encounters. Flexibility is sometimes perceived as lack of principle. Very often in the public mind, businessmen are amoral, because they are prepared to make friends with yesterday's enemies and unite against the people they were friends with yesterday etc. Such behaviour does indeed seem unprincipled. Nevertheless, I think that an ability to determine the thin line between tactics and strategy, tactical and current aims and strategic objectives is a very important quality.

There is another aspect which I believe is interesting. In principle, entrepreneurship involves a great deal of conflict. Most people don't like conflict, which is quite normal. People like to be reads, read arguments, and talk in a polite way with their friends. But business involves focusing on conflict, if necessary, and a readiness for it. In business you should be prepared to defend your interests very fiercely from time to time.

I think that of all the types of human activity, entrepreneurship is in some sense the closest to war. Corporate wars reflect the level of tension in battle, the rigour and lack of compromise. If someone is in principle prepared for this kind of war and can live with the idea of conflict, then he will probably be successful in business.

And now for the last amusing thing which I think is related to entrepreneurship – an adequate assessment of yourself and the people around you. Sometimes people confuse this with cynicism and accuse entrepreneurs of a very cynical attitude to reality. Again, you could say that in the everyday sense of the world this is true, because the entrepreneur is probably obliged to perceive the whole world objectively, perhaps envisaging the most negative scenario, the most unpleasant acts by other people, including people who are close. We are talking about business here, where there can also be conflicts with friends.

Nevertheless, I think that if this justly reflects the surrounding world, then this quality is good for business, and not so bad for relationships either. Of course, it is delightful to delude yourself and have illusions about your acquaintances and friends, and other people you do not know well... But it is better to take a more sober attitude. Perhaps I am exaggerating a little when I talk about such things, which are not so attractive in an ideal world, but I'm talking about the generally accepted qualities of activeness, energy, drive, charisma etc, which are striking human qualities that are useful for almost any activity.

To conclude my lecture, I would like to say that in business there are different situations, pleasant and unpleasant, as there are in everyday life. But to my mind it is one of the most wonderful and intriguing forms of human activity, which is engrossing and gives rise to very vivid emotions. When I look back at my modest business activities over the last 20 years, I sometimes think that it reminds me of a good thriller, which so far has a happy end. (Although I hope it's not the end yet).

And I recommend it to everyone who feels that they have the skills, tendencies and talents in themselves to work in business. It really is interesting and entertaining, and I think that your life will be very full and rich. Success to you all!



*Publishers Forum in Lviv is the largest book fair in Ukraine and one of the largest in Central and Eastern Europe (photo:polit.ru)*

**Boris Dolgin:** Thank you very much, Mikhail Maratovich.

You have listed many wonderful qualities which indeed seem to be necessary for a businessman, though perhaps in other situations they may not be the best. But there is another profession, members of which I think you will have met in various countries and worked with in some way – politicians. Don't you think that the characteristics that you talked about – the combination of analysis and intuition, and the readiness to take risks, and to enter into conflicts – are in some way close to the qualities of a politician? What are the differences?

**Fridman:** Yes, indeed, politicians and entrepreneurs are very similar, but we should not forget the difference between politicians and businessmen. And if we're talking about how they differ, I think that politics is undoubtedly a more humane form of activity, there is less calculation and less logic in it. Or rather, there is also a certain logic to it, but it's not like business logic. In business, especially in major organisations, analytical calculation involves marketing, studying the market and so on, quite scientific things in other words. That is all very important. Of course, politics is also gradually starting to move in this direction...

**Dolgin:** You mean they require studies and reports?

**Fridman:** Yes, sociological surveys and so on. But in my opinion politics at present still exists more in the sphere of emotions and feelings about the needs of society and social groups. It's much less analytical than business, to my mind. Of course, a transition is taking place, because as we know politics is the concentrated expression of the economy, and in the end politics reflects the interests of large economic groups.

Also I believe that in some sense entrepreneurs are much freer than politicians. For me personally, for example, this is the most important factor, for politics is often harmful to your health. The reason that I would never go into politics is that it would undoubtedly force me to live publicly in many ways. But entrepreneurs have much more freedom to manoeuvre, they lead their own private lives. For me this is absolutely crucial.

I agree that politics and the economy are mixed spheres of activity, and as society develops, the dynamic of the transition from one category to the other becomes increasingly complex. The huge number of entrepreneurs must take into account the structure of American politics, we can see that the “horizontal” transition from politics to business and vice versa is extremely common. The USA had a finance minister called Robert Rubin. That was about 10 years ago.

**Dolgin:** Under Clinton.

**Fridman:** Yes, I think it was under Clinton. And he was in post for a long time, over seven years, I think, which is uncharacteristic, because usually a finance minister stays in his position for two, three or four years. In one presidential term there are often two Secretaries of the Treasury. He showed me portraits of all the finance ministers at the ministry, starting with the first, who were wearing wigs, and he said: “I’ve been the minister for longer than all the rest. Do you know why? Because I was rich when I came to the position. I don’t need to step down. Everyone steps down, because they are poor. They work and then go into business – they need to earn money. But I don’t have to.” He really was a very rich person when he became minister. I mean to say that the American establishment is quite relaxed about the political and economic environment being one whole. And the style of American politics is very business-like, everything is very much directed towards a specific end result, there are no abstract goals, everything is very focused. So I think that politics and the economy are often very close.

**Question from the hall:** Do you think we can expect a second wave of the crisis? And a second question, how did you understand how to start a business and what to start with? Thank you.

**Fridman:** As for the second wave of the crisis, in order to talk about this more or less seriously, we must agree what we understand by the word “crisis”, and how the previous crisis manifested itself. It led to a drop in GDP in the economic system of the developed countries and in developing countries such as Russia, Ukraine and the Baltic States. In America the drop was around 5%, in Russia it was 8.5%, and in Ukraine it was 15%. On the whole this was, of course, a serious problem, but I wouldn’t describe it as very dramatic. The crisis was compared with the “Great Depression”, but that is not really appropriate. A crisis is a normal phenomenon, it happens all the time, and during the course of our work we have lived through at least three to four full-blown crises: in 1998, 1995 and 2000.

I think that if we are talking about a repetition of the crisis in the form that it took in 2008, i.e. a drop in GDP and several major banks in crisis, then there will not be a second wave. The central banks, governments and all the other institutions that keep track of them have drawn their own conclusions, and I am practically certain that a repetition of this scenario, when major financial structures collapse, will not happen. Today, we must admit that it was a serious mistake, dictated by the personal problems and mistakes of a group of people: the American treasury, and the management of companies.

But in some other form there will undoubtedly be a crisis. Maybe not next year, but in several years. An obvious form that it may take is the default of sovereign debts of European nations. This will lead to other problems, for example problems with the flow of investments to these countries, problems of budget deficit and accordingly the devaluation of national currencies and major inflation in the countries that it may affect.

What do I mean by this? If you understand the words “second wave” to mean a repetition of the scenario, then the answer is “no, there will not be a second wave”. If you understand the “second wave” to mean some kind of crisis in the economy, then that will certainly happen. I can’t say “sooner or later”, but I don’t think they will happen in the near future, because everyone is paying a great deal of attention to these issues and making sensible decisions. They’re all very scared. A crisis usually happens when people are afraid of nothing, things in the garden are rosy and can only get better. That’s when the crisis strikes. As everyone is very scared at the moment, talks about this all the time, and tries to address the problems, I think that some fluctuations will inevitably occur, but in principle we should not expect such a dramatic development of events.

And the second question. You know, it’s a hard one to answer. I’ll tell you why. In principle, you can work in any area you wish to, I assure you. If you have talent, everything will be fine. I simply think that in order to do business, you need to have a feeling that is not on the level of calculations and economic models, but an intuitive, inner perception of some demand that is in the air, which exists in society and which is not satisfied at present, and you can try to satisfy it.

For example, if I took the metro, and I haven’t taken the metro for many years, unfortunately or fortunately, so I don’t know what people need who take the metro. But when I spent a lot of time in the metro 20 years ago, when I walked the streets and lived the life that students live – I graduated from the institute and then worked at a factory – I understood very clearly what might be of interest and what might be needed. That’s what we did: we didn’t sit and think up very clever things, we started from what interested us, what our friends and acquaintances needed. That was my initial premise. I assure you that if you listen attentively to your inner voice and the opinion of those around you, then you will soon understand what may be required.

This is a banal answer – of course, it’s always easy to do something new. The times we live in are greedy and fast-moving: the number of things going on in different places at the same time is constantly growing. This is mainly down to new technology, so that’s obviously a field to work in. It’s in demand, there’s less competition, it’s only just started and it’s a new field. And it probably won’t need a gigantic outlay: IT, internet and so on. As I say, a banal answer, but I think that anyone who is able to be intuitive about what people around him want, will be able to come up with something.

**Dolgin:** Mikhail Maratovich, but you are in business and you are an entrepreneur. When you decide to do something else, you are also reacting to something and you pay attention to the analytical reports that you read.

**Fridman:** Well, firstly, of course we don't stand in one place and develop. A business structure has its finished logic, its own life. When we started out, there were a lot of new words in 2004. Here I'll give you an example. Long time did it take to add a five-term agreement to both age and experience I began to understand that this is in fact a very correct name. It is indeed a notional legal person, the product of the activity of your company and your partners, which starts to live a completely independent life, has its own fate, its own interests and its own aims. Our job is to support it in these interests. It's a separate object, inanimate, but well delineated. When you are already working on it, the existing business dictates to you what needs to be done, but when you're just starting up, you are in a rather different situation.



*The geographical distribution of Alfa Group's markets (2008 data). Mikhail Fridman: "The percentage of our business in Russia is falling. Currently, I think, it stands at 70-80%, but over the next 10 years it will certainly drop below 50%".*

**Yury Maximovich:** Good afternoon. How global is Alfa Bank now? How much of the business is in Russia, and how much in other countries?

**Fridman:** Thank you.

I already mentioned Carlos Slim, who started out with a Mexican company, and then spread his business throughout South America. I mean to say that undoubtedly globalization is at the same time a goal and an objective fact which doesn't depend on what we want. We want to globalize, because diversification reduces dependence on a specific country. This dependence always exists, on politics, economics or social factors. Although we are in principle patriots in both Russia and Ukraine, we understand that diversification of business would be extremely useful for us, for our business to be stable, reliable and steady. This is on the one hand, but on the other it is absolutely essential, especially in the telecommunications sector, because, if you think about it, telecommunications is globalization in itself. The speed of information exchange is globalization. This is the business that represents the core of globalization, and so, whether we want it or not, staying within national borders in this business would be an absolutely no-win strategy. So, on the one hand, it's what we want and on the other it makes good sense.

As for the percentage of our business in Russia, in the CIS, and the rest of the world, I would put it like this: Russia so far remains the main economic space where we carry out our activity. Nevertheless, the percentage of our business in Russia is falling. Currently, I think, it stands at 70-80%, but over the next 10 years it will certainly drop below 50%. Accordingly outside the CIS, it's 5-10-15%. I think that in future there will be 50% in Russia, 20% in the CIS and 30% in the rest of the world, which in my opinion will be a much more balanced approach than what we have today. Although 5-7 years ago, practically 100% of our activity was in Russia, so we are taking the right path.

**Question from the hall:** How did you start, and is the income you earn at present sufficient for you?

**Fridman:** Since we started at the dawn of entrepreneurship, our goal was quite primitive – to earn money. We lived in a hostel, so we all dreamed about the beautiful life and cars, like all ordinary people. We earned the first money quite quickly, and over a few months our demands increased. We bought our first Panasonic television, a video player, and later we bought cars. Of course, this money, from the standpoint of personal consumption, was more than enough to live on comfortably. I know quite a large number of people who earn a lot of money, travel to various beautiful places and don't deny themselves anything. This philosophy is somewhat alien for us (for me and our partners) as retiring on a professional pension (even a very comfortable one) would be at the very least totally uninteresting for us. We like what we do.

I can't say that it's an easy profession, but it's very difficult to convey in words the excitement of the story that unfolds in business. For me it's a thriller, a western, something like that. So, when you get used to living in this genre, life without it becomes very boring. For example, after several days on holiday, I feel the need to get back to my customary activity. In some sense this lifestyle is a little crazy, but at the same time it is very interesting. On top of that you start needing to develop and learn. If you want to be in the picture, you must keep track of political and world events, and rumours. So I don't want to leave business, I don't want to lose this drive, I want to be eternally young, energetic, strong and successful. It's for this feeling that we do business. Money is just a way of measuring our success.

**Dolgin:** To continue briefly. One of your colleagues from Alfa, Pyotr Olegovich Aven, once made a kind of apology for big business at one of our seminars. He said that it is in really big companies with a serious corporate culture, where transparency is very important that a kind of new culture of relationships develops, and those elements that made business so unpopular in the 1990s, dirty dealing etc., disappear. What do you think about the role of big business as a bearer of culture?

**Fridman:** People say that in big business people are unprincipled and vile cynics and I'm sure that this is true in some cases. I don't idealize myself or my colleagues, and I don't think that you can run a major business without having a very precise system of values and principles. This is because a major business involves a large number of people, and every company, as we know, has its absolutely individual approach to internal ethics, philosophy, aims, objectives and values. The fact that this set of values exists is not in doubt. Values can differ, they may be criticized for being incorrect, but they exist. They are sets of ethical and social norms inside a company, which create the backbone that is called corporate culture. This virtual thing is colossally important for the achievement of results. As important as community spirit and public morals are for achieving results in society. Every company, if it is living and strong, has ethics and principles. So in this sense, I think that businessmen have an important role to play as bearers of culture. The question is to what extent this spirit and this set of values correspond to public morality.

I think that the problem of big business in Russia, as in Ukraine, is that the needs of big business are very different from public perceptions, so there is a gap between the two. This is why the morals of major corporations often seem hostile and alien, because they are in principle very different. Again, historical roots and explanations are to be found in religious beliefs. So to say that business is good for society, that the values it brings to society are correct is to my mind far from true. This is a philosophical question: it is not clear whether society needs these values, there are many societies living a different life. The values instill a pragmatic attitude to life and improve the material results – that is true, but it's not clear how much help that is to society. True, there are some ethical rules in big companies that are often of use to society.

**Dolgin:** You are a member of the Russian Union of Industrialists and Entrepreneurs. What do you do there?

**Fridman:** The RUIE is a public organization, one of the few in our country that was created from the bottom, not top down. It was an initiative of the general public, the "simple oligarchs". It's even called the oligarchs' trade union, as a joke.

**Dolgin:** But that didn't happen straight away, it was the 'red directors' at first.

**Fridman:** Yes, the red directors came first, but they were already past their pension age and the organisation was dying on its feet, so it was given to us. You could say that we asked for it, and we saw them smoothly into retirement. It became an "oligarch" structure with the involvement of all the major and most famous entrepreneurs in Russia. If you've heard anything about Russian business, then you know virtually all of them. Incidentally, it's a great honour to be admitted to the ruling body, which is called the "bureau" and consists of 20 or so people. We really do try, as far as it is possible in our socio-political conditions, to influence the economic policy of government and the legislative policy of the State Duma, deputies and ministers. You can't say that we have great success, but in general it is considered to be the most influential public organization in the business sphere today.

Indeed, Presidents Vladimir Putin and Boris Yeltsin had regular meetings with representatives of the RUIE bureau, and President Medvedev still does. They discuss official matters, although some meaningful discussions also take place there. And we are undoubtedly protecting general interests, rather than the interests of our personal business. Not because we are such great altruists – we would gladly protect our business – but because colleagues do not permit the discussion of their interests only. Everyone has their own interests. You know, in the company of these people you become a decent person, whether you want to or not, and you fight for the good of all. This dictates certain conditions, and I won't go into detail and give specific examples now, but we have indeed had a positive influence on many laws, legal documents, with a view to making business life easier. This organisation is very liberal in both its spirit and its views. At the very least, it advocates the priority of private property over state property and supports the liberalization of business in Russia.

**Question from the hall:** Pane Mikhail: how do you think mankind will develop over the next 60 years? Thank you.

**Fridman:** What lies ahead is a difficult question. What can I say? In principle, we will have the same things we had in the past, there will be a lot of good things and a lot of bad things. I don't think that this topic or this format allow me to say anything interesting on the subject. I'm not a scientist or a prophet, I just do what I do. Thank you for your questions.

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**EXHIBIT 10**



**RealClear** Politics

# As Global Instability Spreads, the "Indigo" Economy Rises

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By **Mikhail Fridman**  
April 29, 2016

Something strange is happening to our world. The basic principles, rules and values that have long served as the foundation for our lives are falling apart. Fragility and instability are spreading like a virus, infecting countries and continents. Those who only yesterday were on the margins of European politics are bursting onto center stage. Some are left-leaning, like Syriza in Greece and Podemos in Spain. Some are right-leaning, such as the National Front in France, Fidesz in Hungary or AfD in Germany. But all are populist and anti-establishment. And it is not just Europe that is being shaken up.

The United States of America, which was built on the principles of free markets and openness, is rallying to presidential candidates who are either propagating socialist views or arguing for isolationism. This populist

advance reflects an obvious and sad fact: Old and tested truths no longer satisfy modern societies and need to be reviewed and redefined.

The economic outlook is also unstable. Extreme volatility in the markets has become the norm. This instability is usually attributed to two main factors: the sharp decline in the price of natural resources and the slowing of China's economic growth. These two factors are actually contradictory. Cheaper resources should, in theory, benefit China, the largest importer of natural resources. Western economies, which are the main consumers of Chinese exports, should also be helped by cheap energy, but there is no sign of that either.

Volatility in politics and markets is a sign of a major tectonic shift that is happening before our eyes.

We are entering a disruptive era driven by extraordinary levels of human creativity. A new generation of curious, strong-willed and talented individuals is unhindered by convention or the past. This new "Indigo" generation is now shaping tomorrow's economy and creating national wealth. I use the term Indigo because it has been used to refer to children with special or unusual abilities. This is an era where abnormally talented individuals and entities are now able to realize new levels of human potential and economic achievement.

### **How is the Indigo era different?**

Over thousands of years, human history has been defined by the struggle for access to natural resources, or to put it simply, for land that contains those resources. Whether it is fertile soil, access to trade routes, gold, minerals, or oil and gas, land has always been a primary source of national wealth. The sanctity of national borders, which is the cornerstone of national identity, is a reflection of that idea. Fear of shortages has created cyclical bubbles in commodity markets and has inspired Hollywood thrillers about the war for oil and gas. It seemed that sooner or later the economy would run out of something essential for its growth. Yet every time these bottlenecks – be they in rubber, Indian spices or conventional oil and gas – were resolved by finding an alternative.

This new Indigo era undermines the hypothesis that depletion of natural resources is imminent. The innovative potential of developed countries has allowed people to find alternatives to any such shortage. This does not mean that the world no longer requires natural resources. But it eliminates the real or imagined shortage of those resources and deprives commodity exporters of what have been super profits. Oil and gas was the last bastion of these bottlenecks and it too has crumbled, thanks to Indigo economies.

The main source of national wealth is not the resource rent but the social infrastructure that allows every person to realize his or her intellectual and creative potential. It is for this reason that Exxon, once the world's largest company, has been overtaken by Apple and Google. This represents a paradigm shift in which creative, non-linear thinking and random ideas are turned into new scalable services in a short space of time.

of time.

## Requirements for developing an Indigo economy

World-leading firms such as Apple and Google have introduced revolutionary changes in business through innovation. So let's call them Indigo companies.

One can see three main interconnected factors that have led to their achievements.

The first requirement is intuitive individual talent and a high level of education. The originator of an idea has to be not only creative but also well-educated and able to form a team of equally educated and gifted people.

Second, to realize an idea, even the brightest innovator needs the cushion of a "cloud," a sophisticated infrastructure for doing business. This includes a legal system that can protect both physical and intellectual property rights and a competitive environment that allows small companies to turn into giants without fear of being swallowed by larger companies at their initial stages.

The ecosystem of an Indigo economy requires thousands of suppliers and subcontractors that can provide competitive, high-quality services ranging from venture financing to marketing and Web design. This cloud of available services allows users to benefit from all these technologies without the need for deep knowledge or expertise from any of them.

Third, a global digital infrastructure is needed to distribute new products and also to accumulate customer data and new levels of insight. This enables the Indigo generation to understand customer behavior and to create new services even before there is a demonstrated demand.

## How easy will it be to replicate this Indigo ecosystem?

The global digital world already exists, and the Internet and cellular networks are reaching the most remote corners of the world.

We know from biology that human intelligence, talent and creativity exist everywhere and are equally distributed among all nations and races. Good education is not available everywhere, but all large developing countries have serious universities. Moreover, people from these countries have a chance to study abroad or take online courses provided by the world's best universities.

The most problematic area for the functioning of the Indigo economy is the creation of the "cloud" as well as the social and institutional environment that is congenial to innovative companies. The "cloud" cannot be built overnight. It has evolved as a result of a profound social and political development that Western societies have experienced over centuries. A firm legal system, competition rules and a system of checks

and balances do not automatically result in the creation of a Silicon Valley. Nonetheless, the West has the best conditions for making breakthroughs in different spheres of human activity, be it biotechnology, robotics, logistics, or transportation. (Full disclosure: I recently invested \$200 million in Uber.)

It is also clear that countries lacking Indigo-friendly infrastructures are disadvantaged. The creation of a balanced social system and a competitive, rule-based environment requires some shifts in values and thinking as well as the breaking of stereotypes.

### **How Indigo will influence the world economy**

The past few decades have been characterized by globalization and economic cooperation between the developed world and emerging countries. Emerging nations exported commodities and cheap labor to the developed world and used the proceeds to build roads, airports, cities and logistic centers. This has produced new jobs and attracted foreign investment, which, in turn, boosted the growth of a modern middle class.

Governments typically favored fast physical infrastructure projects at the expense of building institutions, independent legal systems and encouraging competition. These seemed like long and difficult tasks that did not match traditional values and often contradicted the interests of the ruling elite. The most obvious example of this approach was China.

China, where the development of institutions was sacrificed for the sake of building new cities, has already run into difficulties trying to build an Indigo economy. Having realized the scale of problems related to the weakness of its institutions, the government has responded in its usual way: employing its usual tactics of further centralization and repression.

With the possible exception of India, a repeat of China's economic miracle or another emerging markets boom is unlikely. Economic growth in emerging markets will slow down as a result of shrinking natural resource revenues and a decline in people's incomes. The chances of these countries pulling themselves out of corruption and protectionism are remote.

This means that the rate of economic growth in emerging markets will increasingly lag behind that of the developed world, further widening the gap in incomes and standards of living. The mutual resentment driven by the inability of emerging markets to catch up with the developed world will increase. Emerging countries are likely to feel increasingly jealous and hostile toward rich countries while rich countries will try to isolate themselves from their poorer and embittered neighbors. This could heighten the tension in international affairs.

A few years ago, globalization contributed to the narrowing of the gap between emerging markets and the Western world. Now it could be used as a channel for selling the products of Indigo economies to the countries that cannot compete in quality or price. Heightened resentment and tension could further empower political populists who exploit the feelings of fear, jealousy and inability to change one's circumstances to fan hatred toward the more prosperous and successful, and a desire to destroy their riches. These populist politicians are already among us, promising simple solutions to complex problems. It

is a dangerous recipe.

### **But there is also a ray of hope**

For two-and-a-half centuries, it has been apparent that successful societies depend on having the rule of law, fair competition, and citizens' basic rights. The U.S. was formed on this basis. As a student in the Soviet Union, I once explained the benefits of the socialist economy which, in contrast to the chaos of capitalism, could plan precisely how, when and in what quantity any goods had to be produced. The only problem was that these arguments were accompanied by endless lines for fast-disappearing food in shops. As a result, the socialist economic theory did not inspire much confidence in my listeners.

Nonetheless, the short-term economic successes of authoritarian and totalitarian regimes create a longing for a "strong hand," which can compel people to sacrifice their civil liberties for the benefits of economic security. But even in theory, one cannot build an economy based on the creative energy, free spirit and self-fulfilment of millions of individuals if they are cut off from making the most important decisions about their own society. I hope that the era toward which we are heading will finally end these dangerous misconceptions. The future Indigo economy is an economy of free people. And this means that the world will become more and more free.

*Mikhail Fridman is chairman of LetterOne, a privately owned international investment business headquartered in Luxembourg with offices in London ([More](#)).*

**EXHIBIT 11**

# Europe

Dec 8th 2018 edition



## Billionaire blues

# Mikhail Fridman shows the downside of being a Russian oligarch

It's hard to be neither too close nor too distant from Vladimir Putin

Dec 8th 2018



ONE QUESTION, with two meanings, has bookended Vladimir Putin's reign: who's next? As he tamed Russia's tycoons in the early 2000s, Moscow's power-brokers wondered whom he would next dispatch to exile or prison. After the dismemberment of Ukraine, the question took on a new connotation: who will be next to suffer Western sanctions? In both cases, a name in the frame has been Mikhail Fridman.

According to a Russian proverb, notes Mr Fridman, you can never be sure you won't go to prison or be a beggar. Still, he says, he never had an objective reason to fear jail—nor to fret over sanctions, which America imposed on Viktor Vekselberg, a fellow billionaire and his former partner, earlier this year. He describes as a “hoax” recent reports of surreptitious messaging, in 2016, between Donald Trump's campaign and Alfa-Bank, which he controls. Likewise he denies the suggestion, in a leaked dossier prepared by a British ex-spook, Christopher Steele, that he gives foreign-policy advice to Mr Putin: “100% fake information”, he says.

But some in America's Congress are keen to sanction more Russians; the Treasury has a classified list of potential targets which Mr Fridman might or might not be on. Robert Mueller's probe into election meddling may prompt new moves. Mr Fridman's predicament offers an insight into the relationship between business and power in Russia. And he poses a quandary for the West: how tightly to draw the circle of punishment around Mr Putin, and how to treat those in his orbit who might nevertheless be agents of progress.

Mr Fridman went into business as the Soviet Union crumbled. Moving to Moscow from Lviv, in western Ukraine, he ran a student disco called Strawberry Fields and started a window-washing enterprise. He bred laboratory mice (“we were not very successful”). Then he began importing Western goods and exporting oil, and founded his bank—classic oligarch gambits, though unlike others who earned that label, he did not take part in the loans-for-shares scheme of 1995-96, in which huge state assets were privatised for a song (though he tried to).

His fortune and reputation were cemented by his dealings with BP, which in 2003 formed TNK-BP with his consortium (including Mr Vekselberg). At a time when assorted Russian oilmen were courting foreign majors, says a Western businessman, Mr Fridman “was the only one able to sit down and negotiate a deal”. He was known as worldly, curious and courteous, as well as hard-nosed. “If he said he was going to screw you, get ready to be screwed.” However, “When he said it was done, it was.” By linking with BP, “he gave away half the upside” of his oil assets, says the Western businessman, but “secured the other half” from state predation.

The venture proved lucrative, but rancorous. Amid a dispute over strategy, Bob Dudley—then TNK-BP's chief executive, now boss of BP—complained of

“sustained harassment” and left Russia. Mr Fridman says the idea of a physical threat against Mr Dudley was “baseless”, as are allegations that his side enlisted the FSB, Russia’s security service. Yet “especially in a country like Russia”, he

says, “where the rules of the game are not always very clear”, in general you “should be prepared for a fight”.

The first rule is that businessmen must stay out of politics. His property would be jeopardised, Mr Fridman says, if he became an “enemy of the state”. Equally, intimacy with the Kremlin can itself be risky; look at Boris Berezovsky, a consigliere who sought refuge in Britain. (He later died in odd circumstances.) “It’s the inevitable destiny of people who are too close to power,” Mr Fridman says. “We do not want to repeat this history at all.” He says he has “never ever seen [Mr Putin] one on one”. Anders Aslund, a Russia-watcher at the Atlantic Council, a think-tank, reckons Mr Fridman is now “as far from Putin as you can be and still be a multi-billionaire in Russia.”

Thus far, perhaps, but no farther. Mikhail Khodorkovsky—a mogul who fell out with Mr Putin and spent a decade behind bars—thinks “you can’t have a big business in Russia and not be obliged to provide services to the Kremlin at any moment.” Mr Fridman, he observes, “has never had a particularly warm relationship with Putin personally, but sustained one through his partner, Peter Aven.” Mr Aven was a minister in the 1990s, when Mr Putin worked on economic policy in St Petersburg.

As Mr Fridman puts it, his rule is to remain in “the second row”, a position that still affords “crucially important” access to the Kremlin. Sometimes he makes donations to state projects—for the winter Olympics or a school in Sochi—though never more than a few million dollars, he says. And he refuses to comment publicly on the diplomatic bust-ups that have led to sanctions (such as over the annexation of Crimea in 2014, election-hacking and the poisoning of Sergei Skripal in Britain). Since he is active in the countries involved, Mr Fridman says, somewhat self-servingly, weighing in would be irresponsible.

Russia’s interference in Ukraine is a particularly sensitive issue for Mr Fridman. A jazz festival sponsored by Alfa Bank in Lviv, his home town, was renamed after the bank’s role caused anger in both countries, though Mr Fridman suspects a protest at his Moscow office was organised by a disgruntled debtor.

Until now Mr Fridman has skilfully negotiated the hazardous terrain between

STILL NOW, MR FRIDMAN HAS SKILFULLY NEGOTIATED THE HAZARDOUS TERRAIN BETWEEN dissident and henchman. Of the cadre of Russian businessmen who scrambled to dizzying wealth in the bare-knuckle 1990s, then rode the rollercoaster of Mr Putin's long rule, some have died and others have fled. Mr Fridman is still standing. And prospering: when Rosneft bought TNK-BP in 2012, his outfit's share was \$14bn.

Mr Fridman says that these days he spends only around 30% of his time in Moscow. He is less litigious than when he was "young and naive" (though he is suing several parties over the Steele dossier). But in an era of strained relations and suspicion, the equidistance is hard to maintain: just close enough to power looks too close to some. In the West, Mr Fridman knows, people assume that tycoons like him are "agents of influence".

Meanwhile, the tricky balancing act has incurred another, more personal cost. In 2015 Boris Nemtsov, an opposition leader, was assassinated outside the Kremlin. Mr Fridman counted Nemtsov among his "closest friends"; but "any contact with him could be interpreted as a kind of support," which would "not [be] very useful for doing business". So Mr Fridman stopped speaking to him. "I regret that heavily," he says now. "I did not know there was no future for our relationship." In Mr Putin's Russia, some things cannot be put right.

*This article appeared in the Europe section of the print edition under the headline "The tribulations of an oligarch"*

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## More from Europe

**EXHIBIT 12**

MENU

# Special Report BP: from hate to love in Russia

How Lord Browne, the oil giant's chief executive, is betting all on a Russian bandit

Special Report by Peter Koenig

Sunday October 05 2003, 1.00am, The Sunday Times

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IN THE AUTUMN of 1999, BP's chief executive, Lord Browne, was sitting in his office overlooking the City of London, smoking a Cuban cigar and trying to decide whether to ring a Russian billionaire named Mikhail Fridman, who controlled a big Russian oil company called TNK.

Browne was furious that Fridman's TNK was in the process of stripping assets from a rival oil company called Sidanco, in which BP held a 10% stake. The chief executive of Britain's largest company was hellbent on stopping what he saw as a clear case of corrupt Russian business practice. Browne decided against calling Fridman. "I was going to, but then I didn't," he said.

Instead, Browne stepped up a covert campaign to stop Fridman. Browne wields considerable clout and his campaign eventually galvanised George Soros, the then US vice-president Al Gore, the CIA and Tony Blair.

Four years on from his war of nerves with Fridman, Browne's enemy is now his partner.

In 11 days from now, at London's Intercontinental Hotel, investors will be treated to the extraordinary sight of BP's chief executive standing side by side with Fridman, the man he used to see as a **bandit**.

Together they will unveil the details of BP's £4.8 billion investment in a 50-50 joint venture with Fridman.

In principle, City of London investors like the deal. They have good reason to: TNK-BP, the name of the joint venture, becomes Russia's third-largest oil company. It will make at least \$1.6 billion in after-tax profit this year, says Browne. It will also add about 13% to BP's petroleum reserves - for the time being, nudging BP ahead of its arch rival, Shell, to become the No 2 oil supermajor, in terms of reserves, behind Exxon Mobil. Browne claims to have learnt a lot since his initiation into Russian business in the 1990s.

"Our due diligence on this went way beyond what is normal," he says. For his part, Fridman says he and Browne are now bound by mutual interest. "BP's investment gives our company credibility in the eyes of western investors," he says, speaking in his heavily guarded office in the block-long, Soviet-style Moscow headquarters of his Alfa Group.

"It increases the value of our company." But a lot rides on the smiles of the enemies-turned-partners. BP's investment in Russia, the largest in history, legitimises Russia as a destination for western capital. Exxon Mobil and Chevron Texaco are this weekend competing to take at least a 25% stake in Russia's largest oil company, Yukos, for about \$11 billion, a move that has been made possible through Browne's link with Fridman. Still, Russia and its oil industry remain at least as wild as the US during the robber baron days of Rockefeller. In July the government arrested Planton Lebedev, an associate of Mikhail Khodorkovsky, the majority owner of Yukos for alleged theft. It also launched an investigation into Yukos on a number of charges, including murder. While they recognise the opportunity BP has created for itself, investors gathering for BP's October 16 presentation are keen to get assurances that the partnership on which BP's Russia bet stands is solid enough to withstand a fall in oil prices and other, even more unpredictable, shocks. "The market will digest the numbers," says State Street Research analyst Denis Walsh. "What's more

important are the relationships." Browne and Fridman have little in common, except a tempestuous past. Browne, 55, went to Oxford and has worked his entire career at the publicly owned BP, rising through the company ranks to become chief executive in 1995. He transformed BP from the weakest of the major oil companies, known in the 1980s as the seven sisters, into one of five so-called supermajors by orchestrating two US deals - the \$48 billion purchase of Chicago-based Amoco in 1998, and the \$27 billion purchase of San Francisco's Arco in 2000. Fortune magazine reckons Browne is the most powerful businessman in the world outside the US, but like most western corporate bosses, his personal fortune is unlikely to exceed tens of millions of pounds.

Fridman, 39, grew up in Lvov, a city that over the past century has belonged to the Austro-Hungarian empire, to Poland, the Soviet Union and now Ukraine. He studied at the Moscow Institute of Steel and Alloys and, when Gorbachev ushered in perestroika in the 1980s, he set up a photography collective. He is also a founding member of the circle of businessmen that the Russian newspaper Izvestia in 1996 termed "the oligarchs". TODAY, with interests ranging from banking and mobile phones to oil, Fridman has amassed a fortune - one that Forbes magazine estimates at \$4.3 billion.

Reviewing the battle between himself and Browne during an interview in his cavernous office, Fridman acknowledges that the pressure BP brought to bear via intermediaries such as Blair and Gore played a role in his decision to agree a truce. But he is at pains to make clear that self-interest is the key factor. "We did what we did because we wanted to," he says. Fridman, meanwhile, has two partners of his own in the TNK half of the TNK-BP joint venture. He controls 50% of TNK and his two partners each control 25%. The first is Viktor Vekselberg, a bearded businessman whose Renova Group controls a sizeable chunk of Russia's aluminium industry. He is a friend from his Soviet student days of TNK's third shareholder, Leonard Blavatnik. Blavatnik emigrated to America in the 1970s and worked for Macy's department stores and Arthur Andersen, the now defunct auditor of Enron, before founding Access

Industries, a company headquartered at 760 Fifth Avenue in Manhattan.

"Len and I stayed in touch after he went to the US," says Vekselberg. "When the situation here changed, I said, 'Len, come back, there are opportunities here'. Len said 'never!' But eventually he did, and we went into business together." Typical of the tangled relationships that mark the Russian business scene, it was yet another oligarch who indirectly brought Browne and Fridman together. This one is Vladimir Potanin, one of the architects of the privatisation of Russia's oil industry. In 1995, using Boris Yeltsin's loans-for-shares scheme, through which oligarchs lent money to the Russian government and took shares in state-owned companies as collateral, Potanin took a controlling stake in the Sidanco oil company. He had several partners. One was a Cyprus-based holding company, Kantupan, whose backers included George Soros, the British billionaire Joe Lewis, and Harvard University Endowment Fund. Another partner was Fridman.

"Under our agreement, he had a two-thirds interest" in the controlling stake in Sidanco, Fridman says. "I had a one-third interest. I sat on Sidanco's board." But before long, Potanin and Fridman fell out - badly. "I was paid some money. I was not too happy with the amount. It created a certain negative feeling. I decided to act rather aggressively," Fridman said. In 1997, in one of the final oil-company privatisations, the Russian government sold TNK to Fridman, Vekselberg and Blavatnik. The terms remain a subject of dispute. The three men acquired 40% of the company in 1997 for the announced price of \$800m. They picked up a further 49.8% in 1999 "for much less, because oil prices had fallen", Fridman explains. It is at this point that Browne entered the picture. Potanin, having bought out Fridman's interest in Sidanco, sold 10% of the company to BP for \$480m in November 1997. BP became the manager of Sidanco's oil assets.

Today, Browne is careful to note that BP's board approved the investment, while acknowledging that BP did not fully understand what it was getting into. "It wasn't that big an

investment for us," he says. "It was a 10% stake. There was only so much due diligence we could afford." Like Yorkshire coal-mining villages in the days of Arthur Scargill, the oil towns of West Siberia were in the 1990s laws unto themselves. Local managers of the subsidiaries of the new oil companies remained unreconciled to their new bosses in Moscow and London. In 1998 Russia suffered a financial crisis. The government defaulted on about \$40 billion of bonds and the rouble plummeted. At the same time, the oil price fell from close to \$30 a barrel to almost \$10 a barrel. In the face of financial hardships for employees and contractors, Sidanco's local managers began manoeuvring for control of some of its prize subsidiaries.

One was a company called Chernogorneft. TNK bought up as much debt from Chernogorneft's creditors as fast as it could to consolidate its grip on the company, Fridman says. Browne and other BP executives simply did not understand the rules of the game. "We took advantage of the law," he says, "but we always acted within the law. Frankly speaking, we were seen as some kind of Russian **bandits**." It was at this point that BP decided to counter Fridman's tactics in Siberia with hardball as it is played in London and Washington.

On September 7, 1999 Blair wrote to the then prime minister, Vladimir Putin, to say that "BP fears that what is and could be a healthy and profitable company will be manipulated into bankruptcy and collapse". Blair wrote the letter at BP's request, according to Browne. Soros wrote to US officials, including Madeleine Albright, Bill Clinton's secretary of state. But the letter-writing campaign failed. Browne's worst fears were realised. On November 26, 1999 TNK acquired Chernogorneft, in what BP maintained was a rigged bankruptcy auction, for about \$176m, or a tenth of what Russian analysts estimated to be its value. Fridman, now Browne's No 1 enemy, looked to have won. THE DEFEAT was a serious public-relations blow for Browne, especially since he had signed the contract acquiring BP's 10% stake in Sidanco from Potanin in the presence of Blair at 10 Downing Street. BP wrote off \$200m of its stake in Sidanco, and, privately, Browne mounted a campaign to block

TNK from winning approval for a \$500m loan guarantee from Washington's Export-Import Bank, the credit arm of the US State Department. Browne approached Al Gore in the White House, according to TNK shareholders, and argued that if, after Chernogorneft, the Export-Import Bank approved TNK's application, it would be sanctioning corrupt Russian business practices.

In December 1999, according to reports in the Russian press and the Washington Post, the CIA got involved in the campaign to block TNK. The US intelligence agency delivered a 29-page report about TNK and its shareholders to the Export-Import Bank, according to the newspaper. It contained a two-and-a-half-page section headed "criminal situation". A CIA spokesman, Bill Harlow, told the Post it was "a private report commissioned by an international oil company and produced by a Russian security firm". Browne declined to comment on the CIA report. "I genuinely know nothing about it," he says. On December 21, 1999 Albright instructed the Export-Import Bank to reject the loan-guarantee application for the time being on "national security" grounds.

Several days after December 21, BP and TNK reached an agreement in principle under which TNK would take a 25% interest in Sidanco while returning Chernogorneft to Sidanco. "It was not the money," Fridman says of the Export-Import loan. "The Export-Import Bank is part of the US government. So it was the US government saying we were not people fit to do business with."

TODAY Browne and Fridman dismiss the Sidanco affair as ancient history. Fridman praises Browne as "an entrepreneur". He says: "BP pushed a lot in Russia. It lost a lot of money and suffered from the negative publicity for getting involved in such a wild country as Russia. Now it will gain." Browne describes Fridman, Vekselberg and Blavatnik as "remarkable". Of his past trials with Fridman, he says: "Partnership born out of conflict, if it goes the right way, can be particularly strong."

Browne is relying on more than psychology to safeguard his

company's investment. He has chosen as BP's Russian partners three oligarchs instead of one. This could improve BP's bargaining position if the four shareholders in the 50-50 joint venture were to fall out. BP has also staggered its payments to TNK shareholders. It made a \$2.6 billion cash payment after most of the deal closed in August. It will pay \$1.35 billion more in cash when the Russian government approves the last part of the deal. In addition, it will pay \$3.75 billion in BP stock in three annual instalments over the next three years. Until the end of 2007, there is a lock-up.

Neither side can sell its stake in the new company. TNK-BP is registered in the British Virgin Islands, which means that if the shareholders fall out, disputes will be heard under British-based law. BP has a 50% interest in TNK-BP, as opposed to the minority stake Exxon Mobil and Chevron Texaco are talking about with Yukos. This means that BP has an equal rather than minority say at board level. Still, there are already differences between the two sides. TNK shareholders say that the joint venture's 600 operating subsidiaries, employing about 113,000 employees, will function by consensus. BP executives say the same, but Bob Dudley, the Mississippi-born TNK-BP chief executive, who started his career at Amoco, offers an addendum. He says that BP identified the key subsidiaries and negotiated the right to appoint a majority of the board members to them.

TNK shareholders say that the provision may be included in the master contract, but they add that they do not recall it. There is also the political factor. How Russia's oil companies develop as a domestic political issue might test the joint venture as much as falling oil prices. BP wants its Russian joint venture to steer clear of Russian politics. TNK-BP will not contribute to the campaigns of candidates running for the duma, the lower house of Russia's parliament, in December.

Nor will it contribute to Putin's re-election campaign or the campaigns of his opponents in the March presidential election. But Browne concedes: "What the TNK shareholders do is for them to decide." BP's Russian political risk is not theoretical.

Andrey Vavilov, a senator in Russia's upper house of parliament, is already asking if Fridman is going to pay tax on his TNK profit. "Into what account was the money paid?" Vavilov asked. "Where was the account?"

Are TNK's shareholders going to pay Russian tax on the profit they made selling Russian oil assets to BP? We won't know until 2003 tax returns are filed next year."

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## BP has only held us back, says Russian oligarch Mikhail Fridman

Mark Franchetti

Sunday July 20 2008, 1.00am, The Sunday Times

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FOR a man at the centre of the most bitter corporate Anglo-Russian battle in history, Mikhail Fridman, chairman of the oil giant TNK-BP, seemed remarkably unruffled. Casually dressed in linen trousers and an open-necked light-blue shirt, the billionaire was at his desk surfing Russia's most popular social-networking website as I was ushered into his Moscow office.

A few days earlier Fridman and three other Russian tycoons, who together own 50% of TNK-BP, had failed once again to remove Robert Dudley, the venture's BP-backed chief executive. The position of the two sides had become even more entrenched and the atmosphere at the company's headquarters was said by one insider to be "brutal".

Far more is at stake than control of the British-Russian joint venture. The outcome of the clash, which is being closely watched by big business, the Kremlin and Downing Street, could have an impact on foreign investment in Russia and on the country's image abroad.

Far from appearing under pressure, Fridman was bullish. "I have no doubts whatsoever that soon me and my Russian partners will achieve what we want," he said. "Common sense will prevail. All will be well and we'll have our way. We are perfectly capable of protecting our interests. As far as we are concerned there can be no compromise on some issues. What we want is simple and reasonable: for TNK-BP to be an independent company and not be treated as a subsidiary of BP.

"I don't think this conflict is bad for Russia's image. It's important to send the right message to foreign investors. Russia welcomes foreign investment but only that which helps Russian companies to grow. We don't need foreign investment that creates problems for Russian companies. This is a high-profile shareholders' clash - it's not about democracy, the rule of law in Russia, the Kremlin and all that propaganda about nasty Russian businessmen."

The row between BP and Alfa-Access-Renova (AAR) - the consortium of Russian shareholders made up of Fridman and fellow billionaires Viktor Vekselberg, Leonard Blavatnik and German Khan - was stoked up further last week when a group of TNK-BP's Russian managers launched a lawsuit against Dudley. They accuse the chief executive, who still has BP's confidence, of mismanagement.

Dudley's future was still in the balance last week after a decision to extend his Russian visa by only 10 days pending clarification about his work contract. BP claims Dudley has a contract enabling him to keep working but AAR says it expired in December.

Dudley rejected the allegations made in the lawsuit and warned that the bitter infighting "would tear the company apart". AAR, however, is determined to remove him because it claims he is too close to BP to act as an independent chief executive.

His dismissal, said Fridman, AAR's largest shareholder, is a demand on which "there can't be any compromise and won't be any compromise. We want a new chief executive who is not from BP but hired on the open market."

BP has already suggested Dudley would still be entitled to run the group from abroad. Dudley's latest problems come after months of wrangling over visas and work permits for the company's 85 foreign staff, many of whom have had to leave Russia. Others have been barred from the TNK-BP building.

Fridman, 44, said he supported the Russian Migration Service's action against the employees as he claimed the company had broken employment laws, but the tycoon strongly denied he had used his influence over Russia's bureaucracy to start the trouble. TNK-BP has also had problems with Russia's tax police and the FSB, the former KGB, which accused one of the oil company's employees of being a spy.

"All this has nothing to do with me or the other Russian shareholders," insisted Fridman. "The tax problems started long before our conflict with BP and the FSB scandal hurt us as much as it did BP.

"It's true that in Russia there are closer ties between business and politics than in the West but we haven't turned to anyone to solve our problems with BP. We don't need any help. If the Kremlin had been involved, as some have falsely claimed, it would have had no problems removing Dudley."

In what threatens to become a legal quagmire, AAR is preparing writs against BP over its use of second-dees, foreign staff employed at TNK-BP's Moscow offices, as well as over its appointment of board members at some of TNK-BP's subsidiaries.

BP for its part is seeking the removal of Khan, the oil giant's executive director, and the legal and security chiefs because it believes they have sought to put pressure on BP's position in the venture and have defied Dudley's instructions.

BP has also started legal action against the tycoons over tax payments of £180m which it says predate the merger with AAR and should have been settled by the four billionaires. AAR says the claim is inflated and proof of BP's "bullying tactics".

Last month BP accused Fridman and the other Russian tycoons of a "return to the corporate raiding" typical of Russia in the 1990s and said the clash was a "dispute over control - and perhaps ultimately ownership of the company".

Fridman, whose fortune is estimated by Forbes at over £10 billion - making him the world's 20th richest man - accuses BP of entering secret partnership talks with Gazprom, the Russian state energy giant.

BP denies it was seeking to switch partners but AAR is adamant the British company breached its trust and behaved unethically by seeking to have Gazprom buy out the Russian shareholders' share. Fridman said he and the other billionaires were "very upset, to put it mildly", but insisted the secret talks were not the reason for the present battle - "only an excuse".

The struggle, which Gordon Brown brought up earlier this month during his first meeting Dmitry Medvedev, the new Russian president, is about TNK-BP's independence from BP, said Fridman. The British-Russian joint venture has been underperforming because its expansion outside Russia clashes with BP's global interests.

Proposals by the Russian shareholders to buy refineries and retail networks in Europe to increase TNK-BP's margins and extend its reach beyond oil production were repeatedly thwarted by BP, said Fridman, who argued that, compared with the Russian oil giant Lukoil, TNK-BP had been stagnating.

AAR charges that the venture's BP-appointed managers - especially Dudley - put BP's interests before TNK-BP's. To illustrate his point Fridman produced a memo sent by Dudley in March which states that "We are not authorised to with do business in Cuba, Sudan, North Korea, Syria, Iran and Myanmar". The explanation given for the ban, said Fridman, was that these were countries hostile to America.

"But TNK-BP is a Russian-registered company, with reserves in Russia - it's not American," fumed Fridman. "Take Cuba for instance. This greatly upset us. Russia has been sending oil to Cuba for 40 years and spent tens of billions of dollars on the island. Why shouldn't we make the most of our political advantage to grasp such opportunities? It's nonsense.

"Why can't we do business with Syria when Lukoil does? It may not be in BP's interest but for TNK-BP it's more than good business sense."

Fridman also disagreed with comments made recently by Vladimir Putin, the former president, who is now prime minister. Putin, who oversaw the TNK-BP merger in 2003 claimed to have warned both sides that a 50-50 equal partnership would fail. Fridman believes the structure can be made to work and does not regret merging with BP.

For the bitter conflict to be resolved, however, AAR will not be satisfied simply with Dudley's removal. His replacement must come from outside BP's ranks, the management and board must be more independent of BP and the company must be allowed to develop and expand even when its goals come into conflict with BP's.

"Our demands are reasonable," said Fridman, who added that he had not expected the TNK-BP merger to be without problems but was naïve to imagine they would not be serious. "Ultimately the main problem is an emotional one," he said. "Since we are not professional oilmen, BP appears to have thought of us as oligarchs who became rich by chance as a result of the chaos of the 1990s. And that most of all we would be interested in having fun with yachts, private Boeings and football clubs.

"But we're very hands-on businessmen who take a keen interest in making sure our investments are as profitable as possible. TNK is our baby. We bought it when it was bankrupt and turned it into a success. We're not trying to take over anything. We want an independent company. And we'll succeed."

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