



## MEMORANDUM

**TO:** Burisma Holdings Ltd.

**FROM:** Blue Star Strategies, LLC

**RE:** Crisis Communications and a Long-term Government Relations Strategy as it Relates to the Companies Growth and Expansion

**DATE:** October 30, 2015

We are pleased to submit this final proposal for your consideration for Blue Star Strategies to provide government relations support to Burisma Holdings Ltd. (“the Company”), a leading independent oil and gas producer in Ukraine.

Given the current challenges, this is a Crisis Communications approach that would roll out over the next two months, including a trip to Kiev proposed for early to mid-December. During the first two months, we will: 1) work to support the closing of the company file in Ukraine; and 2) develop the scope of work, goals and objectives for the remainder of the annual contract to best meet your reputational and business goals. We look forward to your comments and further discussions with you.

### **Background**

Founded in 2002, Burisma Holdings has rapidly grown to become one of the leading independent oil and gas producers in Ukraine. From 2009-2013, annual production increased 700% and Burisma now holds 26% market share among independent oil and gas producers, including 98% of all of Burisma’s production in natural gas, in Ukraine.

In 2013, to help manage the Company’s exponential growth, Burisma hired Alan Apter (UK) to serve as Chairman of the Board of Directors. In 2014, Burisma hired Alexander Kwasniewski (Poland), Hunter Biden (U.S.) and Devon Archer (U.S.) to join the Company as Directors. The Company’s financials are audited by a big four global accounting firm, KPMG, and its geological audit by DeGolyer MacNaughton, the world’s leading independent audit firm in the petroleum industry. Burisma is registered and based in Limassol, Cyprus.

Burisma’s continued success, growth and security are at risk, however, due to the ongoing armed conflict with Russia in Ukraine’s eastern provinces, sparked by Russia’s illegal annexation of Crimea in March 2014. Today, 82% of Ukraine’s total natural gas reserves and 91% of Burisma’s natural gas deposits are located in the Dnieper-Donets



basin, which cuts across the northeastern part of Ukraine where the armed conflict continues. The on-the-ground situation remains unstable and Burisma is concerned about the unresolved armed conflict. As a result, Burisma is looking for support from the U.S. and Ukrainian governments to help shore up Burisma's business, support Ukraine's energy independence from Russia through its operations in Ukraine, and promote the Company's broader investment goals in Europe and Kazakhstan.

## **Scope of Work**

To address Burisma's concerns and leverage our experience, Blue Star Strategies proposes the following scope of work for your consideration:

### **1. Create the Narrative**

Our initial task would be to create a compelling narrative to provide government relations assistance to the Company in the U.S. and Ukraine, focusing on crisis communications during the first two months of the annual contract.

Our starting point will be to educate key officials in Washington, DC, followed by a trip to Kiev proposed for mid-December 2015.

In Kiev, we will work to educate key officials within the U.S. and Ukrainian governments on the important role the Company plays in economic development, job creation, and as a significant taxpayer. We will also reach out to colleagues in various circles in both countries to reinforce our efforts.

Relatedly, we would underscore the importance of respecting the rule of law and judicial decisions by courts of competent jurisdiction, citing the Company's recent win in the U.K. court system. Earlier this year, Burisma had defended itself successfully against the U.K.'s Serious Fraud Office (SFO) in a criminal case brought against the Company and an original shareholder, Nikolay Zlochevsky, the former Deputy Secretary of National Security and Defense Council of Ukraine. In 2014, Mr. Zlochevsky was accused by the SFO and Ukraine's Main Investigation Department of the Prosecutor General's Office of unlawful enrichment and money laundering related to Burisma Holdings and another company, Brociti Investments Limited, in which Mr. Zlochevsky was registered as a beneficial owner in both companies. In January 2015, the UK judge dismissed the case against Mr. Zlochevsky due to SFO's lack of evidence, unblocked his frozen UK assets, and in July 2015, Mr. Zlochevsky and Burisma were awarded their costs.

In Ukraine, the criminal case against Mr. Zlochevsky by the Prosecutor General's Office is ongoing, but has been suspended twice, most recently in August 2015. We will follow the proceedings in the case and look for opportunities to promote the facts about Burisma overall and closure of the file against Mr. Zlochevsky.

Secondly, we would educate U.S. and Ukrainian officials about Burisma, its importance to Ukraine's energy independence in light of Russia's continued aggression, and demonstrate the Company's strong reputation and ability to attract U.S. and international investment.

It will be vitally important to change the current public perception and build a positive story. For example, we would highlight Burisma's interest in expanding further into Europe and Kazakhstan to become one of the largest geothermal operators and a significant contributor to regional energy security.

We would also highlight Burisma's reputation as a good corporate citizen, especially in light of the ongoing crisis in eastern Ukraine. Burisma provides much-needed employment to more than 300 people across 9 regions in Ukraine, with one of the lowest staff turnovers in the industry. The Company is a large taxpayer, having paid \$226 million in state and local taxes in the last two years alone. Burisma also implements best practices by instituting international environmental and safety standards promulgated by the International Finance Corporation, which is the World Bank Group's private-sector lending arm to developing countries, and the European Bank for Reconstruction and Development (EBRD).

## **2. Identify Audience and Engage Validators**

Identifying the audience and engaging validators would be another key aspect of our work. While we would not engage the media directly at this point, we would work through various media contacts to engage validators.

Our experiences demonstrate that successful global companies utilize a variety of public and private resources to influence government decisions to positively impact their business activities. Within the U.S. and Ukraine, there are influencers and resources that could be activated to support the Company's business goals. Using these tools, we have identified below the decision-makers and influencers that are most relevant to Burisma. Most importantly, given the work that Blue Star has done in Ukraine since 2002, we are uniquely qualified to leverage our strong reputation capital within the country to promote and support the Company's goals.

To this end, we would work with you in the U.S. and Ukraine to develop "Third Party Validators" or "Champions". These actors will include people advising the Ukrainian government, former dignitaries, and other key influencers recognized internationally. These validators can play an important role helping to educate decision and policy makers and could also be called upon for a number of activities, including hosting "thought leader" dinners, writing articles, communicating research results, addressing leaders and engaging with the media. This is where former Polish President Kwasniewski might play a more visible role.

In addition, we would work to generate support from other entities such as:

- Amb. John E. Herbst, Director, Dinu Patriciu Eurasia Center, The Atlantic Council, and former U.S. Ambassador to Ukraine (2003-06)
- Other former U.S. Ambassadors who are very still active on Ukraine
- U.S. Chamber of Commerce, including its U.S.-Ukraine Business Forum
- U.S.-Ukraine Business Council (USUBC)
- American Chamber of Commerce in Ukraine
- Other academic and public policy institutions supporting direct foreign investments and open economies, including the Center for European Policy Analysis (CEPA), Brookings Institution, Carnegie Endowment for International Peace, among others who cover Ukraine and issues related to European energy security.

(This is a partial list for illustration.) It will be particularly important to engage these groups and diplomats to garner their support, given the current posture of the U.S. government.

### **3. Government Relations in the U.S. and Ukraine**

The Blue Star approach to government relations leverages relationships in government, the private sector and civil society so that our clients can expand into other markets, build support for the business model, and advocate policy that supports expansion. Our team works top-down and bottom up to ensure all stakeholders know the benefits that a U.S. investor can provide to both the domestic Ukrainian economy as well as the general reputation of the country within the international financial community. Our outreach maximizes the Company's strengths and minimizes weaknesses. The recent aggression in Ukraine has certainly heightened the importance of the bilateral relationship between the U.S. and Ukraine, as it relates to the military, the economy, and in Burisma's case, energy security.

In the U.S., Blue Star would work closely with the Departments of State and Commerce as they are effective champions for U.S. investors with investments abroad, especially given the critical geopolitical importance of Ukraine at this time. Burisma's 2014 Memorandum of Understanding (MOU) with the U.S. Agency for International Development (USAID) is another viable relationship we would leverage. In addition, we would reach out to the Departments of the Treasury, Energy, and the National Security Council, who influence and enforce policies on tax, energy, security and other policy-related regulations.

Outlined below are a number of the officials with whom we would work:

#### **➤ U.S. Department of Commerce:**

- Deputy Undersecretary for International Trade, Kenneth E. Hyatt
- Assistant Secretary for Global Markets, Arun M. Kumar

➤ **U.S. Department of State:**

- Undersecretary for Political Affairs, Thomas Shannon
- Deputy Assistant Secretary for Europe and Eurasia, Bridget Brink
- Director Office of Ukraine, Moldova and Belarus Affairs, Alexander “Sasha” Kasanof
- U.S. Ambassador to Ukraine, Geoffrey Pyatt
- Ukraine Desk Officers, Teresa Grantham and Mohammed Motiwala
- Undersecretary for Economic, Energy and Agriculture Affairs, Catherine A. Novelli

➤ **U.S. Agency for International Development (USAID)**

(Municipal Energy Reform Project and other USAID Clean Energy Initiatives):

- Bureau for Europe and Eurasia, Valerie Chien

➤ **U.S. Department of the Treasury**

- Deputy Assistant Secretary for Europe and Eurasia, Daleep Singh
- Director for Europe and Eurasia, Evangelia “Lea” Bouziz

➤ **U.S. Department of Energy**

(re: Ukraine’s winter heating concerns)

- Deputy Assistant Secretary Infrastructure Security and Energy Restoration, William Bryan

➤ **National Security Council**

- Special Assistant to the President and Senior Director for Russia and Central Asia, Europe Russia, and Central Asia, Celeste Wallander

In Ukraine, we would reach out to the offices or informal advisors to current government officials, including:

- Minister of Foreign Affairs, Pavlo Klimkin
- Minister of Finance, Natalie Jaresko
- Minister of Energy and Coal Industry of Ukraine, Volodymyr Demchyshyn
- Minister of Economic Development and Trade of Ukraine, Aivaras Abromavicius

We would also reach out to an informal list of champions and senior diplomats that are outside “Advisors” to the Ukrainian government.

## **Fees and Timetable**

We are prepared to begin immediately, should you choose to hire us. We generally begin each relationship with a set of meetings with the client to ensure that we are fully informed as to the client's needs and interests.

To cover the work provided by Blue Star Strategies, LLC we propose a fee of \$30,000 per month, based on an annual contract, exclusive of expenses. (All expenses over \$500 will be pre-approved.)

Given that this is initially a two-month crisis communication approach followed by the balance of the scope of work, we will re-evaluate our progress as of January 2016 and re-adjust where necessary the approach and implementation strategy going forward. This contract will require an initial two-month retainer fee, payable upon signature of the contract.

Working with you and others who may be designated, our team will provide strategic direction and participate in all facets of the work program. Most importantly, we will help develop and implement a strategy designed to connect you with key decision makers to promote your interests.

## **The Blue Star Strategies Team**

### **Karen Tramontano, Chief Executive Officer**



Karen A. Tramontano is the Chief Executive Officer at Blue Star Strategies, LLC and provides corporate, institutional and public sector clients with results-oriented strategies. In her previous work experience Ms. Tramontano has played a critical role in shaping some of the most important global policy issues of our time, including China Permanent Normal Trade Relations, environmental and labor standards in multilateral, regional and bilateral trade agreements, world-wide poverty reduction strategies that focus on creating jobs and employing the Decent Work Agenda and global market expansion strategies for U.S. businesses.

From 1997 to 2001, Ms. Tramontano served as Deputy Chief of Staff to President Clinton and as counselor to two Chiefs of Staff, Erskine Bowles and John Podesta. Ms. Tramontano's White House portfolio encompassed a wide range of issues, including international trade and transatlantic relations, as well as economic and financial issues involving the U.S. Treasury and Department of Commerce. She played a major role in shaping policy concerning the World Trade Organization, the Organization for Economic Cooperation and Development and other multilateral institutions, while handling public policy issues involving the World Bank and the International Monetary Fund.

Ms. Tramontano's other significant accomplishments include spearheading the successful White House initiative to bring the Child Labor Convention into law and leading the team that developed the Comprehensive Steel Plan to rationalize global steel production. Additionally, she managed many of President Clinton's international state visits, including the public policy components for the landmark trips to India, Pakistan, and Vietnam. In 2001, she served as Chief of Staff for President Clinton's transition, where she established his office and presence in New York.

Ms. Tramontano continues her work with President Clinton through the Global Fairness Initiative (GFI), of which she is Founder and President. GFI is a non-profit organization working to promote a more equitable and sustainable approach to globalization to ensure its benefits reach all people, including the working poor.

Additionally, she currently serves as Senior Advisor to Guy Ryder, Director General of the International Labor Organization in Geneva, and is an Adjunct Professor at Georgetown University Law School. Ms. Tramontano is considered a global trade expert

and regular spokesperson on Bloomberg Rewind among other business shows. She writes regularly on the topic and is quoted often in major publications.

Previously, Ms. Tramontano was the Chief of Staff to the Mayor of Washington, DC and has served as counsel to the United States Senate Committee on Health, Education, Labor, and Pensions, and as Chief of Staff to Service Employees International Union presidents John Sweeny and Andy Stern. She earned a Juris Doctor degree from Catholic University Law School and a B.A. from Boston College. An aging tri-athlete, she holds a third degree black belt in Tae Kwon Do.

**Sally A. Painter, Chief Operating Officer**



Sally A. Painter is Co-Founder and Chief Operating Officer at Blue Star Strategies, LLC. Ms. Painter's work experience includes time spent at both the highest level of government and at major corporations in the private sector. Given this diverse background, she provides corporate, institutional and public sector clients with results-oriented external affairs, foreign/security policy and business development strategies. Ms. Painter has an extensive track record working with Central Europe on security and policy issues, including successfully representing many of these countries on their NATO and EU bids, as well as an historic Visa Equity Coalition of seven countries where legislation was passed in the U.S. Congress which

allows their citizens to enter the US visa-free.

Ms. Painter has managed many large-scale public-private projects, including as a senior advisor on the global NATO Summits including: Washington, DC--1999, Prague -- 2002, Istanbul -- 2004 and Riga -- 2006. In this capacity, she worked directly with the leadership of the host country, CEOs of global corporations, the U.S. Congress, NATO Headquarters and the Bush and Clinton White Houses to promote and educate transatlantic leaders on the importance of the NATO Alliance. Ms. Painter is also a member of the Board of the US Committee on NATO. As such, she played a significant role in supporting NATO expansion. Instrumental in this successful process was a thorough understanding and ability to work with the foreign policy decision-makers within the transatlantic community.

For the last 15 years, Ms. Painter has also worked with opposition leaders to promote democracy and transparency in countries in transition, including: Albania, Argentina, the Democratic Republic of Congo, Kazakhstan, Romania, Ukraine, Uzbekistan and Venezuela.

Throughout 2000 she served as Executive Director of the Business Coalition for U.S.-China Trade, a business group of 100 major corporate leaders that secured passage of

Permanent Normal Trade Relations with China -- the largest trade legislation ever concluded.

For three and a half years, Ms. Painter served as the Director of International at Tenneco Inc, a Fortune 500 company with manufacturing facilities in 42 countries. In this capacity, she advanced the corporation's business interests, negotiating new ventures with host governments in more than 20 countries. While at Tenneco, she was instrumental in the creation and early management of the Transatlantic Business Dialogue (TABD) and the French American Business Council, two public-private organizations designed to engage business leaders and government officials to resolve trade disputes.

Prior to joining Tenneco, Ms. Painter was a senior advisor in the Clinton Administration. As such, she helped manage the outreach and advocacy program for the late Secretary of Commerce, Ronald H. Brown, by providing strategic advice and advocacy to U.S. companies bidding and winning overseas contracts.

Ms. Painter is on the Board of Directors of The Truman National Security Project, the Global Fairness Initiative, Partners for Democratic Change, and 4D PAC, a progressive national security political action committee. She is also a member of the Atlantic Council. She writes frequently on European issues and has been published in the *Washington Post*, *Politico*, *WE-NATO*, *The Hill*, and the Progressive Policy Institute's *Progressive Fix*, among others.

Ms. Painter's accomplishments have been featured in *The Wall Street Journal* and she has been a guest speaker on Fox News Live and Al Jazeera. She has received numerous awards for her work, including the Golden Laurel Branch Award (the highest honor of the Foreign Ministry of the Republic of Bulgaria), the Officer's Cross of the Order of Merit from the Republic of Hungary, and The Minister of Defense's Award for Distinction from the Republic of Latvia. In addition, she is a producer for the Broadway production *Ann*, a critically acclaimed dramatization of the life of former Texas Governor Ann Richards. She is a certified downhill ski instructor and is married with one son, George, a design stylist.

## Jesica Dobbins Lindgren, General Counsel



Jesica Dobbins Lindgren (formerly Seacor) is the General Counsel at Blue Star Strategies, LLC, and works on a variety of client issues.

Previously, Ms. Lindgren was a Director and Senior Vice President at ResCare, Inc., a leading U.S. human services company. She handled government relations and business development for ResCare's Youth Services. She also led ResCare's international Workforce Services group, with operations primarily in Europe and the Middle East, and was a board member of ResCare's international subsidiaries.

Ms. Lindgren began her career at Skadden, Arps, Slate, Meagher & Flom in Washington, DC. In 1997, she joined the International Labor Organization (ILO), a specialized agency of the United Nations, based in Geneva, Switzerland. She participated in a staff exchange from the ILO to the World Bank's External and UN Affairs Unit in Washington, DC from 2004-2005 and then served as Deputy Director of the ILO's Washington Office from 2005 until she joined ResCare in 2008.

Ms. Lindgren co-founded a venture philanthropy organization, Giving Circle, which supports charities offering education, health care, and training programs in developing countries. In 2005, her article, "Learning on the Job" was published in The Economist's Intelligent Life magazine.

She received her B.A. from Georgetown University and J.D. from American University, where she was editor-in-chief of the international law review and commencement speaker in 1994. She earned an M.B.A. from the University of Chicago, studying international management at their Barcelona, Singapore and Chicago campuses. Ms. Lindgren is also a 2012 graduate of Leadership Greater Washington. In 2015, she became Vice Chair and a member of the Executive Committee of the American Society for International Law's Human Rights Interest Group.

**Pero Jolevski, Director**

Pero Jolevski is a Director at Blue Star Strategies, LLC, where he leads the European operations of the firm. His work experience is in a variety of fields including portfolio management, creating marketing strategies, international development, governmental relations, and anti-money laundering.



Previously, Pero was a short-term contractor for Booz Allen Hamilton, Inc., working as part of an international development project. He was part a wealth management team at Merrill Lynch, and completed a traineeship at the Ministry of Finance of Macedonia specifically in the Department for Prevention of Money Laundering and Financing Terrorism.

Pero is a member of the Leaders Club of Macedonia 2025 and also serves as the General Manager of the Macedonian Golf Federation. He received a degree in Finance at Florida Gulf Coast University. During his studies, he served as Director of Government Relations of Student Government, and managed a portfolio account of the University’s Foundation.

Born and raised in Macedonia, over the years Pero lived in Switzerland, Netherlands, and the United States. He is fluent in French, Macedonian, Serbian, Bulgarian, Croatian, and has basic knowledge of Spanish.

**Gabriella Ippolito, Associate**

Gabriella Ippolito is an Associate at Blue Star Strategies LLC, where she focuses on Latin American and European trade and investment, international and domestic political analysis and economic development.



Previously, Gabriella served as an AmeriCorps member with CASA de Maryland/Baltimore City Community College's New Americans Citizenship Program of Maryland, where she informed the immigrant community in Maryland about the process for citizenship. She has worked at the Mexican Consulate in Denver, as well as the Woodrow Wilson Center's Mexico Institute, where she focused on security issues and trade. She has also worked with the US Department of State in Curacao, where she analyzed the political and economic climate in the former Netherlands Antilles and coordinated outreach events.

Gabriella received her MA in International Studies from the University of Denver's Josef Korbel School of International Studies where she concentrated on US-Latin America Relations and Illicit Markets. While attending the University of Denver, Gabriella also served as an officer in the Latin American Studies Association, where she organized yearly conferences and brought speakers on Latin America to campus. She received her B.A. in International Relations from Franklin College in Switzerland, which gave her the opportunity to travel throughout Europe and Africa, and received a linguistic diploma in Spanish from the Universidad de Alicante in Spain. Gabriella grew up bilingual in Baltimore and speaks Italian fluently.