

Friday, 7 October 2011

(9.00 am)

MRS JUSTICE GLOSTER: Are all the members of the press  
happily seated this morning? Fine, thank you.

MADAM INTERPRETER (affirmed)

MR BORIS BEREZOVSKY (continued)

MRS JUSTICE GLOSTER: Mr Berezovsky, you are still on your  
oath, you appreciate that.

THE WITNESS: Yes, thank you.

MRS JUSTICE GLOSTER: Yes, Mr Sumption.

THE WITNESS: Just, I'm sorry, paper.

MR SUMPTION: Sorry, what is the witness being given?

MR RABINOWITZ: A blank exercise book.

Cross-examination by MR SUMPTION (continued)

MR SUMPTION: Mr Berezovsky, yesterday afternoon, just  
before the end of the court day, you may remember I was  
asking you questions about what had been agreed in  
relation to the cash auctions of the 49 per cent. Do  
you remember that I asked you questions about that?

A. Yes, I remember well.

Q. Yes. And your answer, in very broad summary, was that  
that was all left to Mr Abramovich.

A. You're correct.

Q. Now, I want to ask you the same questions in relation to  
the auction of the 51 per cent after the State's

default. You know which auctions I'm talking about?

A. Yes.

Q. Yes.

A. The date of this auction I remember well.

Q. I imagine that your answer in relation to the auction of the 51 per cent that actually occurred in 1997 will be the same: that was left to Mr Abramovich too, was it?

A. It is correct.

Q. So your evidence in relation to the 49 per cent applies equally to the auctions of the shares of the 51 per cent?

A. You're correct.

Q. And likewise I challenged you yesterday and suggested that there had been no agreement in relation to the 49 per cent and I make the same point to you about the 51 per cent.

A. It's absolutely wrong. It was include in agreement between me and Abramovich and Badri that Abramovich, up to the moment of we reach agreement, manage all events which happened with Sibneft and around Sibneft and if he need our help or something, he anytime is able to call us.

Q. Do you say that that was actually said in substance or do you simply say that that was your understanding of the position?

A. It was agreement.

Q. I see. Well, I have challenged your version on that.

I suggest to you that the only understanding in 1995 was that you would act as Mr Abramovich's political patron in return for regular payments and that you would cooperate in the forthcoming loans for shares auction.

A. It's absolutely wrong. As I told you yesterday, I was responsible also for funding everything what we need to privatise Sibneft, and it was several stages included, and I never changed this agreement with Abramovich and, as I understand, Abramovich never changed this agreement with me.

Q. Now, I want to turn briefly to the affairs of ORT. You took over control of ORT I think at the beginning of 1995, didn't you?

A. No, it's wrong. I took over control at the end of '94.

Q. I see. But ORT began operations, didn't it, in April 1995? That's when it started broadcasting in its own name?

A. 1 April 1995.

Q. Yes. Now, when you took over the management of ORT, you discovered, did you not, that its funding needs were greater than you had previously realised?

A. I am sorry?

You are absolutely correct that at the beginning

I understood that we need to have funding for ORT because the money which ORT got from advertising was not enough to do that.

Q. Yes. Now, part of the funding of ORT came from Logovaz, didn't it?

A. It is correct.

Q. But Logovaz was not in a position to provide nearly enough funds to keep ORT going, was it?

A. It is correct and it is the reason why some banks which were part of the deal of privatisation of ORT -- I mean Menatep, I mean Stolichny and others -- they also helped to fund ORT, understanding importance of ORT.

Q. Yes. Now, in the first few months of 1995 you were, as I understand it, scrambling about looking for money to fill the gap in ORT's funding?

A. At the beginning it was not so clear how big is that and at the beginning I had the other most important problem which helped me to organise the finding -- the funding of ORT because -- and it's important from the point what you are discussing to understand that ORT, when we took it, it was State organisation, organised in Soviet manner, without any thinking about market economy.

And we tremendously reduced expenses of ORT in the first several months. We reduced number of employers (sic). We reduce -- we restructure the income to ORT,

what is the most important, because ORT covering 98 per cent of the Russian territory -- covering 98 per cent of Russian audience, and it's -- it was -- on the other hand, just took back compared with NTV, which already operate at that time, and --

MRS JUSTICE GLOSTER: Sorry, I'm not following you. Can you just clarify: when you're talking about 98 per cent, did you increase the coverage or reduce it?

A. No, no. 98 per cent, it's the coverage of ORT of the territory of Russia.

MRS JUSTICE GLOSTER: Yes.

A. And the population -- and the competitor, NTV, they cover just 53 per cent but their profit from advertising which was bigger than profit of ORT. It means that it was disproportion between profit -- a disproportion not in favour of the most popular channel.

MRS JUSTICE GLOSTER: Yes, I see.

A. I made enormous step which was out of understanding of many: I just stop advertising for three months, to destroy completely the market which exist before and to create new market with a reality, reality where ORT is dominating and will get the share coinciding with their proportion -- with the real proportion.

MRS JUSTICE GLOSTER: Yes, I see. Thank you.

A. Thank you, my Lady. And it gives completely new sources

for investment for funding ORT and help us a lot. But in spite of help of banks, because I was not alone who share 49 per cent and it's written and it's clear that it was the other banks, the so-called (inaudible) or say me the most influential businessman that time and we share our funding between us.

MRS JUSTICE GLOSTER: Yes.

A. But as far as the other businessmen does not believe so much like me believe in importance of ORT and importance to keep that as a leverage for political elections which were coming, they were not happy to pay so much like I paid.

MRS JUSTICE GLOSTER: Yes, I see.

A. It is the reason why I most strongly start to think how to find funding. This was the big -- the decisive point, me to go to president and to convince him to allow me to find the other source for that.

MRS JUSTICE GLOSTER: Yes, I see.

A. Thank you.

MR SUMPTION: That being Sibneft?

A. Yes, correct.

Q. I think what you've been saying is that Logovaz couldn't supply enough money; your fellow investors in ORT, the other owners of the 49 per cent, weren't very keen on putting up money?

A. Not so. They put money, there were not enough and Menatep personally put, and Smolensky put, and other banks they give money. But nevertheless it was very risky for them because they did not believe so much like me that to win elections and it was the reason they didn't put enough money, it's true.

Q. Yes. But you were disappointed, were you not, in the funds that were put up by your fellow investors?

A. I absolutely agree with you. Again, they didn't believe like me believe that it's important and finally we win competition against of Communist and it is the most important leverage here, what's (inaudible) what's correct, and it means that they were not prepared to take the same risk like me. This is the point.

MRS JUSTICE GLOSTER: Yes.

MR SUMPTION: Now, you say you resorted to banks. As I understand it, your main attempt to get bank finance for ORT concerned a Korean bank or a Korean banking group called Lotto. Is that right?

A. Sorry? No, as far as -- it's not Korean bank. It was Lotto Group in South Korea.

Q. Okay. It wasn't a bank?

A. They have a lot of different structure, including that. And as far as them, as I remember, we discussed with them completely different project; we discussed with

them to build in the Moscow the trade centre. I can't exclude that I discussed with them their participation or the funding of ORT but it's doubtly because they didn't have business connected to mass media.

What I remember well, that I discussed with Rupert Murdoch to his participation in mass media business, including ORT, but I think it's happened later, not that time.

Q. And he said "no" as well, didn't he?

A. Sorry?

Q. He said "no" as well?

A. Not at all. It's completely wrong. As you know, Rupert Murdoch is, for me, great businessman and he was very accurate to decide his steps to Russia. And finally we establish with him just a radio company together, Murdoch and my group, Badri, and Badri was one of the key persons to negotiate and so, and later on Murdoch went to Georgia, again between Badri and me --

Q. I'm not asking you about what happened later.

A. I'm sorry.

Q. Can you just confirm this. As I understand it, after drawing on Logovaz, after drawing on your fellow investors and after drawing on whatever you could borrow, there was still a substantial shortfall on the funding requirements of ORT, was there not?



A. It was not sub -- sorry, my English -- substantial but definitely as long as we try to -- as long as we plan to completely change the company, putting in the modern way, as better I understand that we need funding, and funding which produced by consortium of bankers because they become so -- it's turned out that they were very greedy to invest in that. I tried to find the other source, it's true.

Q. Now, Mr Berezovsky, you tell us in your witness statement that your main reason for taking up Mr Abramovich's project or the project to integrate the two oil companies in Siberia had been that you saw the project as a source of funds for ORT, and I think you confirmed that yesterday.

A. Again I would like to stress: it's not Abramovich project, as we understand, but there --

Q. All right. Forget whose project it was. The Sibneft project.

A. Good, thank you very much. It's correct. And it's absolutely correct that the main reason for me to go to this business and it's initiate in my mind, yes, that I was looking for the funding of ORT. But when the size of business I recognise it's so big -- could be so big, because at that time Sibneft was not profitable, I just want to stress, when we took it -- I nevertheless

understood that it's not only funding of ORT; it's only opening a great opportunity, like everybody who participate in auction, shares against of collateral, understood well that it's enormously profitable business.

Q. Now --

A. Could be.

Q. -- you needed --

A. Sorry?

Q. You have told us that you looked to the Sibneft project to produce funding for ORT. You needed it to do that quickly, didn't you?

A. As you know, definitely, because the opportunity to privatise was framed by decree of president. On the other hand, we were looking for the other opportunity and, as you know well -- maybe it's not written here but you read, I am sure, at least a piece of Russian history at that time -- finally we are in hurry because of elections, and elections should start at -- according of Russian law, in June it was the first round.

Q. June '96?

A. June '96, correct. June '96. And the second round happened at 3 July 1996. As you know, maybe that government organise a special funding for mass media at that time.

MRS JUSTICE GLOSTER: Mr Berezovsky, I don't want to interrupt you and I'm very keen you have all the time to give the evidence you want but it would help me if you could focus on the question a bit more and answer the question.

THE WITNESS: Thank you.

MRS JUSTICE GLOSTER: The question you were asked was:

"You needed to do that quickly, didn't you?"

You needed the Sibneft project to provide funding for ORT quickly?

A. The answer is yes.

MRS JUSTICE GLOSTER: The question you were asked.

A. The answer is yes.

MRS JUSTICE GLOSTER: Yes, thank you. If you can just remember that --

A. I just want to stress it was important but not critical, because everybody thought finally we will find foundation for ORT, but it was the best opportunity no doubt.

MR SUMPTION: Now, it wasn't going to help you to find funds for ORT quickly to own shares in Sibneft, was it?

A. It's correct to privatise Sibneft.

Q. For you to own the shares in Sibneft or to have an interest in Sibneft, that wasn't going to help you to find funds for ORT quickly, was it?

A. Again, I understand perfectly your question and for me

it was important to put Sibneft under control in the most -- in the way which give me not only short-term funding but long-term funding, and only way was to privatise Sibneft and be shareholder of Sibneft directly or indirectly.

Q. What is the answer to my question, Mr Berezovsky, which is that owning shares in Sibneft or an interest in shares in Sibneft wasn't going to help you to find money to fund ORT quickly, was it?

A. I should... better to understand your question.

(To interpreter) Could you help me?

I think it's opposite. If I would own shares of Sibneft and control all business which is as a result of being shareholder of Sibneft, definitely it's helped me a lot to find money quickly.

Q. You told us a moment ago that Sibneft was unprofitable. So how was it going to help you to own shares or an interest in shares in Sibneft --

A. It's --

Q. -- in order to fund ORT if the company was unprofitable?

A. It's very simple: because the time when State owned Sibneft, Sibneft was not effective. It's happened with all oil company and particularly maybe the best example is Yukos, which increase during the year the potential -- the income to the company not in

100 per cent, not in 200 per cent, in 300 per cent, because the old way of operating was collapse. And it is the reason why finally President Yeltsin, looking forward, took a very principle decision to privatise the most sweet pieces of Soviet economy.

And in very short time -- and everybody understood how to do that and mechanism which Abramovich used that time is absolutely the same mechanism like Khodorkovsky used that time and in very short time all oil companies become super-profitable. And unfortunately Khodorkovsky is in jail for this way, which is surviving his benefit; this is only different. But all company become very quick absolutely profitable.

Q. Mr Berezovsky, at the time when Mr Abramovich took over the management of Sibneft it was making losses, wasn't it? At the beginning it was making losses?

A. As far as trade is concerned, I am sure that they made profit. As far as their operational operation they had losses but, as I know, all oil company, the day they put under control, they start to generate money, not as a dividends but as a profit, through failing company.

Q. Now, Mr Berezovsky, Sibneft was an amalgamation of two previously independent State-owned enterprises, wasn't it?

A. Just a second.

Q. And they were typical inefficient Soviet-style enterprises, weren't they?

A. Just a second. (Pause)

Two independent State-ownership enterprise, you mean Noyabrskneftegas and Omsk refinery company?

Q. Yes.

A. It's not only that; there was also one institute for research, for search the --

Q. There were some minor subsidiaries as well.

A. Yes.

Q. But they were independent entities which had been old-style Soviet inefficient businesses, weren't they?

A. Yes. Yes, absolutely.

Q. There was first of all a huge job to be done, wasn't there, to integrate these two separate businesses into a single organisation?

A. Not at all. I explain you why: because already that time -- why Gorodilov create idea to create a vertical-integrated company include exactly those two separate entities, separate -- sorry, separate parts, yes, because already it exists that oil from Noyabrskneftegas supply Omsk refinery company and already there is existing company, I forgot how -- what is his name, Omsk -- I don't remember exactly the name, which sold the production of oil refinery company. It's

already everything exist, but it exists as a separate entity -- as separate companies, yes?

And the idea of Gorodilov was absolutely simple; moreover, definitely it was not idea just Gorodilov because all western company were organised like that. And that's all: you put that together, it's immediately become profitable. That's it.

Q. In addition to integrating these two separate businesses into one organisation, it was necessary, was it not, to transform into modern business organisations businesses which had never been exposed to market disciplines in their entire history; that's right, isn't it?

A. You are absolutely correct and moreover I think that -- and I understand maybe that better than anyone because, as I remember, in your skeleton you said that all these people who took under control oil company were industrials, you mean technology. No one more industrials than me because only me had really experienced in Avtovaz, as I told before. Company Logovaz based on the Avtovaz, the largest car manufacturing company in Russia.

And it was very -- I'm sorry to say that it was very funny when they said that Abramovich had experience, Khodorkovsky had experience, but I didn't have experience, only Berezovsky did not experience. It's

the reason why he said, "Oh, Abramovich is so clever guy, he will manage the company". It's completely opposite I'm sorry to say.

Q. Mr Berezovsky, nevertheless you left the entire management of this company, everything, to Mr Abramovich, as you told us yesterday?

A. You are absolutely correct and I explain to you perfectly reason why I done that and you understand it well: because my priority was election of president and to move forward in democracy, not just develop Sibneft company, what was dream of Abramovich for all his life.

Q. Now, Mr Berezovsky, the process of turning Sibneft into a profitable company could not even start until the beginning of 1996, which was when Mr Abramovich took over its management?

A. Not at all. I explain you why. It was created like one integrated company and sell the production of Omsk refinery, connected to production of oil itself. You immediately become -- you immediately make this profitable because profit made not by company who produce the oil; the profit made when you sell that. And as always they start to use their so-called -- I don't know how -- what is the name, I forgot, but the scheme when they sold oil produced inside of the country to other company with low price which located in the



country, with low price, and then you sold after that abroad with a high profit. It's immediately become profitable. It took very short time for everybody; not just for Sibneft, for all oil company.

Q. I would suggest to you, Mr Berezovsky, that you cannot possibly have thought that Mr Abramovich taking over the control of Sibneft at the beginning of 1996 was going to generate profits to fund ORT in time for the publicity campaign before the elections of June.

A. It's exactly the point what you mentioned in your skeleton --

Q. From Sibneft itself?

A. -- because you really calculate me that as not industrial. Believe me, it's not -- you shouldn't be Seneca philosopher to understand how it works and everybody why it was so -- why -- first of all, it was not so many people who recognise that it's new opportunity but those who recognise, they compete a lot to get opportunity to buy or to privatise oil company. It means that it is completely wrong to think that it took, let's say, years to generate the profit; it took very short time to generate the profit.

Q. The first profit, which was very small, made by Sibneft itself was in 1997, wasn't it? It made losses in 1996?

A. Again, again, it's not so. I don't know exact timing

but I know that Sibneft, like all other oil company which were created at this time, start to generate profit immediately.

Q. Well, I can tell you, Mr Berezovsky, that it did not. Its accounts demonstrate that it made no profits until the 1997 year. Its debts -- were you aware of this, Mr Berezovsky: the debts of the component businesses of Sibneft were just under a billion dollars?

A. Again --

Q. Were you aware of that?

A. I did not aware of that.

Q. Right. Were you aware that Sibneft had no oil trading function for the purposes of marketing its crude oil and products at all?

A. I was aware that we decide to create vertical-integrated technology. It means that oil is producted, oil is going to refinery company and oil is selling, and I knew and Abramovich informed that he has trading company. As you know, Abramovich present himself as a trader. It means that he already have structure to sell oil. It's the reason why Sibneft -- not Sibneft itself, but all integrated company, start to generate a profit almost immediately.

Q. In 1995, Mr Berezovsky, you had absolutely no idea, did you, whether Mr Abramovich was the right man to

transform these State-owned businesses into successful modern businesses or not? You had no idea one way or the other about that, did you?

A. Sorry, may I concentrate on the question. Thank you.

(Pause)

If it wouldn't be so. If it would be like that, definitely I would not decide to take Abramovich as my partner. You see, I just want to tell you, and it's important to understand my answer, it was --

MRS JUSTICE GLOSTER: Sorry, I haven't got your answer.

Just look at the question.

A. Yes.

MRS JUSTICE GLOSTER: Did you have any idea whether Mr Abramovich was the right man to transform the State-owned businesses?

A. Yes. Yes, I had -- I understood that he has --

MRS JUSTICE GLOSTER: You thought he was the right man?

A. He is man who could do that, who can do that, and I explain you why: because any revolution create completely new relations between people because old people are not able already to operate in new reality, new people come, and it's up to you, it's exclusively up to you to have understanding who is who.

For example, when I was in science, it took years to understand who is real science, who is just play role of

the science. But when new reality appeared I didn't know Abramovich, I didn't know Badri well, I didn't know many people. I didn't know Khodorkovsky at all. It took time to understand who is who: who is capable, who is not capable. And it depends only on your intuition to understand: is it correct person or not?

And as I told you from the beginning, when I met Abramovich on the first time on the boat, I was really excited how young man is so clever that he create very complicated condition, very complicated -- able to create relations with very complicated people, that he already trader. I didn't know the size of his business, is it big or is it not.

But everybody were new on the market; you didn't understand who is who. It is only from experience you could recognise what is that. And Abramovich produce impression that he's capable person and later on he really -- he proved that he made the Sibneft very effective company. It's the fact. No one can say that Sibneft was worse than the other company.

MR SUMPTION: Mr Berezovsky, in 1995 you had known

Mr Patarkatsishvili for at least six years, hadn't you?

A. Yes, I knew him from '86/'87, correct.

Q. Yes. More than six years then. You had never heard of Mr Abramovich until you met him at the end of 1994, had

you?

A. I didn't meet him -- I met him the first time, as I told you, on the travelling with Mr Aven and Mr Fridman, who introduced me Mr Abramovich, and it was the end of '94.

Q. I'm asking you whether you had ever heard of him before that and I think the answer is no.

A. Before what?

Q. Before you met him at the end of '94?

A. Never heard before.

Q. Right.

Now, you tell us in your witness statement that you regarded him as a small-scale oil trader who had achieved nothing in business. Was that your view?

A. I don't remember exact words concerning his trade business but I remember well my words that I was impressed of Mr Abramovich.

Q. You tell us in your witness statement at paragraph 81 D2/17/213:

"At that time, he was not someone who had achieved anything in politics or in business, being a small scale oil trader..."

A. It is a fact.

Q. Right. That was your view of him?

A. Yes.

Q. Now, Mr Patarkatsishvili told your solicitors in 2005

that when you introduced Mr Abramovich to Mr Patarkatsishvili you said, "This is a nice boy who wants to discuss commercial projects". Is that what you said?

A. I don't remember well, but I don't have any doubt that the purpose of our meeting with Mr Patarkatsishvili at that time to explain -- to introduce him first of all Abramovich and to explain his idea with the new project.

Q. You did regard Mr Abramovich in 1995, didn't you, as "a nice boy who wanted to discuss commercial projects"?

A. Not only. I said that because of my very short experience with Abramovich and what he convinced to have good relations with very complicated people in oil business, it means that he have capacity.

Q. You told us yesterday that in your view he wasn't even smart. Is that right?

A. It's not so. When I said that -- "smart" has a lot of dimensions. I think that Abramovich really is not smart strategically but as far -- he is genius at least in one point. If he want to convince someone personally, he may serve him so well and you trust him so much that you really believe that he's sincere. He's really -- he's genius. And he really convinced me to think, and long time, that he's like my son. And unfortunately it's a little bit eastern terminology, like brother, son; he

definitely was not my son but except my trust to him was so high. And he's genius at that, no doubt.

Q. Mr Berezovsky, your case is that you wanted to invest money in a business to be run by somebody that you had only just heard of, who you regarded as without experience in big business and who you hardly knew. Is that your case?

A. Definitely it's my case.

Q. Now, I suggest that your only interest in Mr Abramovich in 1995 was that he was a man who needed your political influence and he was prepared to pay for it. That's true, isn't it?

A. It's completely wrong. It's completely wrong. Definitely he need my political influence, no doubt, but not to exchange -- just to pay me some peanuts without understanding which kind of project we are discussing. And it's -- I know that Abramovich change several times his witness statement, trying to present finally that I was just krysha, and it's really very interesting because we should define what means "krysha" before to discuss the reality. But it's absolutely clear that -- what I said before.

Q. You told Mr Abramovich, didn't you, at the beginning of 1995, that you would expect to receive \$30 million a year if you helped him out?

A. I'm sorry, I'm sorry, I don't remember that, that we discussed exact number. It could be that I discuss that we have -- definitely we discussed that we have a big problem as ORT and that's it. But I can't exclude that we need exact money to cover our problem in ORT and it's true that deficit for the year that time I think was around \$30 million. But I can't recollect that I discussed exactly this number but I can't exclude that it's so.

Q. The deficit wasn't \$30 million; it was \$200 million a year.

A. No, deficit -- sorry, deficit which accumulated to this time, what accumulated to this time was \$200 million, even a little bit more. But there -- what we should cover immediately and every year, deficit become less and less.

Q. Well, Ms Nosova tells us that it was \$200 million per year.

A. Again, at the moment when we took ORT -- and this is the point, and this is the point -- when we took ORT, deficit was around \$200 million.

MRS JUSTICE GLOSTER: What, the accumulated deficit or the loss for that year?

A. It's -- this deficit, as I understand, was accumulated just before we took ORT, for which period or time or



not, I don't know. But deficit was definitely much more than \$30 million yearly.

MR SUMPTION: Your own witness statement at paragraph 48

D2/17/207 says:

"The sums involved in the year 1995-6 were in the region of \$200 million."

So just for that year you needed \$200 million; it wasn't the accumulated deficit?

A. No, again, again, I want just to be precise as I can be precise. The deficit which we got at that time was even more a little bit than \$200 million and that time I didn't understand well: it's just deficit, yearly deficit or accumulated. But accumulated, what I understood well, that it was accumulated just the last year, yes? Because it's the reason why finally, and what is explanation to the government, why government is not more able to subsidise ORT.

MRS JUSTICE GLOSTER: I'm still not following. Are you telling me that in '95/'96 the accumulated deficit over a number of years was \$200 million --

A. Not only the number of years --

MRS JUSTICE GLOSTER: No, just a second, let me finish.

A. Sorry.

MRS JUSTICE GLOSTER: Or are you saying that in the year '95 to '96, the loss for that year, never mind the previous

losses, was \$200 million?

A. The last is more correct than I told before.

MR SUMPTION: Right.

Now, I put to you a moment ago --

A. And only why I had doubt about that, because I didn't -- I forgot the time when it was calculated. It was almost a year deficit, you are correct.

MRS JUSTICE GLOSTER: Right, thank you.

MR SUMPTION: Now, I put to you a moment ago that you had said to Mr Abramovich that you would expect \$30 million a year. Do you remember asking Mr Abramovich -- this is early in 1995 -- what his income was and whether he could afford to pay you that sort of money?

A. What is -- yes, as I remember, we never discussed with Abramovich exact number what should be covered to ORT from Sibneft. We didn't discuss that every year I need from Abramovich exact this amount of money because I understood well that, on the one hand, that Sibneft just start to generate money, not Sibneft but through the Sibneft was just start to generate money; on the other hand, for me it's absolutely clear that day by -- that year by year, if we'll continue to reconstruct ORT, the expenses will be less and less, what happened in reality.

Q. Do you remember a meeting with Mr Abramovich in

March 1995 at the Logovaz Club at which you first asked him for a payment?

A. March 1995?

Q. Yes.

A. For a payment before Sibneft was created?

Q. Yes.

A. No, I don't remember that.

Q. He asked you for \$8 million, didn't he?

A. I don't remember.

Q. Sorry, forgive me. You asked him for \$8 million?

A. I asked him to pay \$8 million?

Q. Yes.

A. It's impossible.

Q. And that \$8 million came from Mr Abramovich's Swiss trading company, Runicom SA, didn't it?

A. I don't know anything about this payment.

Q. The person --

A. And it's absolutely impossible idea that I ask Abramovich to pay me money before Sibneft was created.

Q. The person who handled payments to you from Mr Abramovich's Russian trading companies will say that she handled sums paid to you or to your order in 1995 of between \$20 million and \$30 million. Do you deny that?

A. Completely.

Q. Do you remember that in March 1995 Ms Goncharova

delivered \$5 million in dollar bills to you at the Logovaz Club?

- A. Again, look, Mr Sumption, I don't want to play game, I'm sorry, and I want to say you: I never asked Abramovich to pay anything before Sibneft was created. It's absolutely ridiculous. Because I told you that we had a lot of problem, it's true, but we have consortium -- not consortium, at that time I don't know the word, yes? -- but we have banks, the biggest Russian banks were involved in creation of the biggest TV company.

And small Abramovich, poor guy which does not have money, even didn't create still Sibneft, and to ask, "Mr Abramovich, could you please pay me \$5 million?", "I don't have it". How I can ask that? It's only in his dream could be, but he prepare his witness statement.

- Q. You asked him because you had checked at the beginning of 1995 whether he could afford to pay you something like \$30 million and he told you that he could.
- A. I know that Abramovich insist that he was big-scale businessman with 40 million yearly in profit; it's absolutely rubbish. Impossible for his company at that time to generate this profit. It's impossible. If so, if so, why all of us, he, me, we're looking for the money how to buy Sibneft?

If Abramovich generate 40 million, it was not a problem at all to go to Stolichny Bank or to go to Menatep and to travel all over the world, what I was doing, and Abramovich prepare the prospectus for me travel all over the world to find the funding money, if Abramovich generate 40 million, finish the story: Abramovich put this money, why I spend my money -- my time for nothing?

Q. What did you know, Mr Berezovsky, about what Mr --

A. \$5 million I ask Abramovich -- sorry.

Q. Let me finish my question.

A. Sorry.

Q. What did you know in 1995 about what Mr Abramovich's trading companies could afford to pay you?

A. I don't know anything.

Q. You knew nothing?

A. I don't know anything that Abramovich must to pay me before Sibneft was created.

Q. No, that's not my question. My question was this: what did you know in 1995 about the ability of Mr Abramovich's trading companies to pay you money?

A. Abramovich never mentioned even that his company able to pay anything.

Q. That is not my question. I am interested in what you knew --

A. Okay, I didn't know anything.

Q. Listen, Mr Berezovsky, to the question --

A. Okay.

Q. -- and you may find it easier to answer it.

A. Sorry.

Q. My question is about what you knew about the financial situation of Mr Abramovich's trading companies because you have just said they couldn't have afforded to pay you significant sums of money. What I would like you to tell us is: what did you know about the financial situation of those companies?

A. I knew that -- I knew nothing, okay.

Q. You knew nothing?

A. I knew nothing. I just could imagine that it was very small company.

Q. You could imagine that?

A. Yes. Yes, correct.

Q. But without any knowledge?

A. Not -- knowledge was just because definitely I talked to Abramovich and he never said, "Boris, I have amazing company". If he would have that, definitely he inform me.

Q. Now, we do not have complete records, any more than you do, of these payments, but we do have partial records and I would like you to look at one of those documents

for a moment.

A. Please.

Q. Could you be given bundle H(A)02/124.

Right. This is a --

A. Just a second. Okay.

Q. This is a bank transfer docket which shows a payment by Runicom SA -- which you'll see its name at the top -- to Logovaz on 21 September 1995 for \$4 million. Do you see that?

A. And what is the reason for this payment?

Q. That was what I was going to ask you.

A. You already got an answer.

Q. What is it?

A. What was that? You got an answer: it means that I don't know what is that.

Q. It says "Payment under settlement agreement". Tell us about that settlement agreement.

A. Ah, settlement agreement. I don't have any idea but I --

Q. You don't have any idea.

A. Just a second. If it's important for you, my Lady, I can speculate about that.

Q. I'm not asking you to speculate.

A. For example -- just a second. For example, Avtovaz -- Logovaz was a big -- was maybe at that time the largest

car dealer in Russia and many company, including oil company, bought a lot of cars from our company. And I can imagine -- I don't know that, but if you ask me to think a little bit about that, I can imagine -- that it's not exception that maybe Roman oil company bought cars for the employers (sic) and then it was payment.

But again, it's just speculation, nothing more, because it's not my point at all to look through these documents.

Mr Sumption, I understand that you don't like that, but nevertheless please really concentrate a little bit. I have parallel life and this is completely second story, out of my -- out of my understanding, out of my thinking. I give up --

MRS JUSTICE GLOSTER: Just a second. You'll do yourself more justice if you keep the answer short.

A. Sorry.

MRS JUSTICE GLOSTER: You're saying, "I didn't look at these documents, I had a business to run" --

A. Okay. Okay, my Lady, I try to do it in this way.

MRS JUSTICE GLOSTER: Okay. Just answer this question for me. Your speculation is this related to some payment for motor cars?

A. For example. Could be, yes. One of the thousand opportunity; others, I don't know.



MRS JUSTICE GLOSTER: Okay. Yes, Mr Sumption.

MR SUMPTION: Are you suggesting that Mr Abramovich's Swiss trading company may have bought \$4 million worth of motor cars from the Logovaz dealerships?

A. He could pay this through Swiss company but the car -- I don't believe that Avtovaz car, which are not so good, Abramovich bought for Switzerland. I think that he bought it for those people who supply him oil or something else in Soviet -- in Russia. Definitely he did not plan to put these not-so-good-quality car to Swiss. And it's absolutely clear that if Swiss pay for that, it doesn't mean that this car export to Switzerland.

Q. Mr Berezovsky, you told us a moment ago that at the time you didn't concern yourself with such trivial matters as payment information. Is that right?

A. That payment information?

Q. Did you concern yourself in 1995 with the details of payments that were made to companies associated with you?

A. You're absolutely correct.

Q. So you got other people to do that?

A. Absolutely correct.

Q. Right. So if people who were concerned with these payments and actually administered them on the Runicom

side say that you received \$20 million to \$30 million in 1995, you have no knowledge which enables you to contradict them, do you?

A. Sooner yes than no, because I think that I would be informed about that.

Q. Why do you think that?

A. Why I could be informed about that? Because I'm sure that Badri, who was responsible for that, would be very surprised that Abramovich has a great capacity now already to generate money.

Q. Would you have a look, please, at H(A)03/1.

A. H(A)...?

Q. Somebody will bring that to you. You'll need to wait until someone brings you the document. H(A)03/1.

This is another docket, also Runicom SA --

A. Yes.

Q. -- recording a payment to a company called Atrium under intercompany arrangements with Logovaz.

A. Hmm.

Q. That was also a bill, wasn't it --

A. It looks like.

Q. -- which you asked that Runicom should pay?

A. Me ask? Is it written somewhere that I asked to pay that?

Q. I'm asking you whether that is the explanation of the

payment of \$1 million.

A. I don't know. I never ask.

Q. Because you had actually no knowledge at all of the flow of funds into your account?

A. It's correct.

Q. Now --

A. Not "not at all", but mainly it was -- if it's not something important. Definitely sometimes I was informed that we have this -- for example, for example, I worry a lot about the charity which I created in Russia and later on create charity -- later on create foundation in United States. As far as Russia is concerned, it was trying to support Russian culture, which exist until now, even though I am abroad, they still did not destroy that, even Putin.

And definitely I care -- when they need money, I asked Badri, I never asked Roman -- or not never; mainly, let's say, I asked Badri to pay money to cover some expenses. Sometimes I asked Roman to cover expenses. But, as I understand, that time, at the beginning of our relations, really only Badri was feedback between -- as far as payment is concerned -- between me and Roman if we need.

Q. Now, the truth is, Mr Berezovsky, that you received substantial sums of money from Mr Abramovich's companies

in 1995, before Sibneft was even created, and before control over it was acquired. That is the truth, isn't it?

A. I give you my explanation, I think, my Lady. I told that I can't exclude any way of payment of Mr Abramovich, including his payment to us for some service from us or some sold -- or something like car we can sold to him. But I completely refuse that I knew anything about that we ask Abramovich to pay money before creation of Sibneft.

Q. Is it your evidence, Mr Berezovsky, that it was Mr Abramovich who insisted that the agreement you claim to have made in 1995 should not be written down?

A. I never insist that.

Q. Sorry?

A. I don't remember that I insist that this dogovor shouldn't be written down, as I understand. It was a verbal agreement but here I would like to stress and yesterday we in details tried to understand what was the sense of this agreement.

Q. Well, Mr Berezovsky, let me ask you it this way: was there any discussion between you and Mr Abramovich about whether your agreement in 1995 should be written down?

A. I don't remember that we discussed that because that was absolutely regular way that time to have verbal

agreement between parties. What I remember well: that later on, in '96, Abramovich insist that we would not have anything in written. This I remember well.

Q. Would you look at your witness statement, please.

I wonder if you could look at page 217 of the bundle in your witness statement -- sorry, you don't have it this morning.

A. No, I just -- it's over here.

Q. Have you got your witness statement?

A. They will bring.

Q. Okay. Right. Now, just to get the context, would you turn to page 217 of the bundle, please D2/17/217.

A. 217, yes.

Q. Now, this is a part of your witness statement where you're talking about the 1995 agreement, isn't it?

A. Yes.

Q. If you turn to paragraph 106 D2/17/219, you give evidence about the matter which you said a moment ago you couldn't remember being discussed at all.

A. Yes.

Q. What you say is:

"... Mr Abramovich insisted that our agreement should not be written down."

Now, is that something that you remember, as you suggest in your witness statement, or is it something

that you can't remember, as you said a minute ago?

A. Just a second. (Pause)

Yes, I really did remember because I all the time mix the situation before -- just a second. It's 1995 agreement; correct?

Q. Yes.

A. Before and after my political -- my political exposure, because in 1995 I had political exposure, not so harmful like it's happened in '96 and it means that in my memory I can't remember well and it's the reason why I said absolutely precisely that Abramovich insist not to have any agreement strongly in '96, when I went to presidential election campaign.

Q. So is your evidence now that he didn't insist in 1995, he insisted in 1996?

A. No, it's written in my witness statement that he insist from the beginning, yes, and my impression is not so strong because that time I haven't seen real arguments for that and it's the reason that my memory recollect that, okay, he insist without very specific reason for that. In '96 it was absolutely clear that it's specific reason of that and it means that my memory recollect like that.

And I just want to stress again that this document is very complicated to comment when it's the extraction

of some -- my recollection, yes? Because recollection is a long time ago: it's '96/'95. My clear understanding was that finally Abramovich insist that it wouldn't be written agreement and to distance as far as possible from me.

But what is written here is absolutely correct.

I agree with you that it's not completely different what I said just now; but again, it's my recollection.

Q. At the beginning of that long answer you suggested that your memory was not as clear as your witness statement. Do you regard your witness statement as the truth, the whole truth and nothing but the truth, Mr Berezovsky?

A. Yes, yes, and I just want again to confirm that it's absolutely truth, only truth and -- but on the other hand you should clear understand that --

Q. Would you look --

A. Just a second. You didn't give me to answer.

On the other hand you should clear understand that it's my memory, yes? And I exactly have in my memory very clear the final result what was happened in '93 -- '95/'96, when I start to strong to be involved in politics and took a great risk to go to election campaign, being on the first line.

It's the reason why, yes, I agree that you are correct; but again, it's -- you're correct, let's say,

formally, no doubt, but as a reality you are not correct.

Q. Well, as I understand your answer -- and I'm just putting it back to you so that you can make sure that I've not misunderstood it -- you're now saying that it was in '96 that Mr Abramovich insisted that it shouldn't be written down. Is that right?

A. In '96 he propose to distance me as far as possible. This was just the beginning of my distance how Abramovich was looking for.

Q. Mr Berezovsky, just listen to my question.

A. Yes.

Q. I'm not asking you about distancing; I'm asking you about discussions, if there were any, about whether this agreement should be written down.

Is it your evidence that it was in 1996 that Mr Abramovich insisted that your agreement should not be written down?

A. I confirm what written is my witness statement.

Q. What is the answer to my question? Is it '95 or '96?

A. In '95 Abramovich start to present this idea and in '96 --

Q. Which idea?

A. That I shouldn't be visible too much and I shouldn't write -- shouldn't sign -- it should not be in written



form. I didn't pay attention at that time too much.

I pay attention too much that when we distance in '96.

Q. You see, paragraph 106 of your witness statement is quite clearly directed to 1995, isn't it?

A. Yes.

Q. Because you talk about what might happen in the event --

A. Yes.

Q. -- that President Yeltsin lost his re-election bid and the Communists returned to power.

What you say is that Mr Abramovich was suggesting it shouldn't be written down in case the Communists got to power. Is that your evidence?

A. No, it's absolutely correct. But again, my recollection -- again, I present here my recollection. I present here my recollection.

Q. I see.

A. My recollection of more than ten years' events. And my clear recollection of to distance from Abramovich definitely connect to the election campaign, which start from the -- I would like to say -- from 1 January 1996. It was -- but previous, before then, it also was not simple situation and my memory is not sufficient enough.

I just confirm -- again, confirm what written here in my witness statement: that really I recollect Abramovich start to prepare to distance me not -- in the

second, yes, before elections. But time ago and I don't see that I gave you wrong answer.

I just want to stress that I didn't recollect when you put me that it was happened even before. But again, when I prepare this witness statement, I try to recollect the events which happened 15 years ago.

Q. Mr Berezovsky, the policy of the Communists in 1995 and 1996 was to renationalise all the key industries that had been privatised or partially privatised, wasn't it?

A. It's correct, but understand that Communists are so powerful came later.

Q. Yes. But that was their policy?

A. Yes, definitely.

Q. Right. Now, if the Communists were returning to power, they were going to stop further sales of State assets and reverse the ones that had already happened whether you were publicly associated with the company or not, weren't they?

A. Definitely -- finally, yes, but who will be the first -- look, it's interesting question, I'm sorry, it's interesting question, because there were many businessmen who think that they will make a deal with Communists. I'll give you example, not to be just...

When finally we agreed in Davos, it was very beginning '96 with all principal the most powerful

businessmen to be together against of Communist. It's turned out that time that they already start to pay money not only in Yeltsin support but also to support Communists. And it was important for me that I even could not imagine that time, it's a reason that my worry, my personal worry in '95 was not so much like happened later, and it is reason why I finally took a decision to distance from my business, like Abramovich proposed.

And my recollection, when I give you answer -- wrong answer to your question, was not recollection that already that time I was so -- feel myself so much involved in fighting, yes, and -- but again, I confirm everything what written in my statement, witness statement.

Q. It would have made no sense for Mr Abramovich to insist that the agreement should not be written down in case the Communists came to power because the Communists were going to renationalise privatised or partially privatised state assets whether they were associated with you or your agreement was written down or not; that's the truth of the matter, isn't it?

A. May I try to better understand your question, to try to give short answer.

(To interpreter) Could you help me, please? (Pause)

I -- no, as I told you before, as I told before, many businessmen think in different way, think in different way, and there were -- again, we should calculate two players: those who believe that Communists will take power, yes, and those who did not believe that Communists will take power. Those who at that time did not believe that Communists will take power were less than those who believed that Communists will take power, yes?

In front of those who believe more that Yeltsin will continue his power, the proportion of them were less than opposite. And even those who were very rich and believed that Yeltsin -- not believed that Yeltsin can win, even those pay money to Communists and pay money to Yeltsin election campaign.

And definitely Abramovich, like majority, worry that Communists could take power. Just again, I just recollect clearly that we finally agreed to make this distancing only in '96 but again --

MRS JUSTICE GLOSTER: I'm going to stop you, Mr Berezovsky.

THE WITNESS: Sorry.

MRS JUSTICE GLOSTER: I'm trying to help you, you understand.

THE WITNESS: Thank you.

MRS JUSTICE GLOSTER: Scroll back and look at the question

because you're not actually answering the question. The question that Mr Sumption put to you -- if somebody could scroll the screen back for me, please.

MR SUMPTION: Shall I read it out again?

MRS JUSTICE GLOSTER: Well, he may like to look at it on the screen.

MR SUMPTION: Can you see it on the screen?

MRS JUSTICE GLOSTER: [Draft] page 42, line 4. It's quite a long question.

THE WITNESS: Is it possible, Mr Sumption, just to make it a little bit shorter? Then I also try to give you a short answer.

MRS JUSTICE GLOSTER: Yes, put it again, Mr Sumption, a bit more shortly if you can, please.

MR SUMPTION: Mr Berezovsky, it would have made no sense for Mr Abramovich to insist that the agreement shouldn't have been written down because if the Communists came to power, Sibneft was going to be renationalised anyway?

A. No, no, I understand. No, it was the reason, it was the reason, because even those -- it's exactly what I tried to explain -- even those who think that Communists will take power, among them were people who believe that Communists will stay -- will leave the company with them. It's the reason why I try to explain you, my Lady, that even Khodorkovsky, even other, they pay

Communist money during election campaign thinking that if they will take power, they nevertheless will not renationalise.

MRS JUSTICE GLOSTER: Let me ask you this: what was the point of not having the agreement between you and Mr Abramovich written down or not written down if the Communists, if they came into power, were going to renationalise anyway? What difference did it make whether the agreement was written down? Because --

A. No, no, if they will not -- if they even start to renational -- two points again.

Let's suppose Communists will take power and they will not start to -- there were people who think that Communists will not start to renationalise and it's means that for Abramovich's reason that I'm in political battle and he will be one of them who will not be -- who will not be renationalised.

MRS JUSTICE GLOSTER: So you're saying if you were seen to be associated with it, which might be the case if the agreement was written down, the Communists, if they came into power, would be more likely to nationalise?

A. Absolutely correct. My Lady, it's absolutely correct. It's exactly what I tried to explain.

MR SUMPTION: But, Mr Berezovsky, everybody knew that you were connected with the company, NFK, that had acquired

the right to manage Sibneft. Everybody knew that, didn't they?

A. Yes. Mr Sumption, again, not everything is absolutely logical, we should understand, and my behaviour --

Q. I am beginning to understand that.

A. -- also was not very logical sometimes. I tried -- because the situation changed so much and if to explain every second of the changes, of quick changes of political situation, it's very complicated to understand.

The point is that Abramovich really worry that my political exposure, and I believe that he think like that, he wants to distance me. I accept that. I accept that because he managed the company, not me managed the company. He is the person who is responsible to survive with the company.

Q. You can put away any bundle that you've got other than your witness statement. I would like you to be given, please, J2/2.23/275. He should keep his witness statement. If that's D2, he should hang on to it.

A. Thank you.

Q. Now, this is your second witness statement that you've got open in front of you, isn't it?

A. It's written here.

Q. This is a witness statement that you made for the

summary judgment proceedings in the Commercial Court and the Court of Appeal last year?

A. Mm-hm.

Q. Do you remember that?

A. Okay, I don't remember but we'll try together to reconstruct that.

Q. Right.

A. Again, it's in Commercial Court?

Q. Well, do you remember that Mr Abramovich asked for summary judgment against you in the Commercial Court? It was in fact in 2009.

A. It's strike-out or what is that?

Q. Yes, well, strike-out would be another word for it. Do you remember?

A. No, I don't remember, but I will --

Q. You don't remember there being any summary judgment proceedings?

A. Okay. Again, I don't remember but I will remember. You help me to remind.

Q. Okay.

A. It was -- again, it was second witness statement of -- during strike-out or later on?

Q. It was during the strike-out.

A. And it's the last one?

Q. Yes, because your -- well, there was a third witness



statement but it's the second one I'm asking you about.

It was a statement that you made on 17 July 2009.

A. Just a second. 2009?

Q. 2009.

A. Just a second.

Q. 17 July.

A. Just a second. Mm-hm.

Q. Would you please turn to page 281 of the bundle,  
paragraph 31 J2/2.23/281.

A. Yes.

Q. Would you read paragraph 31 to yourself. It is your  
account of the 1995 agreement, or part of it.

A. Sorry? 31?

Q. Yes. Just read paragraph 31 to yourself, would you?

A. And then we'll continue, yes?

Q. Then I'll ask you a question.

A. Thank you. (a) and (b), yes?

Q. I would like you to read what comes before (a) as well?

A. No, but altogether?

Q. The whole of paragraph 31.

A. (a) and (b) full, yes. I'm sorry. (Pause)

Yes, okay, I read it.

Q. This is your explanation in 2009 of why the agreement  
was written down.

A. Yes.

Q. But it doesn't mention, does it, that Mr Abramovich had insisted that it shouldn't be?

A. I don't see here that.

Q. When you explained in 2009 why the agreement had not been written down, you didn't mention any demand by Mr Abramovich that it shouldn't be written down, did you?

A. Mr Sumption, I want just to stress again, the last witness statement I gave in May 2011, yes? This statement made in June 2009. I am a person who have memory mainly reflected to the emotional events in my life.

I really try to do my best to present my understanding -- not my understanding, my feelings, yes? -- and the main feelings is that I trust Abramovich, we agreed how we'll share our interests, and now you try to say that my trust to him is describing in different -- or a little bit -- or different, it's up to you -- different way, nothing changed.

I really was under strong political pressure, I really understood the dangers of what we are doing and I try to protect my interests, I try to protect interests of Abramovich because it's straight with two roads: if I will not sign, it's make my position weaker in my relations with Abramovich, if he is not person to

whom I trust; on the other hand, if I will not have this document, it help me really, if something political happened in opposite case what I am doing, it help me to be more protected.

It means that I all the time was in controversial understanding -- under controversial conclusion and it's only the reason why my memory work like that. Some points are absolutely clear for me how it was, some points definitely it's not so clear. But what is the most important, I never change my understanding what is the basis of our relations.

Q. Did you have a clear recollection of what was agreed in 1995 or was it not so clear?

A. Concerning of what? Concerning of how we share the company? Concerning how we will create the company? Yesterday, you spent a lot of time and I tried to do my best to explain you that on the other hand we -- how we decide to create the company and what was the component of the functions of this decision and how was finally we plan to form our interest in the company.

Q. Look again, please, at the paragraph that you've just read.

A. Yes.

Q. You wrote:

"... I have a clear recollection of what was

agreed."

That's part of your explanation of why you haven't written the agreement down.

- A. Yes, you're absolutely correct, I have a clear recollection. When we return with you together to the point of December, if we can keep in December 2000, you clearly recognise how my recollections and Roman's recollections at the same event change many, many times. The point -- but various principal owners(?) have been meeting or not in December in Cap d'Antibes.

But this is a different story, which is my relations with Roman. It's completely a different story. And my recollection definitely in many points is absolutely correct. But sometimes I don't remember really -- at that time when I wrote the -- July 2009, my recollection was so; later on it's changed. Not to the opposite, I don't want to say to the opposite, and I never change my trust to Abramovich until he betrayed me, but you will see how Abramovich and me, it's together because it's not happened yesterday, Mr Sumption.

- Q. Mr Berezovsky, the first time that you ever alleged that Mr Abramovich had told you not to write down the agreement was in May of this year, when you made that allegation in your reply --

- A. Yes.

Q. -- a few days before serving your fourth witness statement.

A. Yes, yes.

Q. That's the first time you ever made that allegation, isn't it?

A. Yes.

Q. You agree?

A. Just a second. (Pause)

In this recollection of 2009, it's recollection that it will not be written and it's recollection I never changed, that we didn't have written agreement. But how it's happened, how it's happened, yes, that recollection 2009 was that we did not -- in 2000 that Abramovich -- in 2009 -- just a second.

... that he did not insist, in 2011 I had impression that he insist, and -- but again, we discuss the same point, I'm sorry to say: that it was oral agreement and we understood well that it's agreement; not just shake hands, that's it. And because that time it's for us absolutely usual the way to make a deal.

I just give you example. I'm sorry, if you allow me or you think this is not a point, I will not present this example.

MRS JUSTICE GLOSTER: Well, you've given an example already, haven't you, about other people entering into oral

agreements?

A. Yes.

MRS JUSTICE GLOSTER: In paragraph 32 you've given an example.

A. Thank you, my Lady.

MR SUMPTION: Equally there are many cases, are there not, where you have entered into written agreements for joint ventures? Anros, ORT, Logovaz: you went into written agreements for all of those, didn't you?

A. You're correct and I explained yesterday why I didn't have written agreement with Badri and with Roman. It's the same story: too many coming together to do, too complicated to make agreement, and what's the most important is absolutely trust to persons, to Badri and to Roman. No one in my life were like them, who I trust like myself. No one.

Q. The reason why you never mentioned Mr Abramovich insisting on it not being written down until May of this year is that you've made this story up in May of this year or shortly before; that's right, isn't it?

A. It's not correct at all. I didn't make story up. I tried to recollect more and more what is very complicated for me. And it does not mean that I recollect everything what I present in my witness statement; it could be another recollection -- and I'm

sorry that I refer again to example.

The most complicated example from both sides is December 2000 and when we return back, my Lady, I'm sure you will recognise how it's complicated, looking even not 2009 -- '99 but even in 2000 to recollect what's happened.

Q. Mr Berezovsky, the reason that this agreement wasn't written down was that there was no way you were going to record in writing an agreement to sell your influence over President Yeltsin for money; that's right, isn't it?

A. Mr Sumption, I am sure -- I am sure -- that you will not have any doubts personally that it's not so. I am maybe sometimes looking very naive but I'm not naive so much, like you try to insist, that I just for Roman, who I knew shortly time, as you insist and it's true, organising billions business, just taking, "Roman, please, could you cover my expenses on ORT?" No one in Russia, no one in the business world never believe you, never, never, never.

Q. Did you really expect that if there was a dispute between you and Mr Abramovich over your performance of your functions under this agreement, it might actually be referred to a court in Russia? Is that what you expected to happen?

A. I tell you to refer again to you. You told that Russia at that time was Wild East; it's correct and not correct. Nevertheless we have the time when the form of law stopped the work and the new world didn't start to work properly. But it doesn't mean that we didn't believe that if something happened, we can go to the court.

And to prove the proportion between shake hand and court was completely different like in this country. This country, even you shake hand, it's like to be in court. In Russia it's not so like to be in court but we definitely understand that I can go to court. I can go to court and try to prove my agreement. It's absolutely obvious.

On the other hand, we prefer to exclude that. It is reason why I was looking: who is Mr Abramovich? Can I trust him? Here I make a deal with people who I don't know at all because I'm sure 100 per cent that I'm protected by the court. It's not simple, I had some stories here, I even lost some cases with crooks, but I was satisfied because crooks operate in frame of law, I can't do anything.

MRS JUSTICE GLOSTER: So you're saying you trusted Mr Abramovich?

A. Definitely. This is basis of our relations. But the



question was different, my Lady, as I understand: but did you believe that Abramovich -- if Abramovich betrayed you, you can go to court just because you shake hand and made agreement? My answer: yes.

MR SUMPTION: Your deal, your understanding with Mr Abramovich -- we're going to have to differ about what the understanding was -- but your understanding was intended to be binding between you in honour; it was never intended to be binding in law, was it?

A. Definitely not.

MR SUMPTION: It wasn't the kind of agreement --

A. And what happened today, it's today in this court, completely opposite. Definitely I was not able now to go to Russia and it's one of the reasons why I left Russia, because I recognised that in Russia the laws are not sufficient enough to protect. I was granted political asylum and I left Russia just because, if I can prove -- I have the same court in Russia to prove that I'm innocent, I never leave Russia.

This is the problem. But the law will not -- now it's even worse because court under control of political powers. At that time court was not so much controlled by politicians, like now, and I believe definitely was start just to build the court system, the proper court system, but it's exist not like now.

MR SUMPTION: My Lady, I don't know what your Ladyship --

MRS JUSTICE GLOSTER: Would that be a convenient moment?

MR SUMPTION: Yes.

MRS JUSTICE GLOSTER: Yes, very well.

MR SUMPTION: Does your Ladyship intend to take two breaks  
in the course of the morning or one?

MRS JUSTICE GLOSTER: I was really going to be guided by the  
transcript writers. I was going to hope just to take  
two.

MR SUMPTION: To take two?

MRS JUSTICE GLOSTER: To take two.

MR SUMPTION: Yes, I don't think anybody would be suggesting  
more than two, but more than one anyway.

MRS JUSTICE GLOSTER: Yes.

MR SUMPTION: Can we short that out with the shorthand  
writers during the present break.

MRS JUSTICE GLOSTER: Well, perhaps the parties could sort  
that out with the shorthand writers.

Very well, I'll take ten minutes now.

(10.35 am)

(A short break)

(10.45 am)

MR SUMPTION: My Lady, the shorthand writers have suggested  
that they would like a break at 11.50 and that that  
would be enough. I've consulted the translators, who

are happy with that also.

MRS JUSTICE GLOSTER: Right. Very well. Well, round about 11.50 then, depending on whether you've reached a suitable break.

MR SUMPTION: Mr Berezovsky, I want to turn to the various auctions.

In December 1995 NFK won the loans for shares contract at the auction in that month, didn't they?

A. Sorry, in which month?

Q. In December 1995 NFK succeeded in the loans for shares auction, the auction of the right to manage the State's 51 per cent shareholding?

A. In December 19 --

Q. Well, I can tell you it was December '95.

A. Yes, in December -- just, I'm sorry, Mr Sumption, I need to refer back. Just a second. In December '95, 28 December, it was signed by privatisation committee the auction -- yes, December '99 (sic), correct. Sorry, sorry.

Q. Thank you.

Now, you accept, do you not, that NFK were a company owned 50 per cent by Mr Abramovich's company Vektor-A and 50 per cent by Consolidated Bank?

A. Yes, except that it's presented interest of Abramovich -- I don't know how much percentage

Mr Abramovich own in Vektor, I don't know that; and I know that we were presented by Obedinyonniy Bank, which present my group.

Q. Consolidated Bank was -- and I'm using its English name --

A. Yes, it's Obedinyonniy Bank in Russian.

Q. That is the Russian translation.

Now, Consolidated Bank was a bank associated, as I understand it, with the Logovaz Group.

A. You're absolutely correct.

Q. You never owned Consolidated Bank, did you?

A. As I remember, I had shares in this bank, definitely not -- as I remember, not a lot, but --

Q. Not a lot?

A. -- but I fully control this bank.

Q. Yes. I understand, Mr Berezovsky, that you had management control over the bank, but you only had a relatively small shareholding in it; that's true, isn't it?

A. It's absolutely true and it's exactly again the way how that time everything was operated. That everybody understood that I create this bank, I have management control, it means that I put manager to whom I trust; but how it's split inside of the bank the shares, it doesn't so much value that time.

- Q. Yes. Well, through various intermediate holding companies you owned, at the most, 13.7 per cent of Consolidated Bank. Would you accept that?
- A. I don't remember. I can't exclude that.
- Q. Right. Now, that gave you, didn't it, an indirect interest of about 8.5 per cent in NFK, you personally?
- A. That gave me 50 per cent with Badri interest in FNK (sic), if we correctly --
- Q. Sorry, forgive me, I got the maths wrong. Can I put that question to you again.
- It gave you a 6.85 per cent indirect interest in NFK, just under 7 per cent?
- A. It means even you reading attentively don't know well how much per cent but it really doesn't matter. It's also like with Abramovich my relations. There were people who trust me, there were people to whom I trust. And formally you are absolutely correct, if the calculate numbers, but the reality was completely different: I fully control 50 per cent of FNK (sic) together with Badri.
- Q. Now, could you please be given bundle H(A)18/198.
- A. The rest I can remove?
- Q. You can certainly -- I'd keep your witness statement but you can get rid of everything else.
- A. Thank you. The last witness statement, yes?

Q. Yes, your witness statement for this trial.

A. Thank you.

Q. Bundle J2, I think it is, can go.

Have you got H(A)18/198? Do you have that open?

A. Yes.

Q. Now, if you look at the yellow pages --

A. Yes, in Russian.

Q. -- immediately afterwards, you'll find the Russian version, which you might prefer to look at.

A. Yes, thank you. Thank you.

Q. I'm going to refer to the English version. This is an interview republished in your book "The Art of the Impossible" with the Moscow paper Vedomosti in March 2000.

A. March -- just a second. May I just again for myself return back.

Q. 26 March 2000.

A. Just a second. 26 March, it means that I'm still in Russia, yes.

What I should have a look?

Q. Just look at the first page of the English, please, which is probably somewhere around the first half of the page of Russian.

A. Mm-hm.

Q. Now, in the English, you are asked, and it's the second

question asked by the correspondent:

"And what is your percent[age] of Sibneft stock?"

Do you see that?

A. Yes.

Q. Your answer is:

"Sibneft shares are owned by some LogoVAZ structures, and the property structure of Sibneft is not yet final."

And the correspondent says --

A. Just a second. It's March 2000: again, it's connected to the time what -- it's not referring -- I don't want -- it's not referring to the former time, it's just -- we discuss about this time, the time of interview, yes?

Q. Yes.

A. Thank you.

Q. The correspondent then says:

"Approximately?"

And you say:

"I think, approximately 7%. But I should say that I have not been directly involved in Sibneft business since 1996, and this is the truth. This does not mean that I gave my shares away to somebody. I gave them to a trust, and they are very well managed."

Now, the shares that you claim to own at that stage

are approximately 7 per cent.

A. Just a second, may I have a look in Russian. (Pause)

Yes.

Q. Now, you seem to be saying there that you own 7 per cent through structures connected with Logovaz.

THE WITNESS: Mr Sumption, if you don't mind, if you don't mind, before you put the question, I just want to pay attention, my Lady, to the next question and the answer to the next question.

MRS JUSTICE GLOSTER: Well, just read it to yourself and then Mr Sumption will ask the question.

A. Yes, I just put attention that (inaudible). It's correct because we discuss here about share and it's turn out -- I just want to stress you, Mr Sumption: absolutely occasionally, I don't know how it's happened, when Abramovich cleared a space, presenting that everything is under his personal shareholding, he forgot about PK -- I forgot this -- PK-Trast, which own a little bit, but naturally own. And you now refer, when you turn back finally what is the real percentage, it's really around 6 -- 7 per cent left under control of Logovaz structures, which one of them is Obedinyonniy Bank.

Yes, sorry.

MR SUMPTION: Exactly.



Now, when you refer to that 7 per cent, what you are referring to there is the proportion that you indirectly owned of NFK through Consolidated Bank, isn't it?

A. It's precise calculation -- not precise, more or less precise calculation -- of my direct -- indirect, let's say, owner in shares of -- of what we discussing now? -- Sibneft, sorry.

Q. Well, what you had 7 per cent of, through Logovaz, was NFK, the successful bidder in the loans for shares auction; isn't that right?

A. NFK, I don't know, or N -- just a second, Mr Sumption. I can miss PK-Trast, which was created and officially own some percentage, and PK-Trast appeared during not shares instead of loan but it's appeared when it was bid for buying 49 -- one of the portions which was buying as the 49 per cent, at the second stage. It means that --

Q. Mr Berezovsky, PK-Trast had nothing whatever to do with Logovaz, did it?

A. I don't know.

Q. It didn't.

A. I don't remember.

Q. I see.

A. Mr Sumption, believe me, I don't pay attention how it was structurised by Mr Abramovich. I'm sorry.

Q. I will have to ask you about PK-Trast in a moment but

that arose later.

What I'm asking you now is this: when in this interview you referred to yourself as having a 7 per cent share in Sibneft, what you were actually referring to was the indirectly held 7 per cent that you had in NFK which had won the loan for shares auction through -- that was a --

- A. I don't know that. My recollection was in 2006 it's exactly the reason, in 2000, it's exactly the reason why I ask you. I don't remember how -- when I learn the case, I prepare the papers, I recognise that we have somehow 7 per cent. At that time I don't know it was director of Logovaz or it was -- and it's mentioned in NFK we have this 7 per cent or we have this 7 per cent as our percentage in PK-Trast. Nothing more.

And this interview to journalist, which interesting, generally my interest Logovaz because, for me, Logovaz and Obedinyonniy Bank, Consolidated Bank, is almost the same and I'm absolutely clear in my next answer that -- but the next answer is absolutely correct as well that we have interest more than 7 per cent but it's owned not by me; through another structure, through Mr Abramovich I think mean. I don't see any -- okay. Okay, sorry.

- Q. Mr Berezovsky, the only interest connected with Sibneft which you held through a Logovaz structure was the

interest in NFK that you held through Consolidated Bank, which was Logovaz's bank?

A. Mr Sumption, I gave my answer: I don't remember that.

I don't remember how we own NFK. I know that our interest in it -- sorry, sorry, sorry, sorry -- our interest in NFK, as you mention correctly, was presented by Obedinyonniy Bank, yes. And it means that in NFK I own, I don't know -- if we calculate, how much is that?

Q. It has always been your view, has it not, that because of Consolidated Bank's 50 per cent interest in NFK, you had a 50 per cent interest in Sibneft? That's what you've always thought, isn't it?

A. Definitely not. Definitely not. Because I understood well that when we present Consolidated Bank, I knew well that their shares structure is different from my real control and I already mentioned you it's just -- the opposite: it just show how that time business was organised, and organised like in the way how I organised with Abramovich just shaking hand or we create some structure where people had formally some shares but in reality was different. They also hold shares in my favour; that's it.

Q. Now --

A. Nothing different even compared was Abramovich, in

general I mean, in general, in general understanding how business that time was organised.

Q. In June of this year, 2011, did you --

A. 2011?

Q. Yes, this year -- did you give evidence by video-link from London to an investigating judge in the District Court of Marseilles?

A. You're absolutely correct.

Q. Now, that was disclosed to us earlier this week.

A. Yes.

Q. I want to ask you to look at the records of that evidence. They're in H(C) --

A. Could I close this?

Q. Yes, you can. Indeed, it can be taken away from you. Could the witness please be given H(C)8/162.

This is not a question; it's a statement which is intended to help you understand what this document is, okay?

A. Yes.

Q. This is a record of evidence that was given under the procedure for international cooperation between courts in different countries.

A. Yes.

Q. It was given in the course of a criminal investigation by the Marseilles judge into allegations of

money-laundering, forgery and theft against you and a gentleman called Jean-Louis Bordes.

A. Yes.

Q. Okay? The investigation relates to the source of the funds with which you bought your property at Cap d'Antibes.

A. Yes.

Q. That's all familiar to you, isn't it?

A. I am well familiar with this investigation and with my cross-exam through video-link from London to Marseilles.

Q. Now, Monsieur Bordes, was he an estate agent who acted for you in relation to the purchase of your property at Cap d'Antibes?

A. It's correct.

Q. Now, if you look at 162 in the English version -- and there is a French version before it but you're probably more comfortable with the English than the French?

A. Before you start with that, I have one question: this is what's signed by my lawyers or it's just transcript which was done in France?

Q. I'm about to suggest to you what it is, Mr Berezovsky.  
If you look at --

A. No, no, no, no, no, I'm sorry --

MRS JUSTICE GLOSTER: No, just a second, Mr Berezovsky.

Mr Sumption is going to identify with you what he thinks

the document is, so you'll have an opportunity to make any point you want to make. But just let's look at the document first and let Mr Sumption ask the question.

THE WITNESS: Yes, sorry.

MR SUMPTION: Look at page 162. You'll see that it is the court greffier in France, his summary of your evidence, and at the very bottom you will see a note by you and you can find your signature on it and a note in English in your handwriting on page 151 H(C)8/151.

You might find it helpful to look at 151 because that's by you in English.

A. 151?

Q. Yes. It's the original French version but with an English note at the bottom of the first page.

A. Which page?

Q. 151.

A. Yes.

Q. Okay. Now, do you see the manuscript note at the bottom of the page? Yes?

A. My signature, I see that.

Q. It's your signature and I think you actually wrote out the text too, didn't you?

A. Just a second. No, no, just a second. Can you allow me to...

Q. Well, you must be able to recognise your handwriting,

Mr Berezovsky?

A. No, it's not my hand, definitely.

Q. It's not your handwriting?

A. No, it's not my hand.

Q. I see. But you presumably read it before signing this document?

A. Just a second, it's the reason I want to have a look, because my signature is here but it's not my hand, and I want to read that.

Q. Okay, just read the note. It's typed out at page 162.

A. I'm sorry. Give me please time to read that.

When it was written -- where is it written?

Q. Would you like me to read it out to you?

MRS JUSTICE GLOSTER: Mr Sumption, read it into the record please.

MR SUMPTION: The note says:

"The French juges" --

A. Where is that? It's in the page --

Q. The bottom of page 151 --

A. 161?

Q. -- in handwriting and the bottom of page 162 in typescript.

A. Yes, yes, that's exactly my question. Yes, thank you.

Q. What it says is this:

"The French juges d'instruction have kindly agreed

to place into the file as part of my proces-verbal the note recorded in English by my English lawyers; subject to that more full record, I sign this note."

THE WITNESS: Hmm. Can I put the question?

MRS JUSTICE GLOSTER: No, let Mr Sumption put the question.

THE WITNESS: Sorry.

MR SUMPTION: What I suggest is this. It shouldn't be controversial. The court clerk had drawn up in French a summary of your evidence --

A. Hmm.

Q. -- and you signed that summary as being correct, but subject to the English record prepared by your lawyers being included in the file so that there was a fuller record in English as well? Is that right?

A. This exactly the point which I tried to explain what I was explained by my lawyers, yes? I was explained that a French transcript was very different compared with what we're discussing and this is the reason why my lawyers present the English transcript or English correction, I don't know that well, which I can use -- which is possible to use only as a reference to reality.

Moreover, I remember well when we finished the cross-exam it was done in very short time the transcript and my lawyer insist that it does -- we can accept that but only after we correct that.



Q. Yes.

A. This is the point.

Q. So the point was you were happier with your own lawyers' transcript of what was said than with the greffier's summary, so you wanted to make sure your lawyers' version was on the file?

A. It's correct.

Q. Now, your lawyers' version will be found at page 173 H(C)8/173.

A. And, as I understand, it was agreed with French. It's not just my...

Q. Yes. Yes, absolutely.

A. 173?

Q. Yes, 173 you'll find the first page of your lawyers' note of what you said to the French judge.

A. Yes.

Q. Now, I would like you to turn into that document a bit and go to page 181 H(C)8/181.

Now, you're being asked --

A. Just a second. What is the -- where is the question?

Q. Now, would you like to read to yourself --

A. Yes.

Q. Do you see a paragraph that begins about ten lines up from the bottom of the page with the words --

A. Ten lines --

Q. Let me finish, please -- with the words:

"So in your written answers you justified..."

Do you see that paragraph?

A. It's exactly what I want to ask, try to find.

Q. Now, I would like you to read from there --

A. Yes.

Q. -- until halfway down the following page, where there's a break in the page and the next paragraph begins:

"But the second reason..."

I don't want to stop you reading around that but that's the bit I want you to concentrate on.

A. Fine, I find the paragraph. I need just a little bit more time than you because my English is not so perfect like yours. (Pause)

MRS JUSTICE GLOSTER: Just to page 182, is it, you want him to read?

MR SUMPTION: Yes, halfway through page 182.

A. Okay, now I understand. Okay.

Q. This is a transcript of evidence you gave in English, isn't it?

A. I gave my evidence in English.

Q. Yes. Now, this is an observation I make for the benefit of my Lady, though you may find it interesting just to pay attention.

A. Yes.

Q. The paragraph that begins, "So in your written answers you justified the funds used for the acquisition of these properties and you said they were the profits due to you through your involvement in Sibneft", I'm not taking a point on the way that's expressed because in fact it is not a correct summary of the answer you gave.

In case anyone should think it is, if your Ladyship, just for the transcript, were in due course -- not now -- to turn to the written answers referred to at page 134, answer 4 H(C)8/134 --

A. Sorry?

Q. I'm not asking you to do this --

A. Sorry.

Q. -- because I'm going to ask you about another aspect of this. You will find that what Mr Berezovsky actually said was that they were profits due to him through his interest in Sibneft. So that's not a point I'm taking.

MRS JUSTICE GLOSTER: No, fine.

MR SUMPTION: Mr Berezovsky, I want to turn to the point I am taking. You will see that you're being asked here about the 1996 agreement.

A. Yes.

Q. Which is the agreement when you say it was agreed to conceal your interest in Sibneft; okay?

A. Just a second.

Q. That's what you're being asked about?

A. Just -- now I return back to the question, step by step.

(Pause)

Yes.

Q. Right. Now, if you now look at the chunk of text on page 182 which begins, "First, RA asked me not to make any papers which demonstrate[d] my ownership in Sibneft", we've been through that. In the following paragraph you say this --

A. In the following --yes, sorry.

Q. "Nevertheless, it's wrong to say [that] I did not have any papers showing my involvement in Sibneft. We presented in the hearing in the London court the papers which demonstrate that from the very beginning we owned 51% of the company, 50-50 with [Roman Abramovich]. I represented my interest with BP by [the] so-called Consolidated Bank. It is clear evidence that I was formally [a] shareholder of Sibneft."

A. Just a second.

Q. That's what you said.

A. Just a second. Yes.

Q. Now, that is a reference, is it not, to the 50/50 share that Consolidated Bank had in NFK --

A. Yes.

Q. -- which managed 51 per cent of the shares of Sibneft?

- A. Yes, I absolutely agree with you that it's not correct what it's saying here because my understanding --
- I don't know, I may refer to this point, but it's exact translation and I hope my lawyers -- this is translation of my lawyers; correct? This is translation --
- Q. No, it's not a translation. This is either a transcript or an extremely full note of what you were saying in English.
- A. No, no, no, just a second. It's not so. It's again the point -- I'm sorry. It's exactly the point because I was informed by lawyers that translation of what was saying in Le Bourget is not what I said directly in Le Bourget because it was mistaken by French. And it's the reason why I ask you what is this paper: this is final paper which was agreed with French or it's just paper was translated what was written in French? This is the point.
- Q. No, Mr Berezovsky. What you are looking at is --
- A. I --
- MRS JUSTICE GLOSTER: You've asked what you're looking at --
- THE WITNESS: I'm sorry, my Lady.
- MRS JUSTICE GLOSTER: -- and Mr Sumption is about to tell you and he'll take you to the document.
- MR SUMPTION: What you are looking at, Mr Berezovsky, is a note made by your English lawyers of the evidence that

you gave to the French judge.

A. Who signed this?

Q. Do you accept that?

A. Who signed it?

Q. This is the note that you refer to in the note that you wrote in manuscript --

A. No, who signed from English side, from my lawyer? Who signed that?

Q. Nobody signed it, Mr Berezovsky.

A. Ah, okay.

Q. It was prepared by your lawyers as a record of what you had said to the French judge and you signed a document saying that you --

A. No, no, no, no, no.

Q. -- were prepared to sign the French version subject to the lawyers' --

A. No, no, no, no, no, no, no. It's again, again please, this is the final document which signed by my lawyers after correction? This is the question. Because I was told clearly before this hearing that there is a problem with the French document, which was made like transcript of our conversation, yes, and they were mistaken a lot. I don't know, maybe it's not mistake.

MRS JUSTICE GLOSTER: Okay. Well, there must be a clear record. Mr Rabinowitz, can you help on this?

First of all, before you start, was this video interview conducted exclusively in English or in English and French?

MR RABINOWITZ: Apparently in English, French and Russian.

Can I just try and help both Mr Sumption and the witness with what this is. This is the final version of a note which was taken by Mr Berezovsky's English solicitors --

MRS JUSTICE GLOSTER: Addleshaws?

MR RABINOWITZ: Addleshaws -- and it is this note that was the subject of the reservation signed by Mr Berezovsky on the French document.

MRS JUSTICE GLOSTER: And was this based on a transcript?

MR RABINOWITZ: No.

MRS JUSTICE GLOSTER: There was no transcript of the --

MR RABINOWITZ: The closest one gets to a transcript, I think, is the document that Mr Sumption showed your Ladyship in French.

MR SUMPTION: Well, no, that's not --

MR RABINOWITZ: Sorry, there wasn't --

MR SUMPTION: The document in French is a summary which is much briefer. The document in French is the document that begins at page 151. That is the greffier's summary.

As the note signed by Mr Berezovsky records -- and

I don't think there's any significant difference between the parties on this -- there was unhappiness about the French summary, which was thought not to be sufficiently full or accurate. Therefore, Mr Berezovsky signed a statement to the effect that he was content to sign the French summary by the greffier but only on terms that his English lawyers' much fuller version should be attached to it and put into the file.

MRS JUSTICE GLOSTER: Mr Rabinowitz, was that the correct procedure? I mean, it must be a matter of record, this.

MR RABINOWITZ: I'm sorry, my Lady, I was just checking --

MR SUMPTION: It's effectively recorded in the manuscript note on page 151.

MR RABINOWITZ: My Lady, that is my understanding as well.

MRS JUSTICE GLOSTER: Very well.

MR SUMPTION: Mr Berezovsky, what you are looking at at page 182 is part of the final version, as Mr Rabinowitz has told us --

A. It's exactly what I want to understand for myself.

Q. -- of the note that your English lawyers took of what you told the French judge, right?

A. Mm-hm.

Q. Now, I think you've accepted that when you refer to papers which demonstrate that you owned 51 per cent of Sibneft 50/50 with Mr Abramovich, what you are referring



to there is the 50 per cent interest which Consolidated Bank held in NFK, which in turn had the right to manage the 51 per cent interest in Sibneft?

A. Mr Sumption, you're absolutely correct.

Q. Thank you.

A. I just want to say that it does not mean -- and I signed that, you are correct, I responsible for that. The truth is what I present you when I said and we clear understand that I really share 51 per cent, not an ownership like -- ownership of Sibneft, ownership of NFK at that time. It could be, it could be that it's -- because I didn't remember well and you're absolutely correct that it could be -- what is written here does not coincide what I told you, my participation in NFK.

Q. You see, Mr Berezovsky, you're making here to the French judge much the same point as you made in the interview that I showed you before.

The point that I'm putting to you is this: you have always regarded the 50 per cent interest that Consolidated Bank held in NFK as tantamount to an ownership interest in Sibneft, haven't you?

A. Definitely not. I explained you big difference between what means 7 per cent, what means 51 per cent of the management in NFK and how we agreed with Mr Abramovich.

I absolutely agree with you that what is written

here is not correct, I mean the French document. The problem is that -- I don't want to refer to the problem. You are correct with that but I'm correct what I said before, my Lady.

Q. Why did you say this to the French judge only four months ago?

A. Again, I was not accurate because still in my head it absolutely hell with the what is NFK, what it means later on when it was privatised. Again, it's my fault, I don't want to say you that you are wrong. You are correct.

Q. You accept now, as I understand it, that neither you nor Roman Abramovich obtained any ownership interest in Sibneft shares as a result of the loans for shares auction?

A. Not -- you are completely wrong. We discussed now about NFK in French documents and here it's completely -- just a second, may I read again?

Q. No, I'm not putting to you the French document now.

A. No, no, no, I mean that definitely everything is like presented before. We own 50/50 interest of 1 per cent -- 50/50 interest of 1 per cent in NFK and later on, after auctions of -- for 49 per cent and later on for 51 per cent of NFK, which was transformed to the other company, we own the same, 50/50.

How it was organised? It's that story. But reality is so what I said and I said absolutely correctly, even in French documents, that I'm owner, owner, owner of 50 per cent of Sibneft through Roman Abramovich. Abramovich is holding my shares; this is the point.

Q. Mr Berezovsky, do you accept that NFK never owned any shares in Sibneft?

A. Yes, NFK just manage 51 shares of Sibneft.

Q. Yes. Now, you took a considerable interest, did you not, in the loans for shares auction; you personally?

A. What does mean my "personally"?

Q. You were very busy in relation to the loans for shares auction of 28 December?

A. Absolutely, absolutely. I personally present all our group on the auction in Moscow -- again, I forgot exact date of the auction but just a second, it was -- ah, no, it was 29 -- 28 December 2000 -- sorry, 2000 -- '95. Sorry, '95.

Q. It was 28 December 1995.

A. Yes.

Q. And you were personally extremely interested in that auction and you worked hard about it?

A. Absolutely correct. Excuse me, can I leave it in front of me?

Q. Sorry?

A. This I can leave --

Q. You can put away the H(C) bundle now, yes.

A. Thank you.

Q. And so did Mr Patarkatsishvili: he also worked hard on it, didn't he?

A. Yes, definitely.

MRS JUSTICE GLOSTER: The assistant will take it away.

THE WITNESS: Sorry?

MRS JUSTICE GLOSTER: The solicitor will take it away.

THE WITNESS: Thank you very much.

MR SUMPTION: Now, the cost to NFK of the loans for shares auction was that they had bid \$100.3 million as the amount that they agreed to lend to the Russian State; that's right, isn't it?

A. No, Russian State put 100.

Q. The Russian State said the minimum bid was 100?

A. Correct.

Q. And the successful bid by NFK was \$100.3 million?

A. You're correct.

Q. So that was the amount that NFK and SBS, which was acting with it, had to lend to the Russian State?

A. It is correct.

Q. Now, of that sum of \$100.3 million, \$3 million -- is this right -- was the advance deposit paid by NFK before the auction?

A. I don't know anything about that.

Q. And that, I suggest, was borrowed by NFK from the Russian Industrial Bank. Do you know about that?

A. No, Mr Sumption, I don't know about -- or not don't know; I don't remember anything about \$3 million because I care about \$100 million. It's, I'm sorry, an excuse but I really didn't think about \$3 million at all. And -- okay, sorry.

Q. If you can't answer the question, fine.

Now, the remaining money advanced to the State was \$97.3 million, which was advanced by SBS Bank, the bank that was associated with NFK in this bid; do you agree with that?

A. I disagree. I explain you why: because I talked with Mr Smolensky not about \$97.5 million and if you open the French file you will see the same of Mr Smolensky's statement to general prosecutor office when they cross-examined him because of French -- because of Russian prosecutor office want to present additional paper that I'm criminal in France, yes? And it's written -- it is a question of Mr Smolensky, who is the head and founder of the bank which Mr Sumption is discussing, and his evidence is absolutely clear: he said that, "I gave Berezovsky under his personal name \$100 million".

And I'm sorry to say, Mr Sumption, I didn't know anything about \$3 million or don't remember about \$3 million, but I remember well about \$100 million.

Q. Okay. \$100 million or \$100.3 million was the total amount of the loan?

A. \$100 million was amount of the loan for this auction. For this auction, I mean '95 -- December '95. As I know well, I establish business relations with this bank. And, my Lady, it's absolutely important to understand why I went to this bank, exactly to this bank, not the other one.

Q. That's not what I'm asking you about, Mr Berezovsky.

A. Okay. It's not only. And then when Roman Abramovich, who we delegate to manage everything -- that we discussed yesterday -- and when he tried to obtain money again for bidding, all the time, all the time the SBS-Agro Bank was involved in that.

Q. Right. Now, do you remember that under the rules for this loans for shares auction, bidders had to put up a deposit, a cash deposit --

A. I don't remember that at all.

Q. Right. Let me tell you that they did and it was \$3 million.

A. Okay, fine. I don't remember that.

Q. Fine. I'm just --

A. Because, as I told you, \$3 million very different from \$100 million.

Q. Quite. Do you remember that \$97 million -- or, to be exact, \$97.3 million -- was advanced by SBS Bank to the State under the loans for shares auction?

A. I don't remember that at all. As I told you, I discuss about \$100 million. All -- Mr Sumption, just a second. It's important not to mislead anybody.

My function, as you remember, in the agreement '95 was not to care about \$3 million; my care was to find the funding. It's my obligation when we create agreement, agreement '95. And now we start to discuss: did I realise this agreement? And you just confirming that I realised at least the first point to agree it about the loan for the shares, the money bidding for the shares.

Q. Mr Berezovsky, did you realise in December 1995 that most of the money that was being lent to the Russian State was actually being advanced by SBS Bank?

A. Definitely. It was my agreement with Mr Smolensky that he will help us to organise this money for the bidding, \$100 million. I never discussed with him \$97 million.

Q. Now, under the rules of this auction, bidders had to have a bank associated with them, didn't they?

A. What does it mean, "associated with them"?

Q. They had to bid in conjunction with a bank which would undertake to lend the money?

A. It's correct.

Q. Yes. Now, SBS Bank therefore lent this money and it took security for the money, didn't it?

A. Again, may I tell you what we have done. When I --

MRS JUSTICE GLOSTER: No, just answer the question. Did SBS --

A. As I know, SBS took security from Menatep.

MR SUMPTION: It took a number of different forms of security. It took a guarantee from Menatep --

A. Okay.

Q. -- yes? That was part of an arrangement that you'd made with Menatep --

A. Correct.

Q. -- under which you guaranteed their bid and they guaranteed yours.

A. Correct.

Q. Right? Which I say "you", in fact it was SBS who guaranteed it, wasn't it?

A. It was done by me.

Q. Now, SBS took, therefore, a guarantee from Menatep but they also took, didn't they, cash deposits as security?

A. I didn't know anything. I just learned that when I start to investigate my case. And, as I know,



Mr Abramovich insist that he gave his personal money through Runicom to guarantee. I think it's completely wrong because Abramovich didn't have money at all this amount that time.

He just used -- and moreover it was -- important -- it was finally money of Sibneft because Abramovich -- and I am not specialist in this financial scheme and we have specialist, and Natalia Nosova is one of them, who knows well how it was organised. I don't want to say that it was trick but it was kind of trick because it was not money of Abramovich Runicom company because Abramovich at that time already start to trade oil, as I told you when Mr Sumption asked me how it was possible to generate money because Sibneft just started. Abramovich -- and Abramovich definitely will explain it better.

But I want to stress it was not money of Abramovich and Runicom money. The only reason guarantee was guarantee from Menatep and also was done by me because my relations with Khodorkovsky. And I told you, my Lady, yesterday that it was just shake hands. And if Menatep put not 100.3 but 100.4, they win the bid. It again was just verbal agreement, just agreement with people who knows each other well, nothing more. It's not money of Abramovich.

Q. Mr Berezovsky, I thought we'd established this morning that you had no knowledge of how much Runicom could afford because you didn't know anything about its finances.

A. You are correct. But on the other hand I was not without eyes and without ears and I knew that -- I know well what Smolensky told me: that he organised that just because I asked him to do.

Q. Right.

A. And he told me clearly that it's not money of Abramovich, it's money of the bank. Moreover, you know well that using that, later Smolensky asked Sibneft to put money and to put on bank account all operations or partly operations of Sibneft. It was the payment, in my also clear understanding of our discussion with Smolensky, that later on, because he made me this favour, he will be -- he will use money of Sibneft to operate with them, what happened.

Q. Mr Berezovsky, I'm going to describe in stages how SBS was secured and I want you at each stage to say whether you agree, whether you disagree or whether you do not know one way or the other.

A. I give you answer: I don't know.

Q. Well, you don't know what the question is.

A. Yes, don't spend the time: I don't know.

Q. You're saying in advance that you won't know the answer to any of the questions I have to ask you?

A. No, no, I don't know how it was organised.

Q. Right. Well, let me put this to you.

There were two cash deposits which SBS took: it took \$80 million deposits cash deposits from the two Siberian companies themselves. Do you agree or not agree or do you not know?

A. I don't know that at all.

Q. Right. And it took a deposit of \$17.3 million from Runicom: do you agree or disagree or not know?

A. I don't know that at all.

Q. Thank you.

Now, that is the evidence that Mr Abramovich and Mr Shvidler will give and you are not, on your answers, able to contradict that, are you?

A. If I don't know, I'm not able to contradict. I know the other story which was presented my financial adviser and financial -- financial adviser, Natalia Nosova, and her level is much higher than level of people who present you this information.

Q. Now, in your witness statement you say that you gave a guarantee to SBS Bank.

A. My personal guarantee.

Q. Well, what you gave them was that you gave a personal

assurance by word of mouth to Mr Smolensky that they would be paid?

A. Yes, I shake him hand and he said, "Boris, you are person who I trust".

Q. You never gave --

A. The same happened with Menatep, I would like to mention to you.

Q. You never gave a written guarantee, did you?

A. A real guarantee? A real guarantee?

Q. No, no. You never gave a written guarantee to SBS Bank?

A. I never gave written guarantee.

Q. You never gave them a legally binding guarantee; you simply did it on trust?

A. Absolutely correct.

Q. Right. Now, that assurance, you never were called upon to pay up on that assurance, were you? Nobody ever asked you to pay up?

A. Nobody asked me to pay because it was agreed that Sibneft later would return money back.

Q. Right.

Now, do you claim to have contributed any money of your own to the cost of lending \$100.3 million to the Russian State?

A. I don't have any personal direct investment. But what is important, my Lady, to understand: that as we agreed,

and it was one of the reasons why Smolensky shake hand, that I finance ORT myself. It means that in spite of the -- part of our consortium of bank who took obligation to finance ORT in front of president, they never put money themselves. Sometimes they give me credit but I should return this credit back: it's happened with Smolensky, it's happened with Menatep. And it means that Smolensky trust me, that I have reputation as person who deliver his obligation on the one hand.

And on the other hand, how to calculate? Maybe invest even at the time already \$20 million from which Smolensky should invest himself in ORT. But I didn't put any one penny personally to this exactly 100 but it's the other story.

Q. Right. Now, let's turn to the three cash auctions which happened in 1995 and 1996 for the 49 per cent.

Now, those were auctions in which actual shares in Sibneft were being sold, weren't they?

A. You are correct.

Q. The first of them happened in December 1995, at about the same time as the loan for shares auction?

A. The first auction happened December...?

Q. '95. The result was actually announced in January.

A. Just a second. The first auction happened before

51 per cent was given to -- as a collateral?

Q. Well, before the loans for -- the loans for shares auction was on 28 December.

A. '95?

Q. '95. Also in late '95 -- I don't think the exact date matters -- there was the first of three auctions of the 49 per cent that was being privatised.

A. First of all, I have different impression: that the State start to sell shares only after their collateral auction. Can you please check it?

Q. That's probably right. Let's assume it is.

A. No, no, no, it's important, because now you just try to present me that the first auction to sell was organised before auction of --

Q. No, Mr Berezovsky, I've not suggested that to you.

A. Just a second. Just a second.

Q. Mr Berezovsky --

MRS JUSTICE GLOSTER: Hang on. Don't let's have a debate about what question --

MR SUMPTION: I'm not asking him about the exact date. About the time --

A. No, no, just a second. Mr Sumption, can you allow me please to read what you said now. (Pause)

It's absolutely wrong. No one auction for 39 per cent (sic). It's written:

"Also in [the] late '95..."

It could be later than 28. It could be later than 28; I don't think so. It means that the first auction -- and you will find that's clear now -- happened not in '95 to sell. This is important.

MRS JUSTICE GLOSTER: Right. Well, it must be a matter of record.

MR SUMPTION: It is a matter of record.

MRS JUSTICE GLOSTER: So can we just have the dates read into the record. There can't be any dispute about these. There must be a record.

MR SUMPTION: The evidence is given by Mr Gorodilov and the evidence is that the sale actually occurred in November 1995, therefore before the loans for shares auction. But the question I am proposing to ask Mr Berezovsky has nothing to do with the date.

MRS JUSTICE GLOSTER: Right. Well, ask the question again.

MR SUMPTION: It doesn't matter when this happened.

There was a first auction of the 49 per cent, which related to 15 per cent of the Sibneft shares, didn't it?

A. Sorry, again?

Q. Do you agree that there were three auctions?

A. Yes.

Q. Do you agree that the first of the three auctions related to 15 per cent of Sibneft?

A. I don't know. I don't know. I was not responsible for that. But what I know well: that all payment were done with support of SBS-Agro, who is the bank of Smolensky, including this sale and including participation in 51 per cent.

Q. Do you agree that at the first auction, 12.22 per cent of Sibneft's shares --

A. When this happened? Please tell me.

Q. It was in November 1995 but I'm not asking you about the date.

A. Yes.

Q. At the first auction, whenever it happened, the result was that 12.22 per cent of Sibneft's shares were acquired by Mr Abramovich's company, Runicom?

A. I agree with that.

Q. Right. Neither you nor Mr Patarkatsishvili had anything to do with that purchase of 12.22 per cent, did you?

A. I don't know that. As I understand, it's also done with support of SBS-Agro. Is it so or not?

Q. I'm asking what you had to do with it.

A. I agreed with SBS-Agro -- again, two points.

First of all, Abramovich is responsible for everything, including auction, including everything.

I responsible for money if he need money. If he doesn't need money, he is doing himself. When he said, "Boris,



we need money for share against of auction", I obtained this money; or the way how I obtained that, this is the point.

And I just tell you, Mr Sumption, that Abramovich present me the presentation for Sibneft all over the world, in English written, this is Sibneft to Berezovsky, and I travelled all over the world to obtain money. Did he ask me or not about this exactly?

I don't remember. I just want to tell you that it was his responsibility. When he ask me, I deliver that.

Q. Mr Berezovsky, did you or did you not have anything to do personally with the first auction of the 49 per cent?

A. I agreed with Mr Smolensky to help us. I don't --

Q. You had nothing to do with it?

A. I am sorry, I'll answer. I don't remember.

Q. You don't remember?

A. Yes.

Q. Do you remember whether Mr Patarkatsishvili had anything to do with the first auction out of the 49 per cent?

A. I remember that Mr Abramovich informed day by day to Mr Patarkatsishvili what was happening around auctions.

Q. So is it your evidence that you can't remember whether you were involved in the arrangements for participating in the first auction?

A. As I told you before, involvement of Patarkatsishvili

means my involvement as well.

Q. So is it your evidence that you can't remember whether you were involved in the first of these auctions?

A. It's absolutely correct.

Q. Right. In your witness statement --

A. I mean directly. Did I talk about that to Abramovich or not? Again, I want just to stress again, if Abramovich need money, he ask me to do. I don't remember did he ask me or not.

Q. In your witness statement, paragraph 156 D2/17/229 -- it should be in front of you. In your witness statement --

A. Just a second. Yes.

Q. "I was not involved in the arrangements for participating in these auctions but knew they were taking place."

A. I just want to stress you, Mr Sumption, that at that time Sibneft already generated money. This time when Sibneft generated money, it means that money, Sibneft were involved in that. It's my company, it's my company, like a company of Abramovich, and I want to stress that. It means my money were involved in that.

Q. Are you suggesting that Sibneft produced money for the first of these auctions?

A. I think so. Definitely.

Q. But that was in 1995, Mr Berezovsky.

A. Yes, this was in 1995. As you told me -- asked me before, how it was possible to pay money even when company -- if company was just created and so-so? It means that company was created already in November '95.

Q. But, Mr Berezovsky, you hadn't got control of Sibneft until after 28 December. How could they possibly --

A. What does mean -- it's a question to Abramovich. It's exactly what I told you, because Abramovich at that time was already trader, trade, and he accept -- as I told before, Mr Sumption, that it was splitted several parties and it was the reason of vertical-integrated technology and Abramovich from the beginning, from the beginning of creation even I think -- before beginning of Sibneft, before creation of Sibneft, he already used this scheme to generate money from the oil of Sibneft and definitely he increased this opportunity after Sibneft -- after Sibneft was formally formed.

Q. How could he have done that when he didn't have any control over Sibneft, Mr Berezovsky?

A. No, it's wrong. Abramovich said in his -- all the time and all the time present his position that he control Mr Gorodilov decisions, he control Mr Litskevich decision, in his witness statement, and it's the only reason why he become my partner.

Q. Well, I will leave Mr Abramovich to deal with that but he did not in fact say anything of the sort in his witness statement.

A. Okay, okay, okay. We'll leave it to Mr Abramovich.

Q. Let me refer you to your witness statement, Mr Bereзовsky.

A. Yes.

Q. Is it true that you were not involved in the arrangements for participating in these auctions? And that refers to the three cash auctions of the 49 per cent.

A. I was not involved in these three auctions but because of one reason, and it's not correct just to put the point here: because Abramovich functions would delivered that, not my functions, after agreement in '95.

Q. You weren't even consulted, were you, about --

A. If Abramovich need --

Q. Let me finish the question. You weren't even consulted about the three auctions of the 49 per cent, were you?

A. Mr Sumption, it's serious story. I gave up everything to Abramovich with one reason: don't spend my time for nothing. I was involved with much more important deal than Sibneft and I want to understand clear.

For me, the most important deal was to win election '96. For me, the most important was ORT, believe me.

If not ORT, Badri manage Sibneft, not Abramovich, because I trust him much more. Or Nikolai Glushkov, who already passed through Avtovaz as deputy general manager of Avtovaz, the biggest car manufacturing company in Russia.

Could you believe that I say, "Mr Abramovich, young boy, fantastic boy, manage please enormous business"? Only because I had the other priority, Mr Sumption.

Q. So is the answer to my question: no, you were not consulted about the three cash auctions of the 49 per cent?

A. I don't consult Mr Abramovich at all.

MRS JUSTICE GLOSTER: I'm going to take a break there, Mr Sumption.

MR SUMPTION: Yes.

MRS JUSTICE GLOSTER: Ten minutes.

(11.53 am)

(A short break)

(12.05 pm)

MR SUMPTION: May I, for the benefit of your Ladyship and the transcript, just record the dates of the first auction.

MRS JUSTICE GLOSTER: Yes, thank you.

MR SUMPTION: The first auction opened for the receipt of bids on 1 November 1995 and closed on 1 December of that

year. The best places to find that in due course are paragraph 23 of Mr Gorodilov's witness statement, bundle E2, flag 4 E2/04/9, and the report of the audit commission into the conduct of these auctions, the Russian State audit commission, the reference to which is H(A)09/33 at paragraph 2.

MRS JUSTICE GLOSTER: Thank you.

MR SUMPTION: Now, I think we can -- at least I hope we can shorten matters, Mr Berezovsky.

Would you please look at paragraph 156 of your witness statement. I'm going to read out a single sentence in it and ask you whether it is true or false.

A. Mm-hm.

Q. The sentence reads:

"I do not recall being consulted on the bidding process or on the structures behind it."

Is that true?

A. It's true.

Q. Thank you.

Now, if you had agreed with Mr Abramovich that you were going to have a 50 per cent interest with Mr Patarkatsishvili in whatever shares Mr Abramovich might buy, you would have taken a considerable interest in the three cash auctions of the 49 per cent. But you didn't, did you?

- A. No, I had inconsiderable interest but this interest should be presented by Abramovich according of our agreement, Mr Sumption.
- Q. If you had been promised an interest in these shares, you would have wanted to make sure in advance that Mr Abramovich took part and that he bid a serious price, and you would have discussed that with him, wouldn't you?
- A. I did not discuss at all that with him.
- Q. No, and that was because you didn't have the least interest in what happened to the shares that were being sold in the 49 per cent auctions?
- A. Again, Mr Sumption, once, once and once more again, I have a principle agreement with Mr Abramovich after he took by his initiative responsibility to manage everything what concerning Sibneft creation and privatisation. If Abramovich had any question to do that, he should refer to me. And I give you exact example how it works, okay?

I didn't pay any interest to the first auction, to the second, to the third, as far as money is concerned. When it happened, it was out of my interest. But when Abramovich said, "We need \$100 million" -- and even later, I would like to remind you, Mr Sumption, that you mentioned now -- I was responsible for that because our

agreement was written clear: I responsible for funding but Abramovich responsible to manage.

It means what it means: that I don't initiate, "Roman, do you like money? Do you want money? Do you have enough money?" It's exactly I want to forget about this headache. But if Abramovich asking to me to help, this is my response and only this my response. In opposite case, I manage the company, not Abramovich manage the company. Why need Abramovich if I need to think what we need to do and how to do that?

Well, Abramovich said, "Boris, we need money", and I said, "Okay, fine". He gave me prospectus, which you have, Mr Sumption, which written Runicom to Boris Berezovsky in English what is Sibneft and Boris -- Boris Berezovsky, I'm sorry to say that I refer to me in this way; it's not correct I understand -- and I start to travel all over the world, including Soros, including Deutsche Bank, including German banks, including Japanese, including Japan, including -- you are correct, now I remind -- including Korea, South Korea, trying to find funds.

No one give me even one dollar and Mr Soros told, "Boris, you are crazy. Next day Communists will take power, they take everything from you. Take your family and leave Russia, you have already enough money". This



is the situation. When Abramovich -- it's absolutely clear from our agreement it's not my initiation to ask what you need. His initiation should be, "What I need..." and I deliver that. This is the point.

MRS JUSTICE GLOSTER: Right. I've got the point, thank you.

THE WITNESS: Thank you, my Lady.

MRS JUSTICE GLOSTER: Mr Sumption.

MR SUMPTION: Mr Berezovsky, that answer, when you referred to the \$100 million, you were referring to the amount that had to be put up to lend to the Russian State in the loans for shares auction, weren't you?

A. Yes, it's correct.

Q. Right. Now, I am actually asking you about the separate auctions for the sale of the 49 per cent that was being privatised, right?

What I suggested to you is that if you had agreed with Mr Abramovich that you and Mr Patarkatsishvili were going to have a half interest in shares that he bought, you would have taken a serious interest in the three cash auctions for the 49 per cent, and you didn't.

A. Mr Sumption, I even gave explanation why I didn't pay, not serious, any interest to that: because Abramovich was responsible for that; and the second, it was not my number one priority. I had much more important priority at that time. For Abramovich, as I told you yesterday,

Sibneft is only dream and project of his life, nothing more. For me, it's different.

Q. Now, in relation to the three auctions of the 49 per cent, Mr Abramovich never did come to you and say, "I need money", did he?

A. For three auctions, never.

Q. Right.

A. For 51 per cent to management company, definitely he can do that.

Q. Well, I'm not talking about the loans for shares auction. In relation --

A. I don't remember any time that he asked me money for these biddings.

Q. And you never paid any money for the shares that were sold in the three cash auctions for the 49 per cent, did you?

A. Why I should pay -- I'm sorry, Mr Sumption, give me please to finish -- if he doesn't ask me?

My understanding was that he generate money from Sibneft, which belonged to me, to Badri and to him somehow, or at least belong oil which they produced to sell on the market, and this generate money for this auction. I didn't know that exactly, yes? But I was not asked to give any money. Why I should initiate, "Roman, do you need some money?" He never asked me and

I was happy.

Q. I just want to ascertain the facts, Mr Berezovsky.

A. Sorry?

Q. I want to ascertain the facts. You didn't contribute any money, did you, for any of these auctions?

MRS JUSTICE GLOSTER: Do you agree?

A. I don't know, it's my answer, because Sibneft generate money. If Sibneft did not put this money to the auction, it means I did not. If Sibneft --

MRS JUSTICE GLOSTER: Are you saying that Sibneft gave capital or dividend money?

A. Sibneft trade oil -- again, what they do we know now well, and again I'm sorry to say Khodorkovsky in jail because of that. Abramovich is still here, and me as well. They sold with a low price oil which Sibneft produce inside of the country with a low price. Then they export --

MRS JUSTICE GLOSTER: Oh, they take the profit out of --

A. Absolutely correct.

MRS JUSTICE GLOSTER: Okay. So you're saying that some of that profit money was paid to acquire the shares?

A. Absolutely. My Lady, it's absolutely correct. It means that it's my money as well.

MRS JUSTICE GLOSTER: Yes, I see.

MR SUMPTION: Mr Berezovsky, you did not put up any further

money out of your own pocket for any of these auctions, did you?

A. No.

Q. Right. So far as you know, neither did Mr Patarkatsishvili?

A. I never heard about that.

Q. Now, you have no knowledge, do you, of how the shares that were bought in the three cash auctions of the 49 per cent were paid for, do you, except that you didn't pay for them?

A. Again, I didn't know at all because Abramovich never ask me how he obtained the money. He never -- on the other hand, Abramovich never ask me to obtain the money except of what we discussed already, 51 per cent.

Q. Now, in each case -- is this right -- the shares on offer in the three auctions of the 49 per cent were acquired by Mr Abramovich's companies, weren't they?

A. Again, as you remember our agreement, our agreement -- I would like to stress again -- '95, everything what generate Sibneft and everything what generate connected to Sibneft, from the Sibneft activity, belong to us together. It means it's my money as well which Abramovich kept in Runicom.

Q. Do you agree that in each of these three auctions for the 49 per cent, the shares purchased were bought by

Mr Abramovich's companies? Is that correct or is it not?

- A. Again, I don't know. I think you're absolutely correct. But money in this company belonged to me as well as Abramovich.

Mr Sumption, and I want again to stress one important point: even though this money, my Lady, was generated also because of SBS-Agro support, because they need the credit to do this operation, as I know from witness statement made by Mr Gorodilov, it means that even in this case, generating money which officially belonged to Roman Abramovich, they used support of SBS-Agro to make this operation. Again, they used my personal relations with Smolensky and his agreement to help me -- because he knew me, not Mr Abramovich -- to do that.

- Q. Now, in May 1997, after the state had defaulted on the loan, the 51 per cent was sold in a further auction, wasn't it?

- A. Yes, I remember the date, as I told you yesterday: it was 12 December -- 12 May '97. But I remember not auction; I remember the disagreement with Chechnya, as I told before.

- Q. Right. The same thing happened in that auction, did it not? The successful bidder was FNK -- not to be

confused with NFK --

A. Yes.

Q. The successful bidder was FNK and that was a company controlled by Mr Abramovich, wasn't it?

A. As you remember, Mr Sumption, it was agreed between Abramovich and me and Badri that it transfer from NFK to FNK because of -- to distance our participation in Sibneft because of complication of the political situation. It means that you are correct, absolutely, that the company formally belonged to Abramovich and it was our goodwill, because of our agreement with Abramovich, to transfer what was NFK to FNK.

Q. Mr Berezovsky, there was no agreement to transfer anything from NFK to FNK, was there?

A. It's absolutely wrong.

Q. Would you like to point us to your witness statement --

A. Just a second. It was agreement '96 between me and Abramovich that we distance. It means that was not formal agreement that we transfer that to that, to the company, but was agreement that we distance that. It means that everything what was not structurised properly at the beginning, when we just start to make Sibneft under control, now will be controlled only under Abramovich roof. This is roof, this is correct, what -- for this situation.

Q. Mr Berezovsky, your evidence about the 1996 agreement is that it was an agreement to conceal your interest in Sibneft.

A. Could you allow me to open this page or not?

Q. You can open any page you like. What do you want to look at?

A. About '96 agreement.

Q. You'll find it at paragraph 174 of your witness statement D2/17/234.

A. 174?

Q. Yes.

A. Yes. What do you refer to?

Q. Sorry, that's the agreement with Badri, forgive me.

A. Yes, it is agreement with Badri, it's correct.

Q. It's 165 onwards D2/17/232.

A. 165, yes.

Q. Okay?

A. Yes.

Q. Now, what do you say was transferred from NFK to FNK?

A. Yes. You know how, when you have agreement, you have the sense of agreement and technology of agreement, yes? To realise. The sense, target, and how to reach this target. Here we fix what we need to reach. And how? It's already by Abramovich. I trust him because of agreement of '95: it means that he is the host how to do

that, not me.

Q. What do you say was transferred from NFK to FNK?

A. It's exactly because -- when I said to transfer, I even start to think what to transfer. I think the management control at the beginning transferred to the other company and that this company when they bid I think -- I don't remember -- would transfer management control.

Q. What do you say was actually agreed about a transfer from NFK to FNK?

A. That NFK -- that FNK will be 100 per cent Roman company, not already with share 50/50, and it will be transformation from company which owned 50/50 between me and Badri to Roman to protect us better.

Q. NFK was only the manager of the State's 51 per cent holding, wasn't it?

A. NFK, the first one, you mean?

Q. Yes.

A. Yes, NFK just manage. And it's supposed that the new company will not only manage, will also take formal share control over that.

Q. Once the 51 per cent holding of the State had been sold to private investors, NFK had no further function at all, did it?

A. I don't know. Ask, please, Abramovich which function this company has. I don't know. I give up everything



to Abramovich.

Moreover, Mr Sumption it's very important that you initially refer me to the paragraph 174 saying that agreement with the Badri '96 because it's absolutely coincide, my Lady, with the same point.

At the same time, because of Abramovich -- and Abramovich insist, and I think he was correct, that I distance from the business. At the same time I tried to distance from the business not only from Abramovich, he was not exception; I tried to distance also from Badri in the same way. Not maybe the same way, but it's the same.

And Mr Sumption I think not occasionally miss my agreement with Abramovich to distance and my agreement with Badri to distance because it was the same story.

Q. Now, you do not claim, do you, to have had any interest in FNK?

A. FNK?

Q. The second company.

A. My interest was preserved by Mr Abramovich.

Q. You don't claim to have had any interest in it, do you?

A. Interest, definitely. Interest means that Abramovich hold my shares and pay me my interest as dividends or profit from our activity. It depends in general what sense means "interest". Sometimes interest means

shareholding; sometimes interest means just result of the activity of the company.

Q. Would it be fair to say that you had no ties or links with FNK?

A. If they pay me money, if not links, it's so; but they pay me money, it means that they have link, that the stream of money which they pay me...

Q. Would you look please in bundle H(A)06 at 113 H(A)06/113, which is --

A. H?

Q. You haven't got it yet but somebody is about to give it to you. H(A)06/113.

Now, this is a -- I'm afraid we don't have a Russian original for this, so far as I'm aware, but this is a -- I don't think there is a Russian. This is a Reuters text service.

A. Reuters?

Q. Yes.

"Boris Berezovsky, the business magnate who holds a senior Kremlin security post, denied on Tuesday that he had any links to the mystery buyer of a majority stake in Russia's seventh biggest oil producer, Sibneft. 'I have no ties to FNK,' Berezovsky told Reuters when asked if [FNK], which acquired 51 per cent of Sibneft at an auction on Monday, was linked to [NFK], which

organised the tender and is part of Berezovsky's diversified business empire."

Did you say that?

A. I can't exclude that I say that. I don't remember but I can't exclude. The reason again very --

Q. Was it true?

A. It's true according of our agreement with Mr Abramovich.

Q. Sorry?

A. It's true according to agreement with Mr Abramovich.

Q. So it was true, wasn't it, that you had no ties to FNK?

A. I don't have any official ties to FNK, it means that that's true.

Q. You had no connection at all with the company, did you?

A. I don't have any official connections to FNK, true.

Q. Did you pay any money out of your own pocket towards the cost of acquiring that 51 per cent in May 1997?

A. Definitely, because money which we paid for NFK finally, when we return back to Mr Smolensky, the money which we paid for NFK, definitely it's money which belong to me and Abramovich as it's money generated by our company, with the share Badri and me and Abramovich, Badri and me 50, and Abramovich 50. Definitely it's my money.

MRS JUSTICE GLOSTER: This is because you say the money for the purchase of the 49 per cent came --

A. No, not all -- now we discuss, my Lady, about

51 per cent.

MRS JUSTICE GLOSTER: 51.

A. Yes.

MRS JUSTICE GLOSTER: So are you saying the money for the 51 per cent as well came out of Sibneft profits?

A. Correct.

MR SUMPTION: You're not suggesting that the money to buy the 51 per cent came out of FNK, are you? It came out of Sibneft profits is your suggestion?

A. It came from profit which generate Sibneft and the company linked to here like Runicom.

Q. Right. Well, we will come to that in due course.

A. In due course?

Q. Later on we will come to that question.

A. Oh, I see.

Q. Now, what I suggest to you is that the reason why you were extremely interested in the cash for sales auction for the management rights but not at all interested in the sales of either the 49 per cent or the 51 per cent was that you were only interested in getting management control over Sibneft, not in owning it at all?

A. Mr Sumption, I present many, many times that if I -- I am sorry, my Lady, for this wording. If I am really -- if you look -- if I really look like completely crazy compared with other businessmen at that

time, and it's not so, unfortunately for Mr Abramovich, yes? I was not crazy at that time.

And who lose opportunity which created yourself mainly? And even Abramovich did not refuse that I was the key person who help, who (inaudible) to create Sibneft and to privatise Sibneft. Who, Mr Sumption, could imagine that this man just voluntarily say, "Roman, you're nice guy, now you own everything. It's all your shares, just give me peanuts; if even not peanuts, at least to invest ORT"? Mr Sumption, I propose you, it doesn't work.

Q. The point is, Mr Berezovsky, that Mr Abramovich had paid for these shares, had he not, and you had not paid for them?

A. I paid, as I explain you. I paid my money. Again, it's my money which Sibneft generate, directly or indirectly. It's my money, my and Badri money.

Q. Sibneft didn't make a single penny of profits in 1996, did it?

A. Mr Sumption, I explain you again and I agree again -- explain to you again: they use all company, all oil company, the same way. Company itself was not profitable but they make money trading oil abroad and selling for the other price. Nothing changed that time.

Q. You have no knowledge, do you, of what the trading terms

were between Sibneft and those to whom it sold export oil? You have no personal knowledge of that at all, do you?

A. About how they deal -- how the -- what is technology of this deal?

Q. No. As I understand it, the last answer that you gave was talking about transfer pricing. Right?

A. It's different terminology. Some use transfer pricing, some use different pricing, but I learned that only after. I didn't know these words before.

Q. You still have not got the faintest idea, have you, of what the terms of trading were between Sibneft and those to whom it sold oil?

A. Mr Sumption, I am sorry for this example. When I present my PhD, I try to explain it to my mum -- she doesn't have this education like me -- because the sense of the problem I understand well, anyone in the world. I heard by TV that you have the greatest mind in England, I accept that; but believe me this is not your level, a little bit less, to understand what means to get profit from abroad when you sell in the country.

Q. Do you actually know anything about the terms of trade between Sibneft and those to whom it sold oil?

A. I don't know anything about the terms. I know how it was done.

Q. How do you know how it was done?

A. Because it was common knowledge. Every oil company, they have done the same, and Khodorkovsky is in jail because of that.

Q. You don't know at all?

A. It's common knowledge for everybody who knew a little bit. How I knew about the car production in terms of a sale in Avtovaz when I was not -- when Nikolai Glushkov managed that? But I knew how they generate money abroad, I knew it well. They sold car for dented(?) price to Peru and some other country and sold for the real price and generate money for KGB and Communist party. It's known, it's common knowledge.

Q. You say that other companies engaged in transfer pricing and therefore you assume that Sibneft did, but you don't know at all, do you?

A. Mr Sumption, I knew that at all. Excellent. I knew -- I don't know any details but I knew the construction. It's very simple and you know that.

MR RABINOWITZ: Can I ask my learned friend, if he's going to put the question, to make clear whether it's his case that there wasn't transfer pricing of this sort.

MR SUMPTION: It is my case that there was no transfer pricing if --

THE WITNESS: It's the reason why I said --

MRS JUSTICE GLOSTER: No, Mr Berezovsky, please --

THE WITNESS: Excuse me.

MR SUMPTION: It is my case that --

MRS JUSTICE GLOSTER: Just a second, Mr Sumption.

THE WITNESS: I'm sorry, my Lady, I will not be more.

MRS JUSTICE GLOSTER: Please let him put the question, or in this case state his case. Mr Sumption, please make sure that you don't ask the question until Mr Berezovsky has finished his answer.

THE WITNESS: I am sorry, my Lady.

MR SUMPTION: I am simply seeking to answer my learned friend Mr Rabinowitz's question which was addressed to me.

It is my case that if by transfer pricing one means, as we understand, sales at an artificially low value for the purpose of transferring profit out of Sibneft into other entities controlled by Mr Abramovich, that proposition is denied. That I understand to be what my learned friend alleges but it is not correct.

MR RABINOWITZ: Just to make clear that it's not what I allege but we'll come back to it in due course.

MR SUMPTION: Now, Mr Berezovsky, I dare say you're not in a position to help us with precise knowledge on this. As I understand from the answers that you have been giving, you say that because other companies engaged in



artificial pricing, you assume that Sibneft did as well?

A. Mr Sumption, first of all I want to mention that I said transferring price or any other name, I don't know, to be correct -- to correct. But I knew that the way how -- that all oil company operate in the same manner: to sell with low price inside and to get profit abroad by selling abroad. This is the general idea.

Q. But you have no knowledge of the internal business affairs of Sibneft because you left that to Mr Abramovich --

A. You are correct.

Q. Right.

Now, I want to ask you, please, about your evidence concerning the 1996 agreement. Now --

A. This one -- may I leave this paper?

Q. You can put away everything on your desk apart from your witness statement.

Now, I would like you to be given, please,  
K2/04/16.

A. D2?

Q. No, no, no. You haven't got it yet, Mr Berezovsky.

A. Sorry.

Q. K2/04/16.

A. This page, yes?

Q. Okay?

A. What is that?

Q. Right.

Now, do you remember that when this action began, your case was that each of the three of you, Mr Abramovich, Mr Patarkatsishvili and yourself, held personally, through your own companies, their proportions of the shares which had been acquired in Sibneft? Do you remember that that was your case?

A. Yes.

Q. And that was wrong, wasn't it?

A. What is wrong?

Q. Well, if you've got K2, flag 4 open, let me show you specifically: paragraph 36, please, on page 26 K2/04/26. This document, let me tell you what it is --

A. Just a second, please. It's K2/04?

Q. K2, flag 4.

A. The page?

Q. It starts on page 16 and I want you to look at page 26 but let me tell you first what it is.

A. Yes.

Q. This is particulars of claim telling us what your case was --

A. Mm-hm.

Q. -- which was served by Cadwaladers, your then

solicitors, in January 2008. You can see your signature signing a statement of truth on page 64.

A. Yes.

Q. Right?

A. Yes.

Q. Now, if you look at paragraph 36, you say:

"Initially, Mr Berezovsky and Mr Patarkatsishvili legally owned or controlled companies which controlled and legally owned their proportions of the Sibneft shares."

Now, I think that your current evidence is that that was wrong, isn't it?

A. It's wrong from the beginning that initially -- no.

It's -- okay. Generally it's not correct, let's say so. But what is true that we own small shares directly as P&K-Trast -- which I didn't know, to say you true, I didn't know how it was organised -- and we control through NFK 50 per cent of NFK.

And what is not correct here, that we legally own the proportion. If to think in terms "legally own", for me it means that as far Mr Abramovich hold my shares at his hand, it was just because of agreement -- which we understand is absolutely legal agreement -- to keep my shares at his hand.

But if to read that directly, I agree with you that

it's not accurate written here. Nothing more. Not accurate.

Q. The respect in which it's not accurate is that the shares acquired in Sibneft in the cash auctions of the 49 per cent and in the default auction of the 51 per cent, those shares had, as I think you've accepted, always been held by companies owned and controlled by Mr Abramovich?

A. As you know, not 49 per cent, as it turned out, because again it was exist some P&K-Trast who belong to me, owned by me and Badri. It means that it's not correct to say that all -- but again, it's happened occasionally. It's not because I really planned to do that; again, because only Abramovich decide how it should be structurised.

Q. Mr Berezovsky, you keep referring to PK-Trast. PK-Trast was a company which had an indirect interest in some of the shares bought in September 1996. Are you aware of that?

A. Could be. No, I -- could be. Because I told you I don't know even how it's happened because it's structurised by Abramovich and from there, as you told -- as you have told correctly, that even in '95, Abramovich said that we don't need to have written contract, yes? And how it's happened, I don't know;

maybe just mistake of Abramovich people to do that. But I never insist to have anything in PK-Trast.

Q. Well, Mr Berezovsky, I don't want to waste time asking you questions about PK-Trast if the reality --

A. No, you put me question and I gave you answer.

Q. I don't want to waste time asking questions about PK-Trast if your position is that you don't really know about it. Is that your position: you don't really know about PK-Trast?

A. At that time I didn't know that, definitely.

Q. Now, your original case was that at some time between April and June 1996 --

A. Just -- April and June...?

Q. 1996 -- the three of you made a further agreement that the shares held by your companies and Mr Patarkatsishvili's companies --

A. Mm-hm.

Q. -- would be transferred over to Mr Abramovich's companies. That was your original case, wasn't it?

A. Shares -- but I don't remember the date. I'm -- we had shares except of -- we don't have shares. We have shares which were hold by Mr Abramovich, yes, and now we want to put all our shares under his personal control, including the shares of 51 per cent which later we'll get as a result of the bid for the -- for this

51 per cent, correct.

Q. Well now, if you look at paragraphs 36 and 37 of this pleading --

A. Yes.

Q. -- what you are saying, and what you signed a statement to say was true, is that originally the shares in Sibneft were owned by companies which were controlled and legally owned by you and Mr Patarkatsishvili; and then in 1996 -- see paragraph 37 --

A. Yes.

Q. -- it was agreed that the shares would be transferred to companies controlled by Mr Abramovich.

A. And shares... (Pause)

Q. Read paragraph 36.

A. Just -- yes, I start to read. It's 37, yes?

Q. Read 36, please.

A. Ah, okay. Sorry. From the beginning, yes?

Q. Yes. (Pause)

A. Okay, more or less. Okay. I'm listening to you, Mr Sumption.

Q. So your original case was that originally you held these Sibneft shares through your own companies and then Mr Abramovich proposed that they should all be transferred to his companies and that was agreed. That was your original case?

A. Mr Sumption, definitely as far as wording is concerned, it's not accurate here. I signed that, I agree with that, no problem at all. I just present, my Lady, my understanding of reality what was happening in that time. Definitely later on I find out unfortunately some misunderstanding, in spite of I signed -- definitely I signed that. But it's not my witness statement, in which also I have sometimes, even now, problems.

But the sense is absolutely clear, no doubts with that, whatever wording you put in this sense. The sense of '95 we already discussed and the sense of '96 is also clear. We transfer under Roman control, under Roman -- we will use trust, even here we use trust, because at that time I didn't understand what mean "trust" -- but under Roman control all our shares. And the transformation which is described here means that what we -- before control as a management control, 51 per cent, between me and Roman, 50/50, now will be as a shareholding control by Roman. But his company, not our more.

Again, I think it's important for understanding that it's not lie, this is not trick, because I have done at the same time exactly that with Badri, with my former partner, and it's written absolutely perfect here in the paragraph 36. Just because, as you correctly said, it

was April-June in '96. It means everybody was sure that Communists will take power, everybody, and we try to distance as much as possible.

And even thinking that it could be trick from Roman side, what Badri all the time thinking that Roman will trick and so, but I think it's useful for all of us. It's useful for Roman, it's useful for us, for us to protect more, because Roman really -- as we discussed before, when I proposed him, "Roman, let's share ORT as well 50/50, because we become 50/50 partners", and Roman refused that because he was maybe more wise than me understanding that it's political very dangerous at that time to be involved in that.

- Q. What is clearly not correct, Mr Berezovsky, is your statement that there was an agreement to transfer Sibneft shares from companies controlled by you to companies controlled by Mr Abramovich. That's not correct, is it, because they've always been controlled by Mr Abramovich?
- A. "Controlled", what does mean "controlled"? It's our shares, which don't nobody care how it was structurised because Abramovich structurise that. I trust him. And now he decide, because we now start to discuss already the 51 per cent of the shares, which is controlling, yes, and what was under management control before, and



now should be controlled as an owner, and we agreed that Abramovich will control -- will be under his company, which company belong, 50 per cent -- 100 per cent to him will be under control because to distance -- the distance. I don't understand what is illogical here.

Q. Mr Berezovsky, in April to June 1996 the position was that the only Sibneft shares owned by anybody other than the State were the 12.22 per cent of shares that Mr Abramovich had bought in the first cash auction.

A. Abramovich bought it for us together.

Q. All right.

Now, you are saying here, in paragraphs 36 and 37(a), that in April to June 1996 Mr Abramovich proposed that the shares should be transferred from companies controlled by you to companies controlled by him and that was agreed.

Now, I'm going to ask you a very simple question. Was it agreed in 1996 that Sibneft shares should be transferred from companies controlled by you to companies controlled by Mr Abramovich? Was that agreed, yes or no?

A. It was agreed, absolutely correctly, but I didn't know how much shares and where I control directly. This is the point. And you're absolutely correct, it was agreed that our shares will be transferred to Abramovich

control, but at that time I even didn't know how much at that time would have been under my personal control.

Q. How could they be transferred to Mr Abramovich's companies when they had always been in the name of Mr Abramovich's companies?

A. Look, Mr Sumption, first of all, it was in front -- it was in front of their shareholding -- their auction, 51 per cent. The second, as we know, I think it's occasionally some shares were under my control. It's PK-Trast and so. It means that everything what -- and I didn't know how Abramovich organised the structuring of this 49 per cent. I thought that maybe -- I thought that maybe he organised from the beginning in proper way, 50/50. I did not know that. It's the reason why I said: okay, fine, everything what belong, what is indirect my control will be in your direct control. That's it.

Q. Mr Berezovsky, I think you've confirmed that you know nothing about PK-Trast.

A. Okay.

Q. In fact PK-Trast owned no shares in anything until September of this year. I'm talking about an earlier stage. All right?

A. Okay. Mr Sumption, I can't add anything. I'm sorry to say that.

- Q. Now, the question I asked you was how could shares be transferred from your companies to Mr Abramovich's companies if Mr Abramovich's companies had always had them?
- A. Mr Sumption, I don't have answer to this question because I did not -- I was not aware which shares are under my control, under control of Abramovich. It's turned out that Abramovich was not made a proper partner from the beginning, because if we agreed what we agreed in '95, at least he should think what happened if I will die, yes, and how to do that. On the other hand I also should think what happened if Abramovich die, if I gave him so much power, but maybe that time we were not supposed to die so quick.
- Q. Now, we were told by your solicitors, Cadwaladers, that what you say in this paragraph about the transfer taking place represented the gist of the words used at this 1996 agreement. Clearly that was rubbish, wasn't it?
- A. I don't know about your talking with my solicitors, I think it's not correct to refer to that.
- Q. Well, they wrote to us giving us what's called further information which is details about these allegations.
- A. Could you show me that, that I can comment that.
- Q. Yes, of course. If you would like to take bundle A2, flag 8, page 19 A2/08/19. Page 19 of the bundle.

Perhaps the witness could be helped to find page 19.

A. Sorry, all the time I'm missing. Yes, sorry.

Q. You will see there's a heading in bold type, "Requests 8, 9, 10..." et cetera, in the middle of the page.

A. Just... Yes.

Q. And this is giving us further information about what you said in paragraph 37, among other places, okay?

A. Mr Sumption, just again, I return back. This is the letter which was addressed my company which was at my interest, yes?

Q. This is addressed by your solicitors to my client's solicitors.

A. And when it was?

Q. It was written to them in May 2008 and it was about the pleading we have just been looking at.

A. Just a second, May 2000 -- yes, thank you.

Q. What you say about paragraph 37 among others is that:

"All of the pleaded agreements were made --"

A. In paragraph?

Q. If you look halfway down, this is further information about paragraphs 33, 34 and 37.

A. Good, good. Now I've got it.

Q. I've just shown you paragraph 37. What they say is that:

"All of the pleaded agreements were made in the

course of meetings at the Moscow offices of Logovaz... Russian was spoken, and the words pleaded are the gist of what was said. To the best of Mr Berezovsky's recollection, only he, Mr Patarkatsishvili and Mr Abramovich were present."

A. Mm-hm.

Q. Now, that must have been information that you provided to Cadwaladers?

A. Mr Sumption, it's Cadwalader understanding and, as you know, they are professional company, they made in my favour what they can make. I don't want to say that they are wrong but it was a lot of misunderstanding, nevertheless. I don't want to take a base for my explanation but nevertheless what I -- we start, as I understand, still from the paragraph number 36 about transformation of my shares or my interests for whatever to Roman Abramovich, again, and I told you, Mr Sumption, I can't add anything. I can't comment why Addleshaw -- why Cad...

MRS JUSTICE GLOSTER: Cadwalader.

A. Cadwalader, I'm sorry. Cadwalader present that.

Definitely because they talk to me, definitely it was their understanding. I just want to stress that not only me, your client also change -- asked to put some changes, and I understand that because it's long time

ago and we try to -- first of all, to remember the sense and then we go even more wordings that, it's complicated.

It's the reason why, my Lady, I just want to present the real sense what's happened. The wording is important, I understand, because we are in the court, not just shake hands and my Lady agree that I'm correct, yes? The problem is that it's really complicated and it's reason why all the time try to base on the sense of what was happening.

MR SUMPTION: Is there anything in the paragraph which begins "All of the pleaded agreements", that I've just referred you to, that you think is wrong?

A. I don't understand, I'm sorry to say. I'll try. Give me more time, please. What is the question? Just a second.

Q. Do you see the paragraph --

A. Yes, yes.

Q. -- beginning "All of the pleaded agreements"? That's what your solicitors said. Is there anything in that paragraph that you think is wrong?

A. I don't understand what is wrong. Explain me again, please.

Q. That's what I'm asking you. Is there anything wrong with this paragraph? (Pause)

A. Mr Sumption, I don't want to look stupid. I don't understand what we're discussing now.

Q. All I want you to tell us -- this is information that is being given by Cadwaladers about your case and all I'm asking you is, is there anything in it that's wrong? Is there anything that you would disagree with in this statement of your case?

A. This statement you mean (indicates)?

Q. No, no. Look at the paragraph which begins "All of the pleaded agreements". That says --

MR RABINOWITZ: With respect to Mr Sumption, he does need to look at both --

MR SUMPTION: I would like my learned friend to let me ask this question, it's a very simple question.

That says --

A. It's the reference to this (indicates), yes, it's the reference to that? This exactly what I want to understand.

Q. It's a reference to paragraph 37 of the earlier pleading which says that there was an agreement that a transfer would take place.

A. Now, I understand. I'm sorry.

My Lady, I really didn't understand what is --

MRS JUSTICE GLOSTER: Mr Berezovsky, to be fair to yourself, I think you're being asked two questions. The first

question is, is there anything that is specifically said in the paragraph we're looking at, "All of the pleaded agreements" --

A. Mean that (indicates)? The other one?

MRS JUSTICE GLOSTER: No, in the letter, in the letter. But I think you're also being asked by Mr Sumption whether what was said in paragraph 37 was indeed the gist of what was said at the meeting?

A. Paragraph number 37?

MRS JUSTICE GLOSTER: Yes, number 37.

A. Yes, yes.

MRS JUSTICE GLOSTER: So just look and see the statements in the letter first of all, in the paragraph starting, "All of the pleaded agreements were made in the course of meetings" --

A. Yes. Now I understand, my Lady.

MRS JUSTICE GLOSTER: -- at that address. Is that correct?

A. Now I understand finally the question.

MRS JUSTICE GLOSTER: I think you're being asked to check two things: one, that what is said in this paragraph is right and, secondly, the statement that --

A. Yes, yes, now I understand.

MRS JUSTICE GLOSTER: -- the words pleaded in paragraph 37 do correctly represent the gist, that's to say the thrust --



A. Absolutely clear.

MRS JUSTICE GLOSTER: -- the summary of what was said?

MR RABINOWITZ: Can my Lady also make sure that the witness knows what is being referred to by "pleaded agreements". I think that's where he's getting a little bit confused. It's the pleading or the agreements and I think that's...

A. And, as I understand, we now discuss about paragraph 37, "pleaded agreement"? Is it correct or not?

MR SUMPTION: It's the 1996 agreement.

A. No, the agreement -- '96 agreement is absolutely clear --

Q. Mr Berezovsky, can I try to simplify this so far as I can. In this pleading, the one that you have in bundle K2, you say that it was agreed in 1996 that there would be a transfer of Sibneft shares from companies controlled by you to companies controlled by Mr Abramovich.

A. Yes.

Q. Now, the question I'm asking you is this, was that the gist of the words used in the 1996 agreement?

A. In 1990 (sic) agreement was used the words-- in 1995 agreement was used the words --

Q. No, '96 agreement.

A. Ah, '96, yes, that all -- just give me please to

remind -- that all shares, all interests except of --  
that all shares which we have and -- now, finally,  
I start to understand the point, I'm sorry to say.

In '95 agreement was told that the -- we need to  
start to understand what was saying, just understanding  
what was the target. The target was to distance. It  
means that the shares which we have in 49, in  
49 per cent, that time it will have that 49 per cent,  
and the opportunity -- I just trying to transfer it --  
opportunity which we'll get when 51 per cent control  
will transfer -- not control only management control but  
will be shared, yes, will get shares for that, will  
transform to Roman Abramovich, this is correct.

MRS JUSTICE GLOSTER: Is that a convenient moment,  
Mr Sumption, or do you want to continue this line and,  
if so, how long are you going to be?

MR SUMPTION: I think probably it's as inconvenient a moment  
as any other is going to be.

MRS JUSTICE GLOSTER: Very well.

MR SUMPTION: We'll have to continue this discussion to some  
extent on Monday morning.

MRS JUSTICE GLOSTER: Very well.

MR SUMPTION: My Lady, I have to tell your Ladyship that,  
for reasons that your Ladyship will understand, progress  
has not been rapid.

MRS JUSTICE GLOSTER: Yes. I wasn't going to ask you about the timetable until some time in the middle of next week.

MR SUMPTION: Well, it looks as if we will need at least the whole of next week.

MRS JUSTICE GLOSTER: Well, we can deal with timetabling issues on Monday perhaps, if necessary.

Mr Rabinowitz and Mr Sumption, are you content to start at 10.15 on Monday or do you want to start earlier? I think there's a limit to the length of a court day for everybody, but if you wish to start earlier, obviously I'll consider that. It's a long day for a witness.

MR RABINOWITZ: As your Ladyship says, it is a long day for a witness who is not as young as he once was. It will be the third day. I'm in your Ladyship's hands, I understand my learned friend --

MR SUMPTION: I'm not pressing for a longer day than 10.15.

MRS JUSTICE GLOSTER: I think 10.15 is useful with the shorthand writers --

MR SUMPTION: Exactly. It is the case that it is a little less exhausting for a witness when he has a break in the middle of the morning, but I don't think it would be right for me to press for an earlier start if Mr Rabinowitz feels that's unfair on his witness.

MRS JUSTICE GLOSTER: Yes.

MR RABINOWITZ: I think 10.15.

MRS JUSTICE GLOSTER: Okay. If you want to start at 10.00,  
I'm happy to start at 10.00.

MR RABINOWITZ: The witness has a lot of cross-examination,  
my learned friend says the whole week. To start earlier  
than that would become oppressive.

MRS JUSTICE GLOSTER: Mr Berezovsky, please do not discuss  
your evidence over the weekend.

THE WITNESS: Definitely.

My Lady, I just have one question if you don't mind.

MRS JUSTICE GLOSTER: Yes. Please.

THE WITNESS: I didn't recognise still now how long I will  
be in witness box. I like to be in witness box, but  
I just want to understand how much energy I should keep  
approximately.

MRS JUSTICE GLOSTER: Yes. Part of the problem, and I'm not  
saying this in any way critically, but part of the  
problem is that you tend to give quite a long answer  
rather than focusing on the question. It will speed  
things up, so you won't be in the witness box so long,  
if, as it were, you can answer the questions --

THE WITNESS: My Lady, thank you very much for your  
reference to that.

MRS JUSTICE GLOSTER: It looks at the moment -- I don't know

what the original estimate was because I don't have  
the --

MR SUMPTION: The original estimate was that Mr Berezovsky  
would be completed by the end of Thursday and, of  
course, your Ladyship is not sitting on Friday next.  
I think it is now very likely that his cross-examination  
will extend, I hope not too long, into the following  
week starting Monday, the 17th.

MRS JUSTICE GLOSTER: So you've only got four days next week  
because I can't sit --

THE WITNESS: Thank you, my Lady.

MR SUMPTION: But there may well be further  
cross-examination the week after.

THE WITNESS: No, no, it's fine. It's fine.

MRS JUSTICE GLOSTER: Very well.

THE WITNESS: Thank you.

MRS JUSTICE GLOSTER: 10.15 on Monday.

(1.06 pm)

(The hearing adjourned until  
Monday, 10 October 2011 at 10.15 am)

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