

Talent Equity Exclusive

A TALENT EQUITY INSTITUTE PUBLICATION

*Issue
№ 1*

GERMAN KHAN

on leadership,
business,
apprentices
and himself

TNK-BP
Alfa Group

Ward Howell

**Dear
readers of
Talent Equity
Newsletter**

We want to bring your attention to yet another Talent Equity Institute publication – Talent Equity Exclusive. Each issue will feature one person who has achieved considerable results in creating new value through applying and developing talent – both others' and his or her own. We will not simply discuss his or her achievements, but will give our readers the opportunity to hear from our guests directly. After careful debate, we have decided to limit our role and not to overload Talent Equity Exclusive with our own analytical materials, thereby giving readers the chance to interpret the content for themselves and draw their own conclusions.

Talent Equity Exclusive's first issue contains an interview with German Khan, the executive director of TNK-BP and a shareholder in the Alfa-Group consortium. He offers us his take on what makes executives and the organizations they run successful, how he became a business leader, leadership style, as well as a glimpse of what he is thinking over and working on today. Though Mr. Khan rarely appears in the media, he is an exceptional example of a billionaire and co-owner of a large business group with diversified interests who continues to enjoy carrying out his executive duties at the very same company each and every day.

Team of Talent Equity Institute

GERMAN KHAN

on Leadership,
Business, Appren-
tices and Himself

German Khan



Since 2003 **German B. Khan** has been the Executive Director and a member of the Management Board of at JSC “TNK-BP Management”, the managing company of TNK-BP.

Mr. Khan is also a member of the Supervisory Board of Directors at Alfa Group Consortium and a member of the Board of Directors at JSC “NGK Slavneft”, Alfa Finance Holdings S.A. (oil and financial assets) and ABH Holdings Corp. (holding company of Alfa-Banking Group).

Mr. Khan graduated from the Moscow Steel and Alloy Institute. From 1992 to 1998 he held various managing positions within Alfa-Group – one of Russia’s largest privately owned financial-industrial conglomerates.

German B. Khan is one of the founders of Alfa Group Consortium.

From 1995 to 1998 **Mr. Khan** was the director of raw-materials department at Alfa-Eco – the largest trading company within Alfa Group Consortium. Between 2000 and 2003 he was a Deputy Chairman of the Management Board at JSC “TNK”.

Talent Equity Exclusive:

– We would like to start off with a question that is usually saved for last. If your favorite student asked for your advice on how to become a productive executive, what advice would that be?

German Khan:

– I have never taken it upon myself to create a group of students, or anyone for that matter, who would consider me a teacher. I never intentionally teach anyone. There are, however, a number of people who have grown with the company. So in that regard I believe that I have played a part in what they have become as a result.

As for productive management, it’s all pretty simple. In business, just as in everyday life, such as in family relations, you have the very same, at times humdrum, processes. If someone knows how to build normal relationships in everyday life through finding a reasonable balance in interests, then doing the same in business is a snap. There are no special secrets here. When I discuss business situations with my colleagues, I try to explain them by using examples from everyday life, which generally works.

Talent Equity Exclusive

If I were to give any advice, it would be to follow the simplest events in life very attentively.

GERMAN KHAN

Talent Equity Exclusive:

— Were there any instances in your life that have had a distinct influence on shaping your leadership mindset and character?

No one can say what they would be doing for a living if they were born ten years earlier. Each and every one of us is lucky to have been born when and where we were — not in regard to any financial position we may have been born into, but rather with regard to the sequence of events that allowed us to discover the abilities we were endowed with.

Therefore if I were to give any advice, it would be to follow the simplest events in life very attentively and take your behavior during these events very seriously. If you are able to create a type of behavior model that gives you a balanced state of mind in your personal life, then this will lay the foundation for success in business.

And one more thing: If someone has a certain range of abilities, what is most important is that he be dedicated to the idea of achieving success. I simply cannot stand people who start explaining why something cannot be done or always see things at the beginning as being bad. Here's what I say: anything bad serves as the base for making something good through business decisions and situation management. Sidanko for some reason lost its assets, while we got a hold of them. Were things really any better for us at that time? We were all in the same boat, only they lost and we won. Business philosophy comes down to when the market is in good shape, there is no time to kick back and relax. This is when one needs to accumulate energy for overcoming the next economic crisis, which is bound to hit sooner or later. This is where you have to use your strength in a way that it makes you even stronger when surmounting the coming crisis.

People who love overcoming difficulties will be successful sooner or later.

German Khan:

— I can recall several.

When I was around 13 years old I tangled a few times with kids my age and lost. This motivated me to start working out to obtain a certain amount of independence and confidence. Before this I played a few sports, but they were nothing more than hobbies. But after having lost the fights I got into, I felt that I didn't have enough confidence, strength and the ability to stand up for myself. That's when I started to take up boxing seriously. I continue to keep in shape to this day. After sometime had past I felt confident in myself in a variety of situations, and this confidence was obvious to others as well. When you start to feel confident in yourself is an important time in your life.

The second moment happened while I was in school, where I wasn't exactly a great student. I wouldn't say that I was a trouble maker, but I was known to disrupt class. I took part in activities and had a social life, but didn't take to studying. By seventh or eighth grade no one laid a finger on me: I usually came to school, headed for the library, chose a book, sat at the back desk and read.

After I finished school I didn't go to college, but rather worked at a factory for a year until I was admitted to an engineering school. There came a time where my parents, my father a doctor of engineering sciences and my mother a professor, gave up on me: my dad thought I was hopeless. My classmates in engineering school were ordinary guys from the provinces, many of them older than me who had served their time in the army. Suddenly I became ashamed to be a poor student among them, so I started to take my studies seriously, graduated with honors, which my dad didn't believe until I brought him my diploma. That's when I understood that you can achieve almost anything if you really want it. Here again I felt very confident.

The third moment happened when I was 21 and had just entered engineering school at a time when people were already finishing up their studies. After some time I realized that Moscow was full of opportunities, while at the same time I wasn't a youngster anymore and was far short of having enough money to take advantage of the situation. I began to work with several cooperatives as an administrator. After some time I realized that we were very inefficient in our work. I understood how to change this and said "Let me organize things differently." And explained how. I began to organize processes my way and was convinced that this worked very well. I then began to analyze, improve on and obtain results. This was the third important instance in my having become who I am.

Talent Equity Exclusive:

— You say that you didn't like studying in schools. What happened next? What role did education play in making you a leader?

German Khan:

— I didn't like studying in school, but then I somehow buckled down and took things seriously. I wouldn't say that I had a passion for my studies, but rather I was in the heat of competition trying to be productive. When I entered my freshman year after engineering school, I had a lot of trouble with my studies, especially in the exact sciences. I did, however, put a lot of effort into it, met with the professors, left campus last and arrived first, and aced our first exams. Despite all of that, I didn't really enjoy school. What I enjoyed was achieving a result: when I got a good grade, I would leave and feel great that I had achieved something.

In business the learning process continues and I learn from my mistakes. Just as my colleagues say, I am always on my toes. I listen, take things in, and if understand, I react quickly. The main question for me is always “why”. This is what any decisions I make depend on.

Talent Equity Exclusive:

— Of the seven leadership roles, there are: administrator, strategist, energizer, mentor, innovator, ambassador and owner. Which one are you closest to?

Talent Equity Exclusive:

— What about an owner?

Talent Equity Exclusive:

— How did you end up switching from an entrepreneur to a manager?

Talent Equity Exclusive:

— Tell us about your managing approach. How do you deal with all the business processes, procedures and meetings involved?

German Khan:

— Probably an energizer and mentor.

German Khan:

— Frankly speaking there isn't much weight in that; this role could be made less important... When I speak with our managers, I try to explain to them that right now I am not the owner, rather a manager as well. When I arrive at a board of directors meeting, I carry out my duties as owner when necessary. 80% of the time I position myself as a manager.

German Khan:

— I don't think I actually did make the switch at all. Don't get me wrong, my job title is executive director, I have certain responsibilities and functions that go with a certain position. That being said, I remain an entrepreneur with my main goal being to retain the company's entrepreneurial spirit despite it's becoming rather big and full of bureaucracy. Having success is impossible without knowing how to manage professionally, just like long-term success for any company is impossible without entrepreneurial elements. The problem for most entrepreneurs is that they don't know how to manage when things are steady, leading to the loss of their business.

German Khan:

— There are some processes that I see as extremely bureaucratic. On the other hand, I believe that it is necessary to have a reasonable balance between entrepreneurship and bureaucracy. The most important skill is being able to find this balance and build on it in a way that suits those involved. I am a pretty flexible person and a team player. I believe that if we have agreed on certain rules, we need to follow them, regardless of whether you are a shareholder or an employee...

Talent Equity Exclusive

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GERMAN KHAN

I try to apply one simple principle: I say, hey guys, let's try to structure these processes in a way that makes them as natural for everyday life as possible. If someone evaluates his success by the amount of profit his company has made, then let's build a compensation system that coincides with his frame of mind. You could of course come up with a complex key indicator performance system, but he wouldn't see this as conforming to his frame of mind. The simpler one's management systems are the fewer conflicts and imbalances there will be.

In my work I have various task forces. There are issues related to my position as an owner of this company and other Alfa-Group businesses. We have a large number of connections, contacts and people, so if someone turns to me for advice or help, I always find time for them.

Then I have my responsibilities to the company as executive director. Even if my direct participation isn't needed, my advice or approval on a certain position may be. This is at my colleagues' request and always in the context of discussion in a personal meeting.

The second set of issues involves running the company through the executive management, which consists of five people. Company management here is done in a relatively democratic manner, which has both benefits and shortcomings, not to mention demands time and involvement. If people's positions don't coincide with each other, you need to find and push arguments, hear others out, and in the end come to a compromise. In this I believe I speed up the process.

Third, there are issues related to our global strategy: where the company needs to go, what it needs to do and how it needs to do it. This requires entrepreneurial skills because these are projects concerning start ups, entering new regions and new products. This requires a relatively complex negotiating process, since when you start something, there is never a shortage of criticism such as "I don't believe it," "I don't know," "it won't be like that," etc. You need to overcome this opposition, find the right people, ask the necessary questions, get the right answers, come to an agreement and show how and what needs to be done. You won't see any results if you are just to sit in the corner and give orders.

At times I am forced to influence issues that aren't among my responsibilities. For example, I fully realize that our company is long overdue for some serious changes in upstream management to improve efficiency with new internal resources, a more distinct focus on economic viability and searching out atypical decisions. I am

currently spending a lot of time on this, talking with the upstream and production assets management, as well as external consultants. Work on this issue may not directly concern me, but I believe that it is relevant for the entire company. Having said that, I don't offer ready solutions right off the bat. Everything I say is more in the spirit of, "let's look for a solution together, and let's not be afraid to say that there may be a problem that we don't know how to solve." This is obvious because there are no standard algorithms, rather selections, like a selection of soup – and you may not be able to prepare what your family needs from this soup selection. I am spending a lot of time on this since I see it as an important priority.

Talent Equity Exclusive:

– What do you see your priority responsibilities to be as an executive?

Talent Equity Exclusive:

– How do you decide what you are to do yourself and what your subordinates are to do? Many TNK-BP employees believe that of the entire executive management, you are most involved in details and always in the know about everything going on in the company.

German Khan:

– First, my role is to speed things up. Moving is something I love and that I think I do well. Second, providing solutions to development issues and, in part, making judgments on how to move forward with the company's global growth strategy.

German Khan:

– I would say that this is based on pure instinct. I just try to understand what is most important at each stage and concentrate on that. Some minor issues naturally come up along the way that I mostly delegate and return to periodically.

I'll give you an example. No one doubts that security for a company like ours is very important. When our company was only taking shape 10 years ago, I had to take on this issue, primarily when searching for employees. My main goal at the time was to find someone who was the right fit for us. As fate would have it, I was lucky enough to find mister Kondrashov, who has now been heading up this initiative for 8 years now. He was one of the youngest generals in the Ministry of Internal Affairs, having created and headed Russia's court bailiff's service. He and I had a good talk when we met after he had come to our company as an advisor and made some sensible suggestions. He then became an executive. He and I worked pretty close together for three years putting together a system. Now we have several thousand people working in our security service. We meet up about 2 times a week and I keep out of his business since he has an autonomous subdivision. He understands what the company's goals are and makes internal changes.

Generally, I think knowing how to pick out the right people for your business is one of the most important qualities that an executive can have. A team always needs new blood. Having said that, trust is

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One of the most important qualities that an executive can have is knowing how to pick out the right people for your business.

GERMAN KHAN

Talent Equity Exclusive:

— How do you hire employees? What do you pay attention to?

Talent Equity Exclusive:

— How far do you have to go to be confident that business processes will begin to work?

Talent Equity Exclusive:

— What's more important for an executive: natural inclination to being a leader or functional knowledge? To what extent can someone operate marketing, finances, a factory, etc.?

an important element as well. In Russia people always say “I can't appoint him to such an important position because I don't know him, I have never worked with him before and I don't trust him.” What does that mean? If someone is professionally fit for the job, you need to take him on. There are certain select methods for finding out whether you can trust this person or not.

German Khan:

— A person's resume, a selection of necessary professional qualities and an understanding of how intelligent someone is and how much he reacts to certain things during an interview. It's all pretty simple. For example, the applicant and I have spoken for a bit and I make him an offer, to which he responds “how much time do I have to think?” I respond by saying “I don't know. As much as you want.” This is a test in itself, for if he thinks for 2 months, this is a shortfall, whereas if he thinks for 2 days, this is better.

I think that manager positions should be taken up by relatively strong, independent people that move independently and don't need daily direction from me. They should definitely be professional and have remarkable leadership skills.

German Khan:

— I understand when it is time to stop. This happens when I feel satisfaction that a straightforward framework has been set up. When experimenting, I also use one simple principle – anything and everything difficult is simplified as much as possible while trying to build up processes that are the most natural to everyday life. Only then will conflicts and imbalances be brought to a minimum. Not too long ago some consultants approached me and said “for the entire month we analyzed the situation, did questionnaires and took seventy interviews...” “Great, is that it?” “Not at all. Now we need a month to prepare proposals.” Let me tell you one thing: that's not how things work. If you worked for a month and interviewed seventy people, then you should have a certain hypothesis.

German Khan:

— I think that leadership qualities are absolute priorities, in which case one should also have a certain functional knowledge base, especially in a large company.

Talent Equity Exclusive:

— How has your leadership style changed over 20 years?

Talent Equity Exclusive:

— Here's a question on business environment: How do you explain the success of TNK-BP, a company with an equal share of Russian and international shareholders that many analysts predicted to have an unenviable fate?

Talent Equity Exclusive:

— How hard was it to put together TNK-BP? How do so many different business philosophies of Russian entrepreneurship and the philosophy of a large multinational, public company fit in with millions of shareholders?

German Khan:

— I can't say it has changed dramatically. I don't feel this is the case. My employees say that my style has become more soft and calm. This is most likely influenced by the environment I am in.

German Khan:

— I see it as being a part of our corporate culture. When I say "we" I am talking about Alfa. It's hard to give a self-assessment, but we are one of the few groups that have large shares in projects, even shares that reach the fifty-percent mark. Most of these projects are successful in terms of setting up the right partnership and obtaining results. Having the right type of partnership doesn't necessarily mean that it is warm and fuzzy; partnership involves always supporting the right balance between protecting your interests, understanding the other party's interests and being able to find a compromise. I believe that we are able to do this better than anyone, at least in Russia. Why? Because, despite there being serious conflicts from time to time, we always act within certain rules and criteria in order to resolve them. As a result we come up with positive design compromises that become solid after local disagreements have been settled, because as they say, what doesn't kill you makes you stronger. By going through these types of exercises, both the shareholders and management begin to understand each other better and respect each other more. These result in making a partnership more valuable. There is reason for the saying "one old friend is better than two new ones."

German Khan:

— Of course there have been and are some difficulties, but I wouldn't overrate them. Working jointly is a dynamic process in the search for balance.

There was a time when some Russians were not included in the process because they thought that a big company had hit the scene and they knew how to manage and build everything. We stepped to the side to a certain extent and transferred virtually all key positions to foreigners. Then we just sat back and observed how the mechanisms work. We tried to fix some things by saying that the idea is good but the form isn't. Everyone in Russia has their own point of view on every issue, and that's something to keep in mind.

People from BP also need to be given their due, since the majority of them looked over recommendations and reorganized. New specialists replaced those that were unable to change. This, of course, all took place within corporate rules. So that's how we began to develop

a specific management style suitable only for our company, a sort of mix between what has worked in Russia and was inherent to TNK, and what BP has brought in.

Talent Equity Exclusive:

— Could this process go any faster?

German Khan:

— It would probably go faster if the company had more people able to make decisions “outside-the-box” for this organization and take greater risks. For example, make a dedicated effort to adapt to life in Russia. Unfortunately, the majority of our colleagues don’t speak Russian, even after working here for several years. Having said that, there are certain people, including executive vice-presidents, who actually want to adapt to Russia, they speak the language and try to understand the Russian way of life.

If people have come here temporarily, they need to be used as engineering advisors and be honest about this. I think this is an issue that can be settled easily with them. There’s a reason they say that if you were to close Russian and American oilers in a room and return three hours later, you would find them having a lively conversation with no language in common other than engineering slang.

Talent Equity Exclusive:

— Have you learned anything yourself after having worked for 6 years in a multinational company?

German Khan:

— Absolutely. First, I have learned English to the point that, even though I am not 100% fluent, I can converse with my colleagues without any problems and I find myself using professional interpreters less and less. Second, I have learned what my partners and colleagues are saying and how they think. That doesn’t seem to be difficult, right? Well, here’s an example: A regular conversation is going on with you trying to convince your partner or colleague about something and letting them know your point of view. The partner or colleague, meanwhile, sits in front of you, quietly nodding his head. Since he is nodding his head, one would think that he is in agreement with you. The conversation comes to an end, everyone leaves, and then it turns out he has an entirely different point of view. You ask him, “How? We spent 2 hours on this and you sat there nodding your head and didn’t object!” He then he says, “I was nodding my head to tell you that I hear what you are saying, but I never said that I agree with you.” This is important, because he seems like a straightforward person, but now I know that in the end I have to make sure whether we are in agreement or not. It’s simple, yet important.

Working in such a complex company like ours requires solving many tactical issues. I have learned a lot, become more flexible and more attentive to nuances.

Talent Equity Exclusive:

— How has your work changed since the economic crisis hit? Has your style, priorities and methods for cooperating with people changed in any way?

Talent Equity Exclusive:

— Have you had to become softer and more spiritual, or more rough and tough?

Talent Equity Exclusive:

— Have you made any discoveries because of the crisis?

Talent Equity Exclusive:

— What was your experience in the default of 1998 and all previous financial crises?

Talent Equity Exclusive:

— Have you ever had the desire to bring some new blood into the company during crisis times?

Talent Equity Exclusive:

— In other words, the economic crisis has helped you do this a little bit more decisively?

Talent Equity Exclusive:

— For twenty years now you have worked a lot, been very successful and become one of the most visible Russian businessmen around. How do you keep doing so and continue to grow, rather than just rest on your laurels?

German Khan:

— Neither our style nor cooperation principles have changed.

German Khan:

— Of course not. Everything is the same. I am no softer or tougher than before.

German Khan:

— We have always preached the philosophy that a bull or relatively stable market is nothing but a time to prepare for a financial crisis. Therefore the economic crisis has not opened our eyes to anything new.

German Khan:

— This experience helped in that we immediately made a decisive action to cut expenses. Take, for example, the fourth quarter of last year, when we made cuts to our philanthropy program, which led to some consequences that forced us to explain ourselves to our respected governors. They, however, understood our actions as being in line with the reality of the situation.

German Khan:

— I think that doing so is needed no matter what the case may be, since we are speaking now of the current situation, whereas we need to think about the future...

German Khan:

— The economic crisis is not helping. It is a good reason to do some things that are at times unpopular that otherwise during more stable times would be difficult to do.

German Khan:

— It's all about one's inner philosophy. I believe that a person is born to create something, which serves as an important driving factor that should keep with them for their entire life. I'll give you an example that hits close to home. My dad is eighty-four and continues to work. He and my mother had immigrated to the United States, lived there for 10 years and then returned to Moscow, where they have now been

for 7 years. After a 10 year hiatus, my dad found a job without my help. He makes inventions that people pay him money for. He flies all around Russia on business, makes some new adjustments, goes to conferences and knows how to use a computer. I ask him: "What exactly do you want? It's time for you to retire." To that he says: "you don't get it. I need to fly to Cherepovets to see some guys who are firing up a stove..." He's a pretty old guy now with health problems that could just sit home and read the newspaper. When I tell him to go somewhere on vacation, he tells me that he doesn't want to go anywhere, that he likes it right where he is, doing the job he is doing. There's nothing more to it than that. That's his philosophy.

Talent Equity Exclusive:

— So does that mean you need to do your own job?

German Khan:

— Yes, you have to love it and be a professional at it. Then you will have a common balance between family, hobbies, friends and partners. I feel comfortable conversing with my partners and enjoy talking with them. I know their strengths, shortfalls and weaknesses, but I like having partners that you can be proud of. I have a magnificent wife and kids and get along well with my parents. I am a happy person, and at the center of it all is my work.

Talent Equity Exclusive:

— Last question: do you have any fundamental rules that you follow?

German Khan:

— My main fundamental rule is that no matter what I do, after finishing it, I want to be able to say to myself that I did the best I could. Surely, it doesn't always work out, since there are many factors that we cannot influence. But if I am able to say to myself that I did everything I was able to, I am at ease with myself. When I start to feel weak and tired, I return to this fundamental rule, which gives me the inner resources to recoup and continue to move in the selected direction. There you have it.

Talent Equity Exclusive

My main fundamental rule is that I should be able to say to myself that I did the best I could.

GERMAN KHAN

TNK – BP

Oil company

ALFA
GROUP

Consortium

TNK-BP

TNK-BP is among Russia's leading oil companies and one of the top ten largest private oil companies in the world in terms of production. The Company was formed in 2003 after merging BP Russia's oil and gas assets with those of Alfa Consortium and Access/Renova (AAR). BP and AAR own TNK-BP on a parity basis, while TNK-BP shareholders own a roughly 50% stake in Slavneft.

TNK-BP is a vertically integrated oil company with a portfolio containing a number of extraction, production, and sales companies in Russia and Ukraine. Its extraction assets are primarily in Western Siberia (Khanti-Mansisky and Yamalo-Nenetsky autonomous districts, as well as the Tumensk oblast), Eastern Siberia (Irkutsk oblast) and the Volgo-Ural region (Orenburg oblast). The company extracted 1.85 million barrels of oil a day in 2008 (accounting for Slavneft's share).

An independent audit done by DeGolyer and MacNaughton on the Company's supplies confirmed that as of December 31, 2008, TNK-BP had 10.252 billion barrels of oil in total proven reserves according to appraisals by PRMS (formerly SPE) and a reserve replacement rate of 146%. The SEC, not accounting for license term validity, put TNK-BP's total proven oil reserves at 8.112 billion barrels with a reserve replacement rate of 82%.

The Company's primary production assets are in Ryazan, Saratov, Nizhnevartovsk and Lisichansk (Ukraine). Its production output is 675,000 barrels a day.

With a retail network that includes about 1,400 gasoline stations in Russia and Ukraine that operate under the TNK and BP brands, the Company is a key supplier to the Moscow retail market and a leader in the Ukrainian market.

The administrative branch is located in Moscow and run by a team of managers with work experience in more than 50 countries. A strong combination of the best international and Russian personnel guarantees world-class technology, international production and corporate administration standards, labor protection and environmental safety.

The TNK-BP team, which is 63,000 strong, operates mainly in Russia and Ukraine's 8 largest regions.

Alfa Group

Founded in 1989, Alfa Group Consortium is one of Russia's largest privately owned financial-industrial conglomerates, with interests in oil and gas, commercial and investment banking, asset management, insurance, retail trade, telecommunications, water supply and disposal, media, as well as other industrial-trade and special situation investments.

Alfa-Bank (Russia) is one of Russia's largest private banks and a leading conglomerate company. The Bank offers a wide range of services for both corporate and private clients, investment bank services, asset management and trade financing. Alfa-Bank runs the second largest branch network in Russia, while also having subsidiary banks and representative offices in Kazakhstan, The Netherlands, Cyprus, The United State and Great Britain.

Alfa-Bank (Ukraine) is one of Ukraine's ten largest and fastest growing commercial banks in all key banking sectors, including private and corporate client service, consultations, depository services, as well as organizational and underwriting services for corporate and municipal bond issues. The Alfa Capital conglomerate's clientele include pension funds, insurance companies, international and Russian corporate investors and private investors.

Alfa Capital Partners is an investment company that provides consultation services to direct investment and real estate investment funds. Alfa-Group owns Alfa Strakhovanie, one of Russia's largest insurance companies offering both an all-inclusive service portfolio that includes integrated programs for defending business interests and a wide range of insurance procedures for private customers.

Alfa-Group and Access/Renova together own 50% of TNK-BP, one of Russia's largest vertically inte-

grated oil companies in terms of output. Daily oil output in 2008 was 1.6 million barrels (not including a 50% share in Slavneft). TNK-BP owns both five oil-refineries and roughly 1,400 gasoline stations in Russia and Ukraine.

Through Altimo, the group has significant investments in telecommunications companies that offer a wide range of mobile and landline telephone services, as well as broad-band technology, including investments in the following companies: VimpelCom (traded under the symbol VIP on the NYSE), Megafon and Kievstar GSM, Ukraine's leading telecommunications company. The group also invests in Turkcell, Turkey's largest GSM operator (traded on the NYSE and Istanbul Stock Exchange (IMKB)).

The conglomerate also includes the following groups: X5 Retail Group N.V. (traded on the London Stock Exchange under FIVE), which owns Pyaterochka, one of Russia's largest discount supermarket chains in terms of revenue, Perekrestok, Russia's largest supermarket chain, and Karusel, one of Russia's largest superstore chains in terms of revenue; STS Media, Inc., one of Russia's largest commercial television companies (traded on the NASDAQ under CTCM); A1, the leading company in direct market investments in Russia, the CIS and other emerging markets; Rosvodokanal, the leading CIS water supply and drainage company.

«We value talent»

Ward Howell

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