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TONY BLAIR, STILL SCORNE IN THE U.K., REINVENTS HIMSELF AS A GLOBE-TROTTING DEALMAKER.

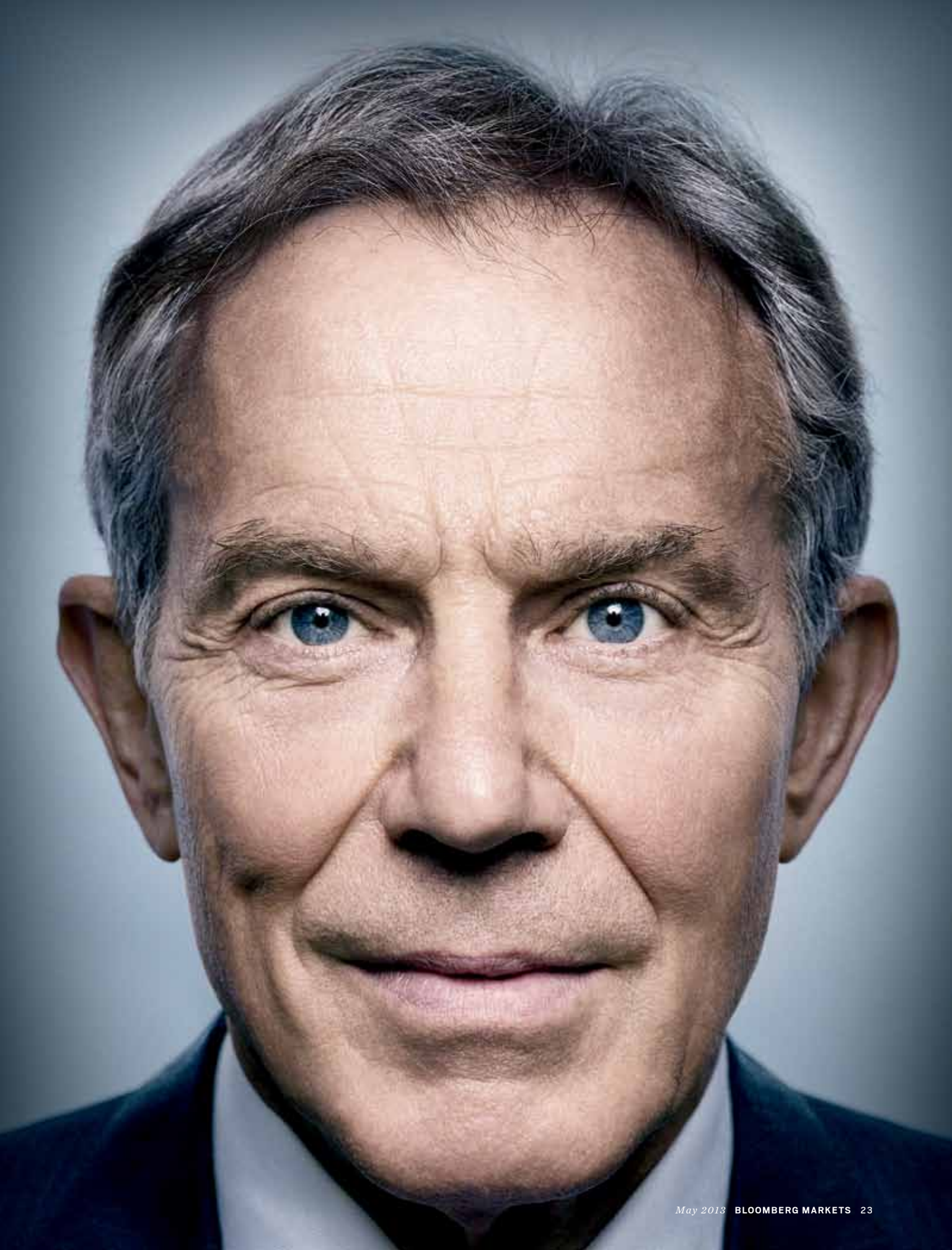


PHOTOGRAPH BY **PLATON**

EMPIRE BUILDER

FORMER U.K. PRIME MINISTER TONY BLAIR, STILL SCORNE
D AT HOME, HAS REINVENTED HIMSELF AS A GLOBE-TROT
TING DEALMAKER AND PHILANTHROPIST.

BY **STEPHANIE BAKER**



On a snowy morning in the middle of February, Tony Blair, looking trim from his four- to five-times-a-week workout regime, is sipping coffee in his office in London's Mayfair district. He's sitting in a Georgian town house that was in the late 18th century the site of the first U.S. embassy to the Court of St. James's. Now, almost six years after he

resigned as British prime minister, it serves as the epicenter of a new Blair empire. "If you become prime minister and step down in your early 50s," Blair says, "what are you going to do? Play golf? It fills me with total dread."

Blair, who turns 60 on May 6, has reinvented himself as a dealmaker, globe-trotting adviser and philanthropist. He presides over a network of companies and charities that operate in more than 20 countries, with financing from a tangle of private, corporate and government sources. Since 2007, Blair and his firms have taken in at least 59 million pounds (\$90 million). His charities have raised £25.5 million. Last year, one of his eight companies, Windrush Ventures Ltd., booked a record £16 million in revenue, up from £12 million the previous year. A single bank, JPMorgan Chase & Co., has paid the former Labour Party prime minister at least £10 million since January 2008.

In his new incarnation, Blair is taking on highly paid roles that don't sit well with Britons still agitated by what they saw as Blair's foreign adventurism when he was in office. He's a paid adviser to the Abu Dhabi Executive Affairs Authority, which is chaired by Crown Prince Sheikh Mohammed bin Zayed Al Nahyan. He's helping to arrange deals with China Investment Corp., the country's \$482 billion sovereign wealth fund. He's advising President Nursultan Nazarbayev of Kazakhstan, whose administration has paid Blair's team of advisers £8 million

In 1997, on his first day in office, Blair and his wife, Cherie, pose at 10 Downing Street.



a year since the spring of 2011, including fees to Portland Communications, a PR firm set up by his former deputy press secretary Tim Allan. Human Rights Watch Inc., a New York-based nonprofit advocacy group, condemned the Kazakh government for the shooting deaths of 12 striking oil workers during a clash with police later that year.

In 2012, Blair signed an agreement with Geraldo Alckmin, governor of the Brazilian state of Sao Paulo, to assemble a team of advisers to help modernize the state's public services. As of mid-March, Blair was close to renewing a contract to advise the Kuwaiti government for an undisclosed

amount of money and was in discussions on similar deals in Asia and Latin America, people familiar with the negotiations say.

Blair had no desire to exit the world stage, says Anthony Seldon, the author of *Blair Unbound* (Pocket Books, 2008). "He felt this burning sense of an incomplete agenda," Seldon says. Good for Blair, says Meghnad Desai, a Labour member of the House of Lords and professor emeritus of the London School of Economics and Political Science. "I'd rather have my ex-PM doing useful things than sitting around and pontificating when he's not needed," he says. "Blair is immensely able. All power to his empire."

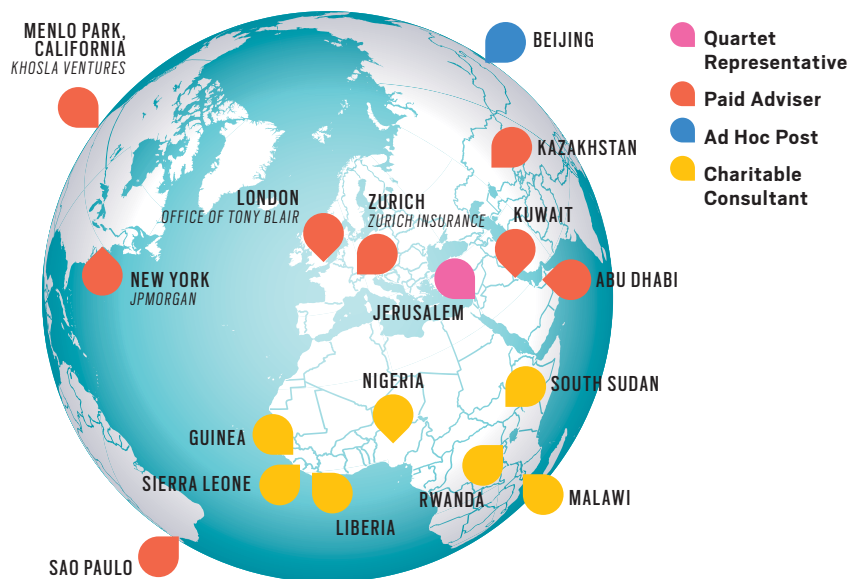
Blair's high-level connections, as well as the negotiating skills he honed as prime minister, are in demand in an area where he had no prior experience: finance. In September, he helped seal the pact that led to the biggest merger of 2012, mining giant Glencore International Plc's \$35 billion takeover of Xstrata Plc. People familiar with the matter say his fee was at least \$1 million; Blair will not comment on the amount.

Some segments of the British public have also raged at Blair's pursuit of profit as a dealmaker, especially at a time when banker bashing is rife. "I see a man who appears to be amassing a lot of money and shadowboxing with politics," says Peter Kilfoyle, a now-retired Labour Party member of Parliament and government minister who fell out with Blair over the war in Iraq. "I think he's lost the plot completely. He seems to be on an ego trip."

Blair's new life is a far cry from his final years in office. Beginning in 1997, he led the Labour Party to victory in three general elections, becoming the longest-serving prime minister in his party's 113-year history. Eventually, surging anger over his decision to join the U.S. in the 2003 invasion of Iraq ate away at his effectiveness. So did interference from Labour factions allied with Blair's political nemesis and eventual successor, Gordon Brown. Blair announced his resignation on

ON THE WORLD STAGE

Tony Blair's network of companies, charities and special assignments spans the globe.



Sources: Bloomberg, Office of Tony Blair

May 10, 2007. Within seven weeks, he was gone—from 10 Downing Street and from the seat he had held in the House of Commons since 1983.

During the course of two interviews with BLOOMBERG MARKETS, Blair said he always had big plans for life after politics. "I wanted to create a different type of post-prime ministerial career

altogether," he says. "From the outset, I had a very clear view of what I wanted to do. I wanted to create my own set of institutions."

He's done that. The Office of Tony Blair manages his work advising governments. Tony Blair Associates runs his financial consulting business. His charities include the Africa Governance Initiative, the Tony Blair Faith Foundation and the Tony Blair Sports Foundation. In total, he employs more than 180 people. He travels twice a month to Jerusalem for his unpaid role as a special envoy charged with fostering economic development in Palestine on behalf of the so-called Quartet of the European Union, Russia, the United Nations and the U.S.

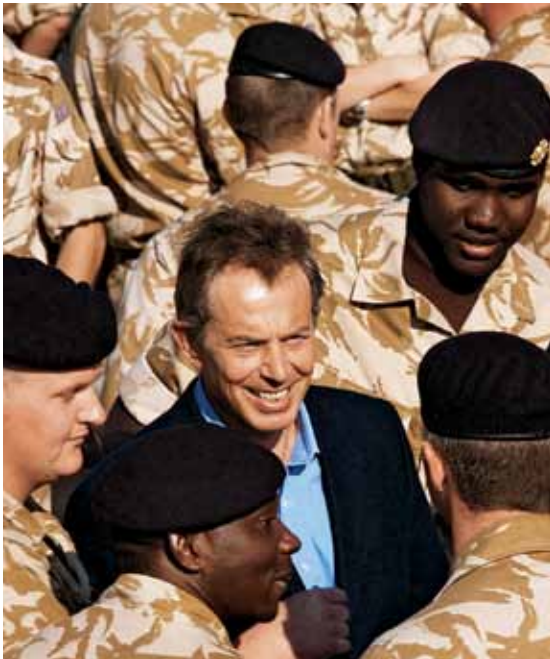
The Mayfair headquarters of his many undertakings has the feel of a Blair government in exile, complete with a press operation and security team. As relatively undisturbed as Blair's new life is within these walls, enduring outrage over Iraq ensures that any publicized foray by him onto the streets of London will draw an angry

Blair continues to attract **angry demonstrations**, such as this one in 2012.



CARL COURT/GETTY IMAGES

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Blair visited U.K. troops in Iraq in 2004; that same year, protests mounted in London.

crowd brandishing vials of fake blood and photos of war dead. He moves about largely by stealth in his own country. In November, about 100 demonstrators gathered with placards emblazoned “BLIAR” outside University College London, where he had been expected to speak at a conference hosted by the Institute for Security and Resilience Studies. Blair wasn’t there. The event took place at another, undisclosed location. Organizers told reporters that it hadn’t been moved because of the protesters.

Blair says his business activities help bankroll his charities. “I am increasingly meeting the core costs of the foundations myself through the money that I make,” he says. He says he’s personally given almost £5 million to his charities since 2008. “It genuinely is about making a difference in the world and not about making money,” Blair says of his work. “The motivation is not the accumulation of personal wealth. If I’d wanted to do that, I could do it a lot simpler with a lot less time.”

As an elected official, Blair led a life subject to public scrutiny. As citizen Blair, he’s free to be more opaque. Blair set up his business structure with

the help of London-based accounting firm KPMG LLP and Robert Barnett, the Washington lawyer who counseled Bill Clinton on his post-presidential business affairs. At the heart of Blair’s firms—all ultimately owned by him—are two serendipitously named London-based limited partnerships that aren’t required to publish accounts under English law, Windrush Ventures No. 3 LP and Firerush Ventures No. 3

‘IF YOU BECOME PRIME MINISTER AND STEP DOWN IN YOUR EARLY 50s,’ BLAIR SAYS, ‘WHAT ARE YOU GOING TO DO? PLAY GOLF? IT FILLS ME WITH TOTAL DREAD.’

LP. Short of full disclosure on Blair’s part, which he says he’s not willing to provide, it’s impossible to determine how much money Blair has personally made since leaving office.

Funds move from one company to another for reasons not discernible to an outsider. As of April 30, 2012, for example, Firerush Ventures Ltd. had borrowed £822,000 under a convertible loan agreement with Windrush Ventures Ltd. in the same year that it received £1.6 million for “management

services” from Firerush Ventures No. 2 LLP and had £1.2 million in the bank at the end of the year. “There’s no reason to make your life that complicated unless it’s to reduce tax or hide something,” says Adrian Huston, a former U.K. tax inspector and director of Belfast, Northern Ireland–based accounting firm Huston & Co. “The only reason you do all these intervening transactions is to create a smoke screen.”

Blair shrugs off with a laugh any suggestion that he is trying to dodge taxes. “Anything I get, I pay full 50 percent tax on,” he says. Unlike many rich Britons who make money overseas and devise tax avoidance strategies by spending

time outside the country, Blair says he has always been resident in the U.K. for tax purposes. The rationale for his Byzantine-looking business configuration is simple, he says: “We wanted confidentiality. There’s a section of the media that will go after anyone connected with me, and I can’t operate like that.”

Here’s what we do know about Blair’s businesses: His companies have booked more than £45 million of revenue since December 2007, according to publicly available accounts. On top

of that, he was paid more than £13 million during the past five years for his roles advising JPMorgan and Zurich Insurance Group. He's also received undisclosed fees from Khosla Ventures, a venture capital firm started in 2004 by Sun Microsystems Inc. co-founder Vinod Khosla to invest in clean technologies.

At JPMorgan, which pays Blair a £2 million annual fee, he is less dealmaker than door opener and political counselor to Chief Executive Officer Jamie Dimon as the bank seeks to expand internationally. The bank declined to comment.

At Zurich, where he earns about £500,000 a year, Blair is "giving guidance as to developments and trends in the international political environment and their potential repercussions on Zurich's business strategy," company spokesman Pavel Osipyants says.

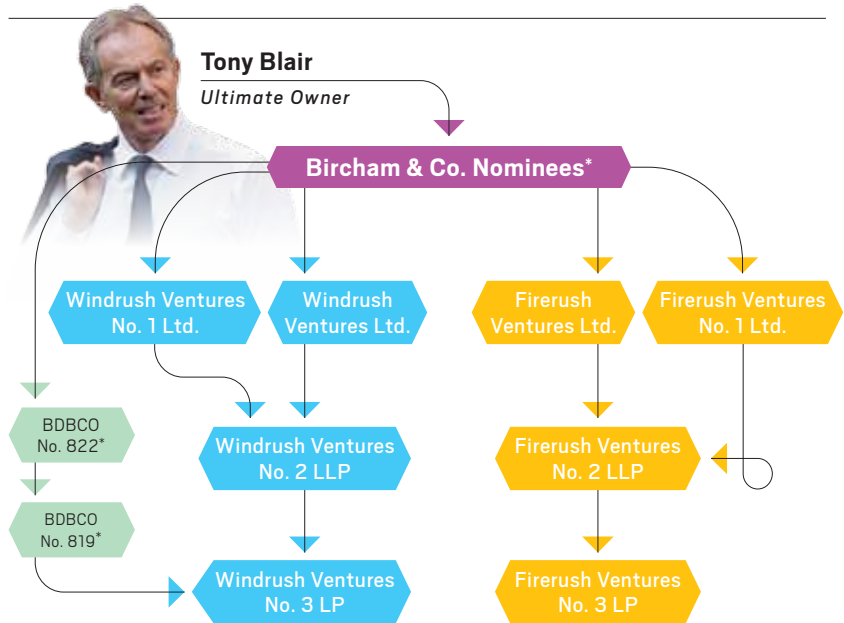
Blair is a highly paid speaker, though he won't confirm any remuneration details. He pocketed \$300,000 plus expenses for speaking at the AlphaMetrix 2013 hedge fund summit at the Fontainebleau resort in Miami Beach, Florida, on Jan. 31, according to a person familiar with the matter. Blair's

Blair remains a fixture at the **World Economic Forum**, shown here in 2009.



MONEY MAZE

The former prime minister, a frequent target of British newspapers, says he runs his business ventures through a latticework of companies to keep his affairs private.



*Entities set up on Blair's behalf by law firm Bircham Dyson Bell. Sources: Bloomberg, U.K. Companies House

spokeswoman says the fee was lower. Last year, Blair says, he spoke for an undisclosed amount along with former U.S. President George W. Bush at a private event in New York hosted by London-based Brevan Howard Asset Management LLP, Europe's

second-largest hedge fund.

Blair says he's not exploiting his old connections for personal profit, adding that he met most of his clients after leaving office. "Of course, I get to know them because I used to be British prime minister," he says. "There's a myth that just because you used to be British prime minister, people give you lots of money to play with. No, they don't."

Blair's most controversial, and potentially most lucrative, assignment comes from someone he did encounter when he was prime minister: Kazakhstan's Nazarbayev, who traveled to the U.K. on a state visit in 2000. Nazarbayev, 72, has been the former Soviet republic's first and only president since 1990. After his re-election in 2011, when he received 95 percent of the vote, the U.S. State Department said the balloting "fell short of international standards."

Blair says he and Portland Communications have 13 consultants on the ground in Kazakhstan advising the

TOP: OUI SCARFF/GETTY IMAGES; ADAM BERRY/BLOOMBERG

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government on decentralization, electoral procedures and judicial practices. Mihra Rittmann, Kazakhstan researcher for Human Rights Watch, says Blair has failed to call publicly on Kazakhstan to tackle violations that have occurred since his work began there. “There is a real risk that he could be seen as legitimizing the actions of the increasingly authoritarian Kazakh government,” Rittmann says.

It’s important to look at the bigger picture, Blair says. “I don’t dismiss the human rights stuff at all,” he says. “These are points we make. There’s a whole new generation of administrators there who are reformers, and we’re working with them.”

The evolution of what amounts to Tony Blair Incorporated began in the summer of 2007. “When I first left office, we were three people and a couple of mobile phones,” Blair says. “We didn’t have an office or an infrastructure. I didn’t have anything.”

By that time, Blair and his wife, Cherie, a barrister whose rates would typically have been £600 to £900 an hour, were already prosperous. In 2004, while he was still in office and four years after they had their fourth child, the Blairs



Blair greets Kazakh President **Nazarbayev**, left, at Downing Street in 2006.

bought a £3.65 million town house near Hyde Park. The son of a law professor, Blair had a middle-class upbringing and attended boarding school. Cherie, 58, grew up relatively poor with a single mother. As an ex-prime minister, Blair receives an annual pension of about £70,000 and up to £115,000 a year from taxpayers to carry out his public duties.

Blair’s first big foothold in finance came in January 2008, when Dimon hired him to chair JPMorgan’s 27-member International Council, which meets formally once a year and

includes China Investment President Gao Xiqing. Blair’s JPMorgan connection led to his peacemaking role in the Glencore-Xstrata deal, as the chain of events is recounted by people familiar with the situation. Blair first met Glencore CEO Ivan Glasenberg at a private dinner hosted by Dimon at the World Economic Forum in Davos, Switzerland, in January 2010. Last June, JPMorgan hosted about 30 European CEOs and other senior executives at the St. Regis hotel in Florence, Italy. There, Blair had a one-on-one meeting with Glasenberg.

JPMorgan was one of six advisers to Xstrata on the takeover by Glencore. Glencore already owned 34 percent of Xstrata, and the companies were negotiating a friendly merger of equals. A few weeks after the event in Florence, Qatar Holding LLC, a unit of the \$115 billion Qatari sovereign wealth fund that held an 11 percent stake in Xstrata, surprised the shareholders by announcing it wanted a higher offer before agreeing to the deal. In August, Blair happened to see Glasenberg

GERHARD SCHROEDER’S SECOND LIFE

OPPOSING THE WAR IN IRAQ HAS HELPED THE FORMER GERMAN CHANCELLOR AS MUCH AS SUPPORTING IT HAS HURT TONY BLAIR.

IF BACKING THE U.S.-led invasion of Iraq marked the beginning of Tony Blair’s political descent, opposing it proved to be a blessing for his German counterpart at the time, Chancellor Gerhard Schroeder.

The credit Schroeder got from the German public set the tone for an afterlife of the sort Blair didn’t get in Britain. Schroeder, 69, basks in acclaim for cutting taxes, getting tough on jobless benefits and deciding to phase out nuclear power.

Schroeder was chancellor from 1998 to 2005. Like Blair, he forayed into the business world after leaving office. As

chairman of the shareholders committee of Nord Stream AG, which built a gas pipeline from Russia to Germany, Schroeder earns 250,000 euros (\$323,000) a year, the company says. OAO Gazprom, Russia’s gas export monopoly, holds a 51 percent stake in Nord Stream.

Schroeder, who in 2004 described Russian President Vladimir Putin as an “impeccable democrat,” was initially criticized for going to work for a company owned by the Russian government. That storm, unlike Blair’s, blew over.

LEON MANGASARIAN AND TONY CZUCZKA



TOP: ALASTAIR GRANT-POOL/GETTY IMAGES; SIDEBAR: ADAM BERRY/GETTY IMAGES

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again in New York over tea with Michael Klein, a former Citigroup Inc. banker who acted as an adviser to both mining companies through his New York-based firm, M. Klein and Co. Glasenberg mentioned that the Qataris were blocking the deal. Blair offered to help since he knew Qatari Prime Minister Sheikh Hamad bin Jassim bin Jaber Al-Thani. Glasenberg asked Blair to persuade the Qataris not to impede the transaction.

One evening in early September, Blair had a chance to deploy skills he used to negotiate the 1998 Good Friday Agreement that led to a reduction in sectarian violence in Northern Ireland. He walked through the art deco hallways

Quartet role as he does on his money-making ventures. What's more, he says, paid advisory work of the sort he's doing in Kazakhstan allows him to do similar work elsewhere. "What I do pro bono in Africa, I do for a profit outside," he says. As part of his Africa Governance Initiative, he travels to Guinea, Liberia, Malawi, Nigeria, Rwanda, Sierra Leone and South Sudan. In January, Blair met with Sierra Leone President Ernest Bai Koroma to discuss how his AGI team there can help the country build up its tourism industry in order to reduce its dependence on mining.

Six years out of office, Blair speaks with sometimes boyish passion about his new life as a multitasking former

"I'm not saying I would have won, but it would have been tighter than it was."

For all the money he's made, the job he really wanted after Downing Street was one that would have paid him 298,495.44 euros (\$386,432.20) a year: president of the European Council, a post created in 2009. Tainted by the Iraq war and lacking broad support among EU leaders, Blair wasn't a serious contender in the end. The job went to Herman Van Rompuy, a man barely known outside Belgium, where he had been prime minister. "If the European job had been offered to me, I would have taken it," Blair says. "But it wasn't."

Haunted still by Iraq, Tony Blair is today a wanted man in a way he never intended to be: a political outlaw in the eyes of large segments of the British public. Even so, speaking out on the EU or development in Africa, he's a more active political force than Brown, 62, or John Major, 69, or Margaret Thatcher, 87, in their relatively timid retirements. Major is a senior adviser at Credit Suisse Group AG. Thatcher, now in ill health and largely absent from public life, had taken an advisory role at Philip Morris International Inc. Brown, who left office in 2010 and remains a little-heard-from member of Parliament, has set up a small foundation and done some teaching.

In his afterlife, Blair remains unabashedly ambitious. "The idea that he's a world statesman still lingers with him," says Desai, the Labour peer.

Blair, contemplating the far-flung enterprise he's built since the bitter summer of his resignation, says, "The thing is pretty solid and strong and moving forward." When Blair announced he was leaving office in 2007, he said, "Sometimes the only way you conquer the pull of power is to set it down." He never really did set it down. He's just exercising it in different ways.

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Blair's key connections include Glencore CEO **Ivan Glasenberg**, left, and JPMorgan CEO **Jamie Dimon**.

of Claridge's hotel, just down the street from his office, for a three-hour meeting with Glasenberg and Al-Thani. Blair impressed upon Al-Thani the potential fallout from the merger's collapse. Glasenberg sweetened the deal by increasing Glencore's offer. By the end of the meeting, the Qataris had agreed to back the takeover.

While Blair earned a fee for his work, JPMorgan also benefited from his part in helping to push the deal through, making \$16.5 million in fees, according to data compiled by Bloomberg. Blair's relationship with Glasenberg has continued beyond the breakthrough at Claridge's, according to people familiar with the situation.

Emphasizing that his life is not all business, Blair says he spends twice as much time on his charities and his

prime minister. "I love the intersection between the emerging-market world today and people in the West who have developed ideas and technology and how you put those two together," he says. "That fascinates me."

If business and development are on his mind, politics is in his blood. Reflecting on the work he's done since he left office, Blair says he regrets not making his case to Britons as strongly and publicly as he did when he was in power. Back then, his "permanent campaign" strategy sealed his reputation as a formidable politician who won three elections even as his allure was fading. With Blair gone in 2010, Brown led Labour to defeat against David Cameron's Conservatives. "Frankly, if I'd had a fourth election, I would have given Cameron a run for his money," he says.