

Monday, 10 October 2011

(10.15 am)

MR BORIS BEREZOVSKY (continued)

MRS JUSTICE GLOSTER: Members of the press, I'm told that there is now a video feed in the consultation rooms, as well as an audio feed and a LiveNote feed, so if there aren't adequate chairs for you in court, you can watch the evidence being given live on the video in the consultation rooms.

Good morning, Mr Berezovsky. You're still on your oath. You don't need to stand up, thank you.

Yes, Mr Sumption.

MR SUMPTION: My Lady, can I just mention one thing for the record. I told your Ladyship on Friday that the dates of the first cash auction were -- the auction was open between 1 November and 1 December; if I can just correct that slightly. That was the original date decreed for the auction --

MRS JUSTICE GLOSTER: Mr Sumption, will you just bear with me because I had a note of it and I would just like to find the note.

Yes, give me the revised date.

MR SUMPTION: That came from Mr Gorodilov's witness statement. In fact on 27 November the period of closure of the auction was adjourned to 4 January and in fact

the --

MRS JUSTICE GLOSTER: 4 January 1996?

MR SUMPTION: Yes. And the bid made by Mr Abramovich's companies was lodged towards the end of the extended period so that ultimately it was later than originally envisaged.

MRS JUSTICE GLOSTER: Yes, thank you.

THE WITNESS: I'm sorry, could I put a question, my Lady?

MRS JUSTICE GLOSTER: Yes.

THE WITNESS: I just want also to understand better because I also tried to investigate, it was a strange a little bit that it was before: it means you confirmed that it had happened after --

MRS JUSTICE GLOSTER: Sorry, I can't hear you.

THE WITNESS: I'm sorry, my Lady. Does it mean we confirm now together that it happened after auction of December 1998? Sorry, December 19 --

MR SUMPTION: '98, yes.

THE WITNESS: December --

MR SUMPTION: '95.

THE WITNESS: -- '95, yes?

MR SUMPTION: Yes, that is correct.

THE WITNESS: Thank you very much.

MRS JUSTICE GLOSTER: Yes, Mr Sumption.

Cross-examination by MR SUMPTION (continued)

MR SUMPTION: Mr Berezovsky, when we ended on Friday I was asking about what you have called the 1996 agreement. Do you remember that? That's what I was asking you about.

A. Yes. 1996 agreement with Mr Abramovich, yes?

Q. Yes.

A. Thank you.

Q. Now, I had pointed out to you that when this action began in 2007 you said that your Sibneft shares were originally registered in the names of your companies and your case was that in 1996 it was agreed to transfer them to Mr Abramovich's companies so as to be secretly held for you. That was your original case, was it not?

A. Can you show me, please, what is --

Q. No, I just want to ask you to remember.

A. Okay, okay.

Q. Do you remember that that was your original case?

I showed you the documents on Friday.

A. My original case is that from the very beginning, according of agreement with Mr Abramovich '95, he will hold my shares and -- 50/50 between me and Badri, my partner Badri, and we share the profit between us 50/50 and we -- all the interest which will come later we'll share 50/50, interest will come from Sibneft activity, and no one able to -- no one able to sell any interest

without confirmation of other side. This is agreement of '95 and agreement of '96 --

Q. Mr Berezovsky, you're answering about 20 questions that I didn't ask you.

A. Sorry.

Q. I am interested in the question what your original case was about who held the shares.

Turn to bundle K2, which somebody will now hand to you. Bundle K2/04/26, paragraph 36.

A. Just a second. Please, just to make sure, so I am sure that -- this is not my witness statement, this is --

Q. No, it's not. This is your original pleading, which you signed as a true document on page 40.

A. Yes. What is the page number?

Q. Page 26.

A. Yes.

Q. Right. Do you see paragraph 36?

A. Yes.

Q. I'm going to read out the first sentence:

"Initially, Mr Berezovsky and Mr Patarkatsishvili legally owned or controlled companies which controlled and legally owned their proportions of the Sibneft shares."

Was that your original case or was it not?

A. It's my pleading, I agree, I signed that, and this

pleading was prepared by my lawyers and it's how they recognised it. I don't want to say, my Lady, that it's not my signature here; it's my signature here. But, again, it was how my lawyers understood that and they present it to me.

Q. And your case was that in 1996 it was agreed to transfer your shares out of companies owned and controlled by you and into companies owned and controlled by Mr Abramovich; that was your case, wasn't it?

A. It's not so. Again, my case was --

Q. First of all I'm asking you whether that was your case; not whether it was true.

A. No, it's not my case.

MR RABINOWITZ: I think he needs to specify "pleaded case".

A. Correct.

MR RABINOWITZ: Given he's speaking to someone whose natural language is not English, although ordinarily Mr Sumption is very clear to an English speaker, to a Russian speaker there may be occasional misunderstandings.

MRS JUSTICE GLOSTER: Mr Berezovsky, the point Mr Sumption is making to you is that was the case that was being put in your pleaded statement of case.

A. This was the case what was put in my pleaded statement, correct.

MRS JUSTICE GLOSTER: Yes.

MR SUMPTION: Right. And it remained the case that was put in your pleaded statement, did it not, until the strike-out application was heard in the spring of 2009?

A. Can we have a look at this, at the pleading 1995? As I remember, at my first witness statement it was clarified completely correctly what my case is.

Q. You are right, and that was because -- it was in fact your second witness statement but your first substantial one -- your second witness statement where you corrected this was produced for the strike-out proceedings, wasn't it?

A. My first and the second witness statement were produced for the strike-out, correct.

Q. Now, can we look at the current version of what you are saying about the 1996 agreement. Okay?

A. Sorry, again, where have to look?

Q. I would like you to turn to your fourth witness statement at paragraph 165. It's in bundle D2/17/232.

A. Paragraph number?

Q. 165. Now, in paragraphs 165 and 166, if you've got that open --

A. Yes, I have it.

Q. -- you say that the 1996 agreement was made because Mr Abramovich was concerned that Sibneft would be damaged as a result of your controversial political role

and Mr Patarkatsishvili's position as chairman of ORT. That's a summary, I think, of what you are saying at paragraph 165 and 166.

A. I don't want to read because I remember more or less, not -- yes.

Q. Yes. But that's a fair summary, isn't it?

A. But nevertheless it's definitely the reason why Abramovich continue to insist on the -- that on the one hand it will not be in written form but on the other hand we should be more and more protected because of my political exposure, particularly in front of election campaign of Yeltsin where played the key role '96. It's correct.

Q. So your evidence is that Mr Abramovich wanted to distance both you and Mr Patarkatsishvili from the company?

A. You are correct.

Q. Now, all this, as I understand your evidence, was because of the prospect of a Communist victory in the 1996 elections. Is that right?

A. You are correct.

Q. Now, did you seriously think that if the Communists won the 1996 elections, Sibneft would be able to do a deal with them to avoid the renationalisation of the 15 per cent that had already been sold of Sibneft? Did

you seriously think that?

- A. My thought is not that I think seriously like that but I just give you example that many businessmen, including Khodorkovsky, including other, they play both game: they pay Communists before elections and they pay Yeltsin before elections. And I have no doubt that Abramovich think in the same way.

As far as me is concerned, I just want to max -- to minimise risk because maybe these people are correct and maybe Communist will continue to privatise. I did not believe, me personally, but I did not lose anything to take this position.

- Q. You had no idea whether Mr Abramovich thought in that way or not, did you?
- A. No, I just know that Abramovich didn't think anything because -- anything strongly because he just start to be involved in understanding of political situation. And on the other hand, as a regular person at that time -- I mean not being experienced in politics -- he think definitely that Communists will take power but on the other hand maybe they continue to -- they continue privatisation. It's not unique point of view.
- Q. Did you seriously think that a party which fought the election on a programme of renationalisation was going to continue with the sales of the 85 per cent of Sibneft

that the State still owned?

- A. We know a lot of examples when party decree before elections one position and after elections change position completely, 100 per cent.
- Q. That was not at all likely, was it, whether you were a shareholder or not?
- A. It's absolutely correct. It's not high probability but why I should reduce probability to zero if I have chance to reduce the risk and nevertheless to have profit from the company, which could be, with very low probability, will not be privatised? Why not do so? I don't understand.
- Q. It was already well-known, wasn't it, that you were involved closely with Sibneft?
- A. Yes, it was common knowledge.
- Q. Yes. So having you as an undisclosed shareholder wasn't going to make much difference, was it?
- A. No, again, nobody knows, again, Mr Sumption, how Communist will play game after they will elect. I have vision that they will play dirty game; the other have vision that they continue maybe reforms because they already start to feel better. And if you know, Mr Sumption, well that in Davos, which happened exactly before elections '96, Zyuganov play fantastic role: he try to convince western investors that he is nice guy,

he will continue reform, and I would like to stress you, Mr Sumption, that many on the west believe in that, as far as some in Russia believe in that.

It doesn't matter what was my belief, I just want to reduce risk, and if there is any opportunity that Communist will not continue -- will continue some kind of reforms, I want to, formally at least, to be distanced from that.

- Q. As I understand it, you say that this concern to distance you and Mr Patarkatsishvili from Sibneft continued even after the Communists lost the elections?
- A. Mr Sumption, it's not black and white, and even after Communists won election I was --
- Q. No, lost the election.
- A. After Communists lost the election. They so much insist that they will take power that I lost my line. After Communists lost elections, I knew well that it doesn't mean that they don't have a lot of supporters inside of society, even inside of the government, even -- and moreover inside of still efforts being of KGB officers.

No one can exclude that the pressure will be continued on me as, I'm sorry to say -- I don't want to up higher my role in elections but I was one of the key persons in elections and I didn't have doubts that as far I will distance from my assets, more probability

that I will keep opportunity to be -- to have money generated the company which I created.

- Q. In September 1996, two months after the second round of the elections, you became a member of the board of directors of Sibneft. That seems a funny way of publicly distancing yourself from the company.
- A. Mr Sumption, as you know from my witness statements, it was decision which I have done not just because I think that it's good decision, because of two controversial position: on the one hand, Roman Abramovich; on the other hand of Badri. And if my personal choice, I would not do that, if my personal choice; but I have a partner, as you know, Badri Patarkatsishvili, and we have been partner 50/50, and Badri insist that I took this position.

Moreover, I would like to say you that the argument was very special. He said, "Boris, everybody knows that you are person who create Sibneft and you're close to Sibneft", yes? "And moreover, nobody has any doubts that you own at least big stake of Sibneft and there is a common situation when people who are in the board are not owners. It means that if you become a member of the board, it could be that you have link to Sibneft but maybe as not an ownership", yes?

This is position which had logic. Again, my

position was more likely not to join, yes? But it was already dispute between Roman Abramovich and between Badri and finally I took position of Badri. And as you -- sorry.

Q. How was becoming a director of Sibneft going to divert attention from the fact that, as you say, you owned some shares in it?

A. It's exactly what I tried to explain before: because that was common that member of director -- member of the board were not shareholders.

Q. Members of the board were, in many companies, shareholders.

A. You're correct. Were and not. It is not absolutely clear that if you are a member of the board, you are shareholder. According of my experience, at least on the west and later in Russia, there were many occasions when member of the board are not shareholders.

Moreover, it stressed the independency of the executive power and power who -- I mean the management -- and power who create the law or the way how company should operate.

Q. Well, let's look at what you say was agreed in response to this so-called problem. You say that because of these concerns, Mr Abramovich proposed, in your words, that:

"... from now on he, or his companies, should own all of the Sibneft shares."

I'm looking at paragraph 166.

A. Sorry, one second. Just a second, may I read.

Yes.

Q. What you say --

A. Yes, it's absolutely correct because, as you know, on the stage of agreement '95, when we just create the company, yes, and start to own the company, it was done in not so structured way because for me I didn't know how much Badri and me we own shares -- it's turned out that we own just part of PK-Trast, yes? -- how much Abramovich own. And we decide in the future, particularly in the coming auction for 51 per cent to own, we decide that from this time we structure that everything will be under Abramovich ownership.

Q. How could Mr Abramovich have proposed that from now on he or his companies should own all of the Sibneft shares if his companies already owned all of the Sibneft shares that had been acquired?

A. First of all, it's not so, as you know well. But just simple example: the PK-Trast -- but it's occasional example, it's not my personal creation that I create -- the situation on PK-Trast own part already existing shares.

But we now are discussing about future privatisation 51 per cent. This is the most important stake and this stake allowed to control the company, really control the company through shareholding. And it was the principal decision that Abramovich at that time did not own 51 per cent. Abramovich and his company owned less than 49 per cent, as I told you before. It means that the solution to put under ownership of Abramovich and -- ownership of Abramovich everything was the principal solution, which is very different what we discussed before.

Q. Mr Berezovsky, if Mr Abramovich's companies already were the registered shareholders of the only 12 per cent that had so far been acquired, what was the point of his saying that from now on they should be owned by his companies? Because it already happened.

A. You see, I don't even at that time know how much Abramovich really owned because, as I told you, we agreed that Abramovich manage everything and last time we spent a lot of time, I tried to prove you that "manage" means manage not just day-by-day company but manage all the process of privatisation as well. If he need my help, I am open to help him, and when he ask me help, I am open to help him; but the point is he very rare asked me to help.

But the point is that we again are discussing to formalise our relations of ownership and I accept the position of Abramovich that it's a lot of risk and I will reduce risk if I will put under Abramovich ownership everything. Moreover, it just demonstrate exactly my position towards to Abramovich: that I trust him, trust him 200 per cent that time.

Q. Now, PK-Trast, which you mentioned, only acquired shares in September 1996; that's correct, isn't it?

A. I don't remember at all.

Q. Well, let me tell you --

A. At that time I don't remember.

Q. -- that that's when it was.

PK-Trast was a company which you were publicly named as a co-founder of, was it not?

A. You see, Mr Sumption, believe me --

Q. Was it or not?

A. What is not what?

Q. You were publicly named as a co-founder of PK-Trast?

A. Publicly known, but I didn't know that.

Q. The rest of the public was aware of this but you were sublimely ignorant of it; is that correct?

A. Absolutely correct, because I don't pay any attention at that time how Abramovich is structurising. I trust him. I have much more important, as I understand -- and even

now -- problems to solve.

Q. Yes. Well, if your evidence is that you were trying to distance yourself or that Mr Abramovich was trying to distance you from Sibneft, it seems pretty odd to publicly name you as the co-founder of a company that then buys some shares in Sibneft.

A. Again, Mr Sumption, I want again to stress you that I really did not pay any attention how Abramovich structurise the company. It was his responsibility. If he think that it's better I will be visible, I will be visible. If Abramovich will tell me, "Boris, we should rewrite shares which I hold in your favour under your name", I will do that because it's -- again, Mr Sumption, we agreed with Abramovich; he managed everything. I trust him. It's his -- I don't want to break his responsibility. He took this response.

Q. Now, you also say that in 1995 it was agreed that the profits of Sibneft would be shared between you, Mr Abramovich and Mr Patarkatsishvili?

A. Not Sibneft. It will be shared profit of Sibneft everything which lead to Sibneft generation.

Q. We'll come to the question what it was a share of in a moment. But you say that in 1995 it was agreed that some profits -- we'll discuss later which profits -- would be shared between you, Mr Abramovich and

Mr Patarkatsishvili?

A. It's correct.

Q. Right. And you say that in 1996 it was agreed that the three of you would continue to share profits?

A. It's correct.

Q. So what do you say was the difference that the 1996 agreement made?

A. What is difference?

Q. What's the difference on profit-sharing?

A. The difference is very simple. The difference is first of all we accept that Abramovich will put under his personal -- under his name the company which own the shares of Sibneft.

By the way, I never have seen that, in spite of we ask Mr Abramovich to disclose how he want -- he never present us any papers at all. It means that his position today, like me, he never will be shown officially at least to us that he's owner. It's the first point.

The second point, we agreed what is the most important for me at that time: that by the first request Abramovich will rewrite our shares to our name.

Q. Well, can I repeat my question, Mr Berezovsky.

A. What was not agreed in '95 -- sorry -- what was not agreed in '95.

Q. My question concerned profit-sharing and what I asked you was this: since, according to you, it had been agreed to share profits in 1995, what difference did the 1996 agreement make to your arrangements about profit-sharing?

A. I don't see any difference between '95 and '96 agreement as far as sharing of the profit.

Q. Well, precisely. So in fact the 1996 agreement made no difference either to the holding of your shares or to the distribution of profits, according to your evidence?

A. Not -- just now I mentioned you the difference, and big difference, because when in '95 we structurise ownership, it was done by just -- in rush, let's say, the first one.

The second point: we did not discuss that everything will be under Mr Abramovich control.

And the third point, as I mentioned to you now: that by the first our -- we didn't discuss that in '95 and we discussed that in '96 but the first our request, Abramovich will rewrite our shares under our personal name.

Q. You see, Mr Berezovsky, when you started this action you said that your companies owned the shares in Sibneft and so you invented the 1996 agreement to explain how they came later to be owned by Mr Abramovich's companies;

that's right, isn't it?

A. Mr Sumption, we just now -- you start from the pleading. I am responsible for my signature, I don't refuse that, but my position never changed as a fact. And how my lawyers present this position, how they change the position but not the facts which are present, yes, I never change the facts, and it's already the other story.

Again, my first witness statement is absolutely correct as far as my ownership or Abramovich hold that and all the rest. I never changed the facts.

Q. One of the facts that you asserted in your original pleading was that it had been agreed in 1996 to transfer the shares from Mr Abramovich's companies to yours --

A. From Abramovich to mine?

Q. Yes.

A. Yes.

Q. -- and that was wrong, wasn't it?

A. Why it's wrong? We agreed that if --

Q. Sorry, from yours to Mr Abramovich's companies.

A. That's exactly my question. I'm sorry.

Q. Forgive me.

A. Look, again, it's like written in the pleading. I don't want, again, to argue against of that; I just present my position and our agreement with Abramovich.

But it's important to stress -- and, my Lady, I want again to stress -- that the biggest stake that time, until the privatisation, until bid for 51 per cent, was under just management control of two companies: mine and Abramovich. That's it. And when we're looking to the future that time to structure correctly, we accept the basic point that Abramovich will own under his name the decisive share interest, 51 per cent. This is the point.

- Q. Under your current case, as set out in your witness statement, the 1996 agreement achieved absolutely nothing, did it?
- A. I don't understand even the question.
- Q. It made no difference to the arrangements that you describe in 1995?
- A. I just spent with you a lot of time now that I tried to explain you the difference. If you don't accept my words, it's not my point. I just, I think, absolutely logically and absolutely clear explain my position.
- Q. In her witness statement Ms Nosova refers to something which she calls "kinut". I'm probably mispronouncing it. Do you know what I'm talking about?
- A. You're almost correct to pronounce that.
- Q. Thank you.
- A. It's not good word.

- Q. Tell us what "kinut" is.
- A. It's what Abramovich has done. This mean kinut, yes?
It's exactly what he have done. If someone take obligations and the other one trust him and later on, based on this trust, the person lead the victim to the way when he plan to kinut, yes, and to trick him. It means that if someone take one obligation and then done himself, without any consulting with the party with whom he agreed, the decision which damage his partner.
- Q. What Ms Nosova says is that she was concerned that Mr Abramovich might simply deny that you and Mr Patarkatsishvili had any interest and she said that that, namely denying that a concealed party has any interest, is a well-known phenomenon in Russia which is called kinut.
- A. Mrs Nosova is absolutely correct. Unfortunately it's well-known example not in Russia '90s but even more known now. And definitely Mrs Nosova, being my -- a close part of my team, and Mrs Nosova worry all the time about me. And Mrs Nosova -- again, maybe it's important, maybe it's not important -- she's very pessimistic, I'm very optimistic, and Mrs Nosova all the time underestimate the good in people, I overestimate. It means that Mrs Nosova, unfortunately -- unfortunately -- almost all the time is correct. But

it's my vision of the world and it's her vision of the world. And the world is unfortunately likely more the Mrs Nosova understanding, not me.

Q. What this means, Mr Berezovsky, is that if you allow someone else to hold your assets in their own name, you need to protect yourself with a written record, don't you?

A. It's not so. I already discussed with you example that it's not my exceptional understanding of Abramovich and Badri as well; I had also nothing -- almost nothing written with Badri. But as far as I gave you example, and you already confirmed that you remember this example, my relations with Khodorkovsky when organising the bid, just shaking hands, and Abramovich -- and for Khodorkovsky was nothing to win this bid, nothing, and he did not that -- he did not do that.

Q. The difference with Badri was that, except on one occasion in 2004, you owned companies jointly with Badri, didn't you?

A. Definitely not, even the time which you are discussing, '96. And if you have seen my witness statement, it's at the same time I distance from Badri as well because it's -- definitely I was exposed, I had very exposed position, and if you read my witness statement you will find simple that after the paragraph distance from

Abramovich, it's paragraph distancing from Badri. It's absolutely the same story.

Q. At the time when you say you made the 1995 agreement, you had only known Mr Abramovich for a bit more than six months and were only involved with him in a single piece of business; that is right, isn't it?

A. You're absolutely correct.

Q. If you had agreed either in 1995 or in 1996 that he was going to hold a stake for you, you would have made absolutely sure that there was a written record of it, wouldn't you?

A. Mr Sumption, it's my personal problem. I knew Putin ten years and I made a crucial mistake in his understanding and it's my personal problem that I don't understand people well but I believe that I understand well. This is a problem, true. And I trust Abramovich, as I said, in a little bit eastern manner, like to son, a lot of years, and he betrayed me. Okay, it's reality. What to do? It's not his fault, it's my fault that I trust him. It's not his fault. He is like he is then and now. It's no problem with him; it's problem with me, with my trust.

Q. And this story about Mr Abramovich trying to distance you from Sibneft is completely untrue, isn't it? You tried to emphasise your connections with the company?

- A. It's 100 per cent true.
- Q. Let's just look at the way in which these agreements that you refer to in your evidence were performed.
- A. Where?
- Q. Before I do that, may I just take you up on one point which you mentioned a bit earlier in your evidence today and that is your suggestion that it was part of the 1995 agreement that the three of you would not sell out of Sibneft without the consent of the others. Do you remember giving evidence on that point?
- A. It's '95 agreement, it's correct.
- Q. Now, what was the point of agreeing in 1995 that none of you would sell out of Sibneft without the consent of the others before Sibneft had even been created and before you knew whether it was going to be privatised?
- A. It's clear that we -- as you know, we start to discuss about how we structurise our relations of ownership, we start just before, I think two weeks of '95, August decree of president, of creation Sibneft, when it's become already absolutely clear that we'll reach at least the first part -- we'll pass at least half of the way, the company will be created, and it was the time to structurise our relations.

Again, it didn't happen in one day; we discussed that long time. "Long" means months, half a year maybe.

But the finalisation of our understanding happened before it was decreed to create Sibneft and we understood that the next stage will be privatisation.

- Q. Are you seriously saying that it was agreed that you could never exit from Sibneft without Mr Abramovich's consent in any circumstances? Is that your case?
- A. Nobody can tell me that I broke my obligations in front of partners and I was sure that Abramovich will follow the same way.
- Q. Are you saying that it was agreed that you could never exit Sibneft, whatever the circumstances, without Mr Abramovich's consent?
- A. 100 per cent.
- Q. You've made that up, haven't you, Mr Berezovsky?
- A. What is "made up"? (Consults interpreter)
- Again it's your vision. My understanding is that moreover no one -- I want to stress -- no one might give you example of my behaviour like that as a partner.
- Q. Can you help us on why that suggestion has never been included in your pleadings?
- A. Mr Sumption, I want just to stress again -- and I know that we'll return many times back to pleadings, to notes of lawyers, and we have in front a big discussion about that -- I just want again to stress you: first of all I am not an idiot. It means that when we -- I gave so

much power to Mr Abramovich, how you think it's possible not to discuss at least to fix that, because we didn't have written agreement, that we fix that, that definitely no one can leave the other without agreement of the others? And if you want to leave, at least you should propose -- the first right proposal should be to your partner. Moreover, it does not mean that partner should deliver obligation to buy because maybe at that time he's not able to buy.

You remember maybe well in Le Bourget, in Le Bourget transcript, that Abramovich said, understanding that we are already squeezed completely, that he -- if we didn't accept his way, that he is not prepared to put on our shares to invest and the way he propose to us to buy his shares. It was -- do you think at that time it was gentle or correct proposal, knowing well that we are not able to do that that time? I am not like Abramovich; I never do that.

Q. Mr Berezovsky, when you started this action in June 2007 you had been planning it for at least three years, hadn't you?

A. I did not plan it. I start to discuss that seriously in -- as you remember, my -- not even three years, I think, and now I understand, I plan it for '97, I start to plan it at 2001, not to plan but took

a decision.

Maybe you remember in my witness statement that when Badri -- when finally we decide to start to negotiate with Mr Abramovich to sell Sibneft and Badri plan to travel to Abramovich, to meet him in Munich -- later on it's turned out that it was Koln(?) not Munich, but in the same time -- I said, "Badri, we don't have choice, but one day we will be in position to go to the court and to prove what happened". It means that I planned not from 2004/2005 but earlier; but not planned, I took decision.

But I start to act at 2005, it's correct, with Mr Andy Stephenson visited Badri in Georgia and talked to him about my decision to start to act.

- Q. Mr Berezovsky, having thought about this action, you say, for seven years and having planned it for two years, why did you not refer in any of your pleadings to this agreement not to be able to exit without the other's consent?
- A. Mr Sumption, as I told you -- and I want, my Lady, to say in front of you -- I'm responsible what I sign but I'm responsible only what my lawyers propose me after they talked to me. And there are a lot of correction, I would like to say, in future happened because I think it's not very simple even for my lawyers to understand

all the story what happened, yes? And when they put me correct questions, you never find that I made something different what later on came out to my witness statement, yes? It means that -- or even, I think, the pleadings.

If I put direct question, my answer was -- were all the time absolutely coincide with the question, yes? But there were many questions which my lawyers did not put to me and it is reason why they interpret them in their way.

MRS JUSTICE GLOSTER: Are you saying you didn't bother to check your pleaded case?

A. No, I checked it, it's correct.

MRS JUSTICE GLOSTER: I'm not talking about the witness statement; I'm talking about the pleaded statement of case.

A. It's absolutely correct, I checked the pleaded statement as well because I put my signature.

MRS JUSTICE GLOSTER: Yes.

A. Not attentively, it's the other story. I'm responsible for that. But on the other hand I am responsible first of all for the facts which I present to my lawyers, and the facts were so; and when they put me question which they think it's important question, definitely I gave my answer and I never changed my answer to that.

MR SUMPTION: Mr Berezovsky, I want to turn to the subject of profit-sharing. Would you please take your witness statement and turn to paragraph 169 D2/17/233.

I think it's in front of you. Do you have paragraph 169 there?

A. Yes, I have it.

Q. What you say here is that -- you're talking about the 1996 agreement here and you say that:

"As part of our agreeing to what [Mr Abramovich] was suggesting, [he] told us that he would continue to pay us the share of profits we would otherwise have received in respect of our share of Sibneft and that he would, upon request, transfer to us shares in Sibneft equivalent to our 50% interest."

Now, I'm interested in the bit of that statement that concerns profit-sharing. Do I understand you to say that what Mr Abramovich was telling you was that you would receive profits in respect of your share of Sibneft?

A. That I receive all profit which generate Sibneft as a company; doesn't matter connected to shares or profit generated in the other place. As we talked last time, Sibneft at the beginning generate profit, as many oil company, in the trading company which belonged to Abramovich. It means that Abramovich had obligation to

pay me any profit which Sibneft generate itself.

I didn't have even one share in Runicom, which was trading company and which obtained the main profit of Sibneft, but it does not mean that Abramovich don't have obligation to pay me my -- as we -- my proportion generated by his trading company.

Q. Mr Berezovsky, are you saying --

A. And -- I'm sorry, just a second. I'm sorry that I interrupted.

And moreover, it's written here clear and it's wording, because not a lot I remember in wording, and he said, "Boris, you should clear understand that your interest -- my interest is your interest, your interest is my interest". This is the point. This is the key words which characterise our relations.

Q. Mr Berezovsky, are you saying that it was agreed between you and Mr Abramovich that you would receive profits made by any company other than Sibneft?

A. Me, Mr Abramovich and Badri, three of us. Three of us agreed that any profit which initially generate by Sibneft, which base of the profit is Sibneft, will be shared 50/50. It's absolutely correct.

Q. Now, you have just suggested, in the answer that you last gave, that the profits generated by Sibneft ended up with Runicom. That's what I understood you to

suggest.

A. "Ended up"? (Consults interpreter)

Sibneft itself that time did not generate the profit. Sibneft that time generate oil and refinery of oil and sell it to Runicom and then Runicom generate the profit because Sibneft -- it was exactly what happened in Soviet Union when Sibneft was vertical-integrated company: one company produce oil, the second company refinery oil, the third company sell oil. The company which produce oil didn't get anything because they just produce oil; that's it. It's expensive, it's not a profit. The company that refine it, they also don't produce the profit: they produce the product which is profitable. And then only on the last stage it was -- the company who sell all that, this company generate the profit.

It's happened at the beginning that all oil company tricked. What does mean "tricked"? They sell oil and product which produced refinery company with low price, then sell this -- produced price, then sell it to another Russian company and companies sold abroad and after that it generated profit. It's what Abramovich has done and all other oil company have done.

Q. How do you know that that was how it was done? What's your source of information?

A. I know that just because of Khodorkovsky in prison and I need to learn why they put him in prison and when I start to learn why they put him in prison, I learned that all oil companies were structured like that, without any exception. I learned that not that time, believe me.

Q. Would you please take bundle H(A)98, page 98.

H(A)98/98.

A. Can I take away my witness statement to put there, yes?

Q. Leave it on the desk, if you would.

A. Okay.

Q. But you can take everything else away apart from bundle H(A)98. This is part of your cross-examination by Mr Swainston in the North Shore litigation in the Chancery Division.

A. Mm-hm.

Q. At page 62, the top right-hand block of text -- not of the bundle. Do you see there this is four pages in one?

A. Right, sorry, yes.

Q. If you look at the top-right page, you are being asked about the transmission of money to Switzerland, where Runicom was incorporated and carried on business.

A. This --

Q. I'm just showing you the context.

MRS JUSTICE GLOSTER: Mr Sumption, are we on page 62 or

page 63?

MR SUMPTION: Well, I'm starting at page 62 in the
manuscript just to show the witness the context.

THE WITNESS: 62 start from there -- from the top?

MR SUMPTION: I'm sorry, I'm looking -- you're quite right,
Mr Berezovsky, the numbers are at the bottom. So if you
start at 63 in the manuscript, you will see that
there's --

MRS JUSTICE GLOSTER: Line?

MR SUMPTION: -- a question at line 21:

"Question: You're aware that much dealing of
Russian oil is done out of Switzerland, are you?

"Answer: I don't.

"Question: Doesn't that go back to your earliest
association with Sibneft? Wasn't its oil dealt with in
Switzerland?

"Answer: I never managed Sibneft. Abramovich
managed Sibneft, and Mr Shvidler. I never managed
Sibneft, not Badri or me. From the very beginning we
decided that Sibneft would be managed by Abramovich team
and I don't know anything about oil trade.

"Question: Are you honestly telling the court that
a businessman of your sophistication, whose interests
have included huge oil interests, doesn't know --

"Answer: Absolutely.

"Question: -- that oil business is done out of Switzerland?"

Mr Berezovsky, you knew absolutely nothing about the relationship between Sibneft and Runicom SA, did you?

A. Mr Sumption, now what happened with Yukos knows even children in Russia because Khodorkovsky was accused that he stolen his net(?) from his company and it's exactly the way how it is. It means that definitely I don't know anything except of what children know in Russia about oil trade; but what children knows, I know well.

Q. What you're saying is that because you think Mr Khodorkovsky did that, it must have been done by Sibneft too; that's about the size of it, isn't it?

A. No, moreover, when Khodorkovsky was accusing that, it was a big public discussion in Russia about oil companies, and no one oil company refused that they use the same way like Khodorkovsky use and it become common knowledge in Russia.

And, you know, what I now present you, this trick, this trick, you don't need to have special knowledge what means oil trade and so; it's very simple. And again I just want to stress you, I got this knowledge just from Khodorkovsky case. Believe me, I never knew how Abramovich operate and how he generate; I didn't pay any attention. But as only I start to understand

a little bit of Khodorkovsky case, I immediately recognise what happened, that this happened not with Yukos but with Sibneft and all other company which operate on the market.

Q. Sibneft was a public company, wasn't it? Its shares were traded on stock exchanges?

A. It's not possible to say that it's really public company, as I understand again. I don't know details, I just was -- I just know that the main stake belong to private people, I mean Abramovich and me and Badri, but the small part of shares, it's around 10 per cent, so is on the market somewhere. I also didn't pay attention how it's operating.

Q. Well, they were listed on the Moscow and New York stock exchanges, weren't they?

A. Could be.

Q. Now, you also were aware, presumably, that its accounts were audited by an international firm of auditors?

A. Mr Sumption, believe me, definitely, logically, I can find out that, but I never pay attention who audit the company and how it's happened. Again, Mr Sumption, I understand your point perfectly. But believe me, I didn't pay any attention at all.

I had much more important problem to solve, believe me. To say to people -- I don't want to present me as

a hero, but unfortunately you push me again and again to stress: this is not the point, Sibneft, for me at all, as only I trust Abramovich and gave up to him to manage, to do everything. I forgot about this point at all.

I forgot.

Q. Now, you accept, as I understand it, that you received large sums of money from Mr Abramovich's companies from 1996 onwards.

A. Not from Abramovich company. This company belonged to us, me as well. It's not money of Abramovich; it's my money.

Q. The money that you were actually paid came from Mr Abramovich's companies, not from Sibneft?

A. Not from; through. This is correct.

Q. But you accept, as I understand it, that you received large sums of money? We'll talk about the precise source later.

A. Yes, I received substantial amount of money.

Q. And you also accept, I think, that large payments were made not just to you but at your direction to third parties?

A. Definitely ORT, for example.

Q. Sorry?

A. Definitely ORT, for example.

Q. Right.

A. ORT, because I subsidised ORT.

Q. Yes, quite.

Now, after the presidential elections of 1996, would you agree that your demands for money from Mr Abramovich became progressively larger?

A. It's complicated to say. I don't know because I -- Abramovich pay my profit, part of the profit which belonged to me, and this profit I spend on the one hand to my personal expenses -- I bought a chateau in France, I bought a yacht at that time in France as well, I bought the second house in France -- but I think the main expenses were not private expenses, my personal expenses; I think the main expenses I spent for different political reasons.

First of all, ORT took a lot of money and I tried to expand my position in mass media and I bought several newspapers; and on the other hand, in '92 I created the first charity in Russia to support culture, so-called Triumph, which exist still now and this year will celebrate 20 years in coming here -- 2012 will see 20 years of this charity, which is the most important private charity to support Russia, it's common knowledge, and even Putin did not -- even Putin still allow me to pay for this charity. I don't want to say that we spend a lot of money, we spent around 60 million

all these years for this charity, but it's also money.

And it means that I didn't calculate how much I spent in '96, '97, '98; I had enough not to calculate precisely because Sibneft generate enough money for my private life and for my political activity.

MR RABINOWITZ: My Lady, before my learned friend continues, I've just been handed a note to say that, as we understand it, my learned friend's question related to Mr Berezovsky demanding money. That was translated for him, as we understand it, as his "needs" rather than his "demands", and that may account for the slight disconnect between what was asked and the answer.

MRS JUSTICE GLOSTER: Yes. Mr Sumption, can you please, as it were, de-link the questions so we have first question: was it your demand, or were you demanding; and second, the extent of it.

THE WITNESS: I am sorry, my Lady. It's the reason why I ask translator to help me and I was --

MRS JUSTICE GLOSTER: Yes. Do you accept that you demanded money?

MR SUMPTION: No, that Mr Abramovich demanded -- yes, sorry.

A. Ah. No, no, it was not -- look, I never -- again, mainly money -- for our money, Badri and my money, Badri was responsible. It means that I understood the difficulties which company at that time had because we

just start to build the company.

MRS JUSTICE GLOSTER: How did you go about asking
Mr Abramovich for money?

A. Sometimes directly asking him to --

MRS JUSTICE GLOSTER: You asking him?

A. Yes, sometimes directly through Abramovich and sometimes
indirectness of Mr Badri.

MRS JUSTICE GLOSTER: I see.

MR SUMPTION: Would it be fair to say that between 1996 and
2000 almost all of your personal expenses were funded by
that method?

A. I think so. Not funded, it's not Mr Abramovich
foundation; it's my money which I got as money which he
agreed to pay me being -- having 25 per cent of shares.

Q. Now, you say that these payments represented your share
of Sibneft's profits. How do you know that?

A. I don't know that at all. Mr Abramovich told me that he
has obligations to hold my shares and to pay me
according of profit which these shares generate finally.

Q. What steps --

A. I didn't have any idea how much company generate and so.
Again, mainly -- not mainly -- Badri was responsible to
cooperate with Abramovich for checking how is everything
going and time to time Badri put me that, "Boris,
everything is going well".

The best example, Mr Sumption, the best example, which is absolutely visible for you, my Lady, and for everybody, is our meeting in Le Bourget. It's absolutely clear that Abramovich came there to report Badri and me what is happening. And at the same time it's absolutely clear that I just keep silence; just Badri and Roman are discussing what is happening. It doesn't mean that I don't pay attention at all but it's exactly the type of how our relations was agreed and was understood by us.

Q. Did you ever ask Mr Abramovich for information about the profits that Sibneft was generating?

A. I don't remember that. It could be. But what is absolutely -- I recollect absolutely clear that Badri time to time informed me about the profit which company generate.

And again I want to refer you to meeting in Le Bourget, which absolutely clear that Abramovich report Badri and me which kind of profit Sibneft generate now, which kind of money relations we have, how much he paid already, how much he has obligation to pay and what can -- what happen in future, because of new tax policy and so-so, and how much we are going to get in future.

And as I remember Le Bourget transcript, I have

asked, "Roman" --

MRS JUSTICE GLOSTER: Don't let's go into that. I'm sure you'll be taken to that in due course --

A. Okay.

MRS JUSTICE GLOSTER: -- because your counsel have commented on the Le Bourget transcript.

A. I see.

MRS JUSTICE GLOSTER: My question for you is this: was there any formal or informal process whereby Badri or you, or staff on your behalf, would audit the profits that were being generated by Sibneft?

A. I don't know anything about formal process. I just know about regular meetings Badri with Roman and maybe with Shvidler as well, as I understand, when they present him report what happened in the company.

MRS JUSTICE GLOSTER: Right, thank you.

A. And that is as money is concerned.

MR SUMPTION: What steps did you understand that

Mr Patarkatsishvili had taken to ascertain what were the profits of Sibneft?

A. I don't have any idea. I don't have any idea. I think as we agreed in our agreement as we agreed in '95, we trust Abramovich and we didn't have time to manage the company and to send audit and so. It's not -- already not trust at that time in our understanding.

As I told you, I was involved with politics, Badri involved in ORT manage, and it's the reason why we trust Abramovich what he present. Time to time, I don't think on the regular ways -- I mean, "regular", it means that once per month we have meeting three of us together and Abramovich and Shvidler report us what is happening; it did not happen, definitely.

But, as I understand, Badri was satisfied of reports of Abramovich and Shvidler, and me as well. If Badri was satisfied, I think it's fine.

Q. If you and Mr Patarkatsishvili really thought you were entitled to 50 per cent of Sibneft's profits, you would have been extremely interested in finding out in great detail how large those profits were, wouldn't you?

A. Definitely not. Mr Sumption, I want to stress again, Sibneft was periphery of my attention and not even the second priority. I told you yesterday or day before -- sorry, yesterday it was Sunday. I told the other one, not about this point, about articles were published in newspapers. I told you that my priority number one was politics and priority number two was ORT as a leverage for political reforms.

My major point was not to increase capitalisation of Sibneft; my main point was to increase capitalisation of the country, and it's allowed to capitalise Sibneft.

This is the point.

Q. In fact you had no interest at all in discovering what Sibneft's profits were, did you?

A. I was completely satisfied what Abramovich was doing. I was completely satisfied that I was able to cover all my political needs and all my private life and I was -- but it based only on one point: my trust to Mr Abramovich, my real trust to Mr Abramovich, and my understanding that Badri has big experience as businessman, much bigger than me, at least in this type of operation. I did not pay any attention at all of numbers which Sibneft gave mainly to Badri and sometimes to me to explain which kind of profit we have.

But, again, Mr Sumption, I don't want -- why you are not prepared to accept the point of Le Bourget meeting? It's absolutely clear our relations there. It's not what I need to prove by wording; it's approved by our conversation, which Abramovich finally accept it happened in Le Bourget. It's clear -- moreover, almost all answers which you put to me -- all questions which you put to me have answer if you read really Le Bourget conversation. It's answer to all almost your questions there.

Q. Mr Berezovsky, you know perfectly well I don't accept any of what you say about Le Bourget but we'll come to

that in due course.

A. Mm-hm.

Q. Since this stream of money was covering virtually all your personal expenses in this period, it can't possibly have been at the periphery of your attention.

A. It was at periphery of my attention.

Q. The reason why you had no interest in discovering what Sibneft's profits were was that you knew perfectly well that the payments that you were receiving had nothing at all to do with Sibneft's profits, didn't you?

A. Mr Sumption, this is the case, I understand it well, that I should prove that I create Sibneft, that I own Sibneft, that I have 55 per cent of Sibneft. I understand well. But I wanted to stress, my Lady, again, nothing wrong in all my answers which Mr Sumption put to me and it's the reason why I understanding that Abramovich is a truthful partner at that time.

Again to refer to Le Bourget, Mr Sumption, I want to stress you again one very important point: Abramovich told during the conversation at Le Bourget, "But I explain journalist that Boris trust me". He said himself in Le Bourget -- at Le Bourget meeting that, "Boris trust me". Not only he was sure that I trust him; that he was sure that he said the third party that I trust him. The third party will believe that it's

correct. This demonstrate our relations.

MR SUMPTION: My Lady, I'm going on to a similar but slightly different subject. Would you like to take the break?

MRS JUSTICE GLOSTER: Very well. Ten minutes.

(11.20 am)

(A short break)

(11.35 am)

MR SUMPTION: Mr Berezovsky, Ms Goncharova, the accountant at Abramovich's Russian trading company Petroltrans, says in her witness statement that she handled payments that were made to you through Mr Abramovich's Russian trading companies and she has given in her witness statement estimates year by year of the accounts that you received.

Now, I'm going to tell you what those estimates are and I'm then going to ask you to look at what I say on the screen and tell my Lady whether you agree with them. Her estimates are: \$80-85 million in 1996; \$50 million a year in 1997, 1998 and 1999; and then \$70-80 million in 2000; a total of about \$300 million over those four years.

Now, do you agree with those estimates?

A. I can't agree, can't disagree. Personally I didn't calculate that and only person who calculated that was

Badri, and you know that my agreement -- my agreement with Badri was different from agreement with Abramovich and difference was that Badri was completely responsible how to pay, where to pay and when to pay for our joint -- for our joint expenses. It means that I can't confirm, I can't refuse; I just don't know at all.

Q. Well, a large part of this expenditure was the result of your personally making demands of Mr Abramovich, wasn't it?

A. First of all, now I understand better what means "demands". It's not demands; it's obligation to Abramovich to pay me profit which generate our company. I never try to convince Abramovich to do something what could be damaging for the company and later on definitely I will give you example of that.

As far as my personal expenses is concerned, what I remember, the biggest expenses which I made, it's investing to the property on the south of France.

Q. I'm going to ask you about that in a few minutes.

MRS JUSTICE GLOSTER: Mr Sumption, can I be clear: are you putting those figures on the basis that those were paid to Mr Berezovsky or to Mr Berezovsky and Mr Badri?

MR SUMPTION: They are paid to Mr Berezovsky or at his direction, according to Ms Goncharova's witness statement. Generally, if I can just -- I don't think

this is controversial -- they were generally paid to the nominated accounts of companies and therefore it was not possible to know exactly what happened to them once they got there.

A. It's exactly my point. It's exactly my point.

Q. Yes.

A. It's not possible to -- I at least don't understand how it was pleaded and who --

MRS JUSTICE GLOSTER: As between you and Mr Patarkatsishvili?

A. Correct. Correct.

MR SUMPTION: That is our understanding also.

MRS JUSTICE GLOSTER: Thank you.

MR SUMPTION: Now, could you please take bundle H(C)8, which will be handed to you in a moment.

A. Can I take H(A)98?

Q. Yes, you can put that away.

A. Thank you.

Q. Now, in the bundle you've just been handed, I would like you to turn to page 173 H(C)8/173, which is the note of your evidence to the French investigating magistrate on the money-laundering issue that we discussed on Friday.

A. This issue was confirmed by my lawyers. Yes, you are very correct, yes.

Q. That's right. That's the note of the evidence which you gave by video-link to the French investigating magistrate in Marseilles.

A. Yes.

Q. Would you please turn on in this document to page 182 H(C)8/182.

A. Yes. 82(sic), yes.

Q. Now, in the middle of this page you're answering questions arising from your suggestion that these payments that you used to buy your property in France were part of the profit share that you were entitled to in Sibneft. That's the subject matter that's being discussed. In the middle of the long answer in the middle of the page you say:

"Nevertheless, it's wrong to say 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%..."

I referred you to that, you may remember, on Friday.

I then want you to turn on to page 184 -- sorry, would you, just before doing that, look at the top of page 182. You say:

"RA accepts that he paid me 2.4 [billion dollars]."

Do you see at the top of page 182?

A. 1...?

Q. Top of page 182.

A. Ah, again 182, yes.

Q. "RA accepts that he paid me 2.4 [billion dollars]."

A. Yes, yes, yes. Yes.

Q. Where does that come from?

A. I think that it was my impression of calculation because -- calculation of the -- what was presented already for this hearing -- "for this hearing" I mean the preparation for this hearing -- that all to all -- I didn't remember well the number -- that all to all it was paid \$2.4 billion, I can't say it was Badri and me together or me personally, but that we were paid 2.4. It was reflected in my mind as a number which was calculated as preparation to this trial.

Q. Well now, would you turn on two pages to page 184, please H(C)8/184.

A. Yes.

Q. Right at the top of page 184 you'll see that the French magistrate is asking you:

"Can I just make sure that I asked correctly, you say that the funds used for the Chateau came from your interest in Sibneft, from your joint venture with [Badri] and the repayment of a loan from Jetchkov."

You say:

"No, the main source came from Runicom."

Right?

A. Yes.

Q. Then a bit lower down the page, when you're expanding on that, there's a paragraph beginning, "I want to stress again". Do you see that?

A. Paragraph which?

Q. The paragraph beginning, further down that page, "I want to stress again".

A. Just a second. Yes, yes, I'm sorry.

Q. You say:

"I want to stress again. I was responsible to negotiate with RA for the main payment of my profit in Sibneft. RA paid my money from Sibneft to purchase for [the chateau] and, as I understand it, he did it through Runicom as his straight company. I never was a shareholder of Runicom."

And so on. What negotiations are you referring to when you talk about negotiating with RA for the payment of your profit in Sibneft?

A. It means that when I decide to buy chateau, and knowing well that Mr Abramovich know what we are discussing because he spent a lot of time with me in chateau and I discuss with him that I decide -- no, this about chateau, sorry. I'm sorry. This about chateau because

then there was other building. Yes.

I talk to him that I want to buy this property and I ask him, "Do we have money now to buy that enough?" Because, as you remember maybe, that when I bought later on -- it was in short period I bought several properties in England -- I asked Mr Deripaska, because we had a lot of expenses including my personal expenses to buy, I asked Mr Deripaska to give me debt for \$13 million, but we'll return later on. It means that I inform Badri and Roman -- and, as I recollect now, I talk directly to Roman that I want to buy that.

- Q. Now, you didn't ask Mr Abramovich whether you had the money to buy the chateau, did you? You told him you were buying the chateau and you demanded that he should pay it?
- A. Mr Sumption, from the very beginning our relations with Abramovich I described correctly. I can't demand, I can't to press, I can't do anything. It was our joint business. I could not press him if I understand that it damage our business. I just could present him my vision and I gave you absolutely correct example.

When I decide to buy property in England and we didn't enough cash money, I asked Deripaska to help me. Later on we returned him this money because I care about the company but through eyes of Abramovich. If

Abramovich told me, "Boris, we are not able now to pay", it means we are not able now to pay and I need to go somewhere if I want to buy and ask someone to buy. This is the point.

Q. Would you turn on to page 188, please, of this note H(C)8/188.

A. Yes.

Q. The third question up from the bottom of this page you will see that the French judge, there's a paragraph beginning, "Maitre Temime has given me a document..." Do you see that?

A. Just a second. 188?

Q. 188.

A. Yes, yes, yes.

Q. Do you see that question?

A. Yes.

Q. Now, was Maitre Temime the lawyer acting for you in the French criminal investigation?

A. Yes, yes, I remember.

Q. Right. Now, the investigating magistrate says:

"Maitre Temime has given me a document which said that apart from paying you for lobbying, he also paid for a number of... expenses and they were dealt with by Shvidler."

And you say:

"I want to explain the difference between what RA says and what I say. I insist I am shareholder, he explains that this is only for service. As far as my knowledge of Shvidler is concerned, I know he is a minority partner of RA. I never made any agreements with Shvidler..."

Then the judge returns:

"Once again according to documents from Maitre Temime. There were payments of 80 [million dollars] in 96, 50 [million] in 1997, and 50 [million] in 1998."

Okay?

A. Just a second. It's payment for what?

Q. Well, I'm just asking you to look at those figures.

A. Yes.

Q. Maitre Temime has handed to the French judge a document or some documents which show, apparently, that there were payments of \$80 million in '96, \$50 million in '97 and \$50 million in '98?

A. Payments to whom? To me or --

Q. To you.

A. Is it... I don't understand.

Q. Well, look over the page.

A. It doesn't matter. Okay, okay.

Q. "As far as these documents are concerned, my understanding is absolutely clear that it is payment for

my interest in Sibneft."

A. Yes.

Q. Okay?

A. Yes.

Q. So your lawyer is saying to the French judge that those payments were received by you.

A. Yes.

MR RABINOWITZ: Just so I can help my learned friend, the documents are in fact Mr Abramovich's --

MR SUMPTION: No, I don't want Mr Rabinowitz, please, to assist me. I'd like the assistance of the witness.

MR RABINOWITZ: The problem is he's putting it on a false basis.

MR SUMPTION: No, I am not.

MRS JUSTICE GLOSTER: Mr Rabinowitz, which question are you saying is on a false basis? Just give me the page number and the line.

MR RABINOWITZ: It relates to what Maitre Temime is producing to show these payments.

MR SUMPTION: That's exactly what I wish to ask the witness.

MRS JUSTICE GLOSTER: Well, just a second, Mr Sumption.

Which question are you saying is on a false premise?

MR RABINOWITZ: My Lady, I don't have it on my screen. I'll just have to try and find it.

MRS JUSTICE GLOSTER: Well, I don't want to waste time.

Mr Sumption, put the question again.

MR SUMPTION: Mr Berezovsky, what were the documents which your lawyer gave the judge which showed that you had received payments of these amounts?

A. I don't know. I don't remember at least. At least I don't remember. At least.

Q. Well, you described them over the page as being payments for your interest in Sibneft, so you must have had some idea what documents he was talking about.

A. Again, maybe I had that time some idea; now I don't have any idea because, as I told you before, I didn't care of that.

Q. You didn't...?

A. I didn't care of that. I didn't care of that.

Q. Well, you must have cared about it when you were being asked questions by a French investigating magistrate in a rather serious criminal investigation?

A. Yes, correct, and I gave him the general picture which is absolutely correctly what -- absolutely correctly with -- for better understanding of French judge say:

"I want to explain the difference between what [Roman Abramovich] says and what I say. I insist I am shareholder, he explains that this is only for service. As far as my knowledge of Shvidler is concerned, I know he is a minority partner of RA."

As I, again, had in my mind.

"I never made any agreements with Shvidler at all."

I just raise that I am shareholder, not -- not through Roman Abramovich. If he put me the question direct shareholder or indirect shareholder, definitely I give correct answer. I don't have anything to hide. But he already -- we are already in England; I should not follow advice of Roman Abramovich to be not visible, yes?

What is not correct here?

- Q. Mr Berezovsky, I am interested in the amounts. Do you see? \$80 million in '96, \$50 million in '97 and \$50 million in '98.
- A. I don't know what is that.
- Q. Right. At any rate, when you were asked about those figures by the French investigating magistrate --
- A. Yes.
- Q. -- you did not suggest that they were wrong, did you?
- A. I did not suggest because I didn't know that. How am I suggest that they are wrong if I don't know that? I just told you that there were substantial amount of money which Abramovich paid me. I never calculate that, this is the point. Badri calculate that, this is the point. I can't give answer.
- Q. You could have said to the French investigating

magistrate, "I don't know what the correct figures are".
In fact what you said was that those figures were
payments for your interest in Sibneft.

A. Definitely it's figures for my interest of Sibneft
because I don't have another payment except of interest
in Sibneft, but I don't know amount.

Q. Now, in addition to the \$300 million which Ms Goncharova
handed, which corresponds very closely to the figures
which your lawyer gave the French judge, you received,
did you not, further amounts handled by people other
than Ms Goncharova; in particular, amounts derived from
Runicom?

A. Just a second. (Pause)

I don't understand, what does mean the "other" --
Goncharova is not Runicom, I don't understand.

Q. No, she's not.

A. Ah, okay.

Q. What I'm suggesting to you is that in addition to the
\$300 million that you received over that four-year
period through the Russian trading companies handled by
Ms Goncharova, you also received further sums from other
companies outside Russia including Runicom.

Do you accept that or not?

A. I can't exclude that because, again, everything was
operated by Abramovich as far as Sibneft is concerned.

That's it. I just want to stress that Sibneft was not only one -- the main, definitely, not Sibneft and everything connected to Sibneft was the main source of my money, maybe 95 or maybe 99 per cent, I don't know that well, but it's mentioned here that it also was payment of ORT, yes, some small amount of money.

I also can't exclude that because, as I told you before, I propose Abramovich to share ORT so-called business, because it was not business at that time; become business finally, yes, as I predict. But it could be that some payment was done by ORT as our profit in ORT that time. And it's written here.

But again, Mr Sumption, definitely it's absolutely your choice to believe me or not believe me. Believe me, I didn't know exact numbers, \$90 million, \$80 million and so, and I even don't know how it was spent because Badri was responsible for that.

I know that just I bought chateau, it's true; I bought Clocher, it's true; I bought some property in England, it's also true.

- Q. Your lawyer would not have given figures to a French investigating judge on a serious investigation of money-laundering without being entirely satisfied that they were correct, as you saw it?
- A. Again, my lawyer -- I can't recollect that my lawyer any

time present me these numbers. I can't recollect that.

- Q. Could you please take bundle H(A)08/140. You haven't got it yet but you're about to be given it.
- A. But importance is that, again, to French lawyer, as you correctly said, it was the criminal investigation.
- I confirm the same story: that it's my money, came from Sibneft finally, yes? This is important.
- Q. Right. Would you please look at H(A)08/140. This is a document which I think it follows from your earlier evidence you never studied at the time but there are points that I want to give you a chance to comment on.
- A. Just a second, yes. May I have a look.
- Q. Right?
- A. This is Siberian Oil Company consolidated financial statements; correct?
- Q. That's right, for 1996.
- A. In 19...?
- Q. '96.
- A. Yes, 1996. Yes.
- Q. Okay?
- A. Yes.
- Q. Now, would you please turn on to page 142 H(A)08/142.
- A. 142, yes.
- Q. This is the profit and loss account for 1995 and '96 showing that the net loss made by Sibneft was

\$206 million in 1995 and \$2.346 million in 1996. Do you see that?

A. 2-point -- just a second. In 9 --

Q. Three items from the bottom of the table on page 142, "Net loss".

A. Yes, 206, I see that. And the second loss is which one?

Q. Well, '96 is the left-hand column.

A. Yes, yes, yes, yes, '96, and the losses are 2,000, yes?

Q. Well, these are thousands, so that's actually \$2.346 million.

A. Yes, okay. Good.

Q. Right.

A. Good, definitely.

Q. Now, if you look on the previous page, you'll see that these accounts were audited by Arthur Andersen, and look at the second paragraph.

A. Yes.

Q. They were audited by Arthur Andersen:

"... in accordance with generally accepted auditing standards in the United States."

A. Okay.

Q. Do you see that?

A. Yes, okay.

Q. Now, it's right, isn't it, that Sibneft was one of the first major Russian companies to have its accounts

audited in accordance with general accounting standards applicable in the west?

A. Yes.

Q. Would you please now look at page 163 H(A)/163 --

A. Yes.

Q. -- where you'll see that no dividends were declared --

A. Where is that, dividends?

Q. Bottom of 163.

A. Yes, I see that.

Q. No dividends were declared in that year?

A. Just a second. Yes.

Q. And finally I would like you to look at page 165

H(A)/165, where there's a heading just below halfway down the page, "Related Party Transactions".

A. Yes.

Q. "For the period from inception (September 30, 1995) to December 31, 1996, approximately 15% of sales were made to a shareholder who principally exports refined product. As of December 31, 1996, the Group had outstanding receivables from the shareholding totalling \$45 million, representing amounts outstanding through normal trading practices."

Will you take it from me, please, that that shareholder was Runicom, which had bought shares in the first of the cash auctions.

A. Shares -- again, the question?

Q. I haven't asked the question yet. I'm just referring you to these items.

A. Yes, yes.

Q. Now, do you say that these statements of Sibneft's profits were in any way inaccurate?

A. I don't know at all.

Q. You don't know. So the answer is you don't say that they're inaccurate; you don't know one way or the other?

A. I don't know. I haven't seen anytime, any, ever, this statement that I can't discuss that. I can't explain why it's written in this way and not the other way.

I just explain you my understanding how they generate the profit and is that statement correct. I give you example. You said: is that because of this importance of audience? I demonstrate you that second day the document Eurobonds which Sibneft presented to Eurobond committee which completely falsified, yes? And how to -- how can I responsible what documents Sibneft presented to this audit(?) committee? How they put there that Abramovich has education when they don't have education? How they put that? It's completely wrong confirmation which Sibneft supply the institution of Euro. This is the point. And I'm not sure that this case is the same. How I can be responsible for that

document?

MRS JUSTICE GLOSTER: Sorry --

A. Sorry.

MRS JUSTICE GLOSTER: -- are you saying these accounts are inaccurate?

A. No, I say just that I don't know on which base it's produced, which kind of information Sibneft supplied.

MRS JUSTICE GLOSTER: So you don't know the basis upon which the accounts are corrected?

A. Correct. Correct. Absolutely correct. And I gave example when Sibneft supply wrong information. It's the reason why I have a lot of doubts that conclusion is correct. This is the point.

MR SUMPTION: It's the job of an auditor, isn't it, to check that information given by the management of a company is right? Do you agree?

A. It's their job and -- well, again, an example when the job they deliver not a proper way because they gave their fund -- they give -- they pay for Eurobonds but the information which was presented there was wrong.

Q. Now, you've referred to the Eurobonds circular, which is at H(A)07/19. Perhaps you could be given that.

A. Yes.

Q. Perhaps you would turn to page 79 of the bundle numbering H(A)07/79. Page 79.

A. Yes.

Q. Right. Now, this is headed "Crude Oil Marketing". Do you see?

A. Yes.

Q. What it says, and it's referring to the 1996 year, and I'm looking at the third paragraph below the heading --

A. Mm-hm.

Q. "In 1996, Sibneft exported 23.1% of its crude oil production, or 4.3 million tonnes. In 1996, all exports were to countries outside the [Russian Federation]. Starting in May 1996, the company used Runicom Ltd and its affiliate Runicom SA, a Swiss trader of crude oil and refined oil products, as its exclusive export agents, paying them a commission; since March 1997 these two entities have purchased outright all of Sibneft's exports. In 1996, sales commissions for the Runicom entities averages \$0.35 per barrel, or approximately 2% of the total sales price. Since March 1997, no commission has been paid and the Runicom entities have paid market prices for their purchases."

So the point being made there is that up to March 1996, Runicom paid market prices for crude oil less a commission of about 2 per cent. Do you have any reason to regard that statement as inaccurate?

A. I don't know anything; I can't comment that.

Mr Sumption, again, you now push me to the profession which I don't have. I don't know. You ask me, "Can I believe to this paper?" I said you, "No". I explain you why: because I find, being not professional, some absolutely falsified facts which include in this document. And you know that if I find at least one very visible fact --

- Q. What fact do you say is false in this document?
- A. That Abramovich has education.
- Q. That Abramovich has education?
- A. Correct.
- Q. So because you think that Mr Abramovich is uneducated and this document says he's educated, you don't accept what the auditors say about the accounts they have audited; is that your evidence?
- A. At least it means at least that auditors are not careful enough even to recognise this point.
- Q. Now, when it turns to refined products which are dealt with on the following page, page 80 H(A)07/80, in broad summary what is said here is that market prices are paid for refined products sold through Runicom. Do you have any reason to dispute that?
- A. I don't have any reason to dispute that. It's not my knowledge; it's not my profession. But I can't just to close eyes and thinking that it's professional company

who have done that. This company, absolutely correct, it's saying what is written here. If I wouldn't have examples of that, that they accept some false information as the basis for calculation, it's correct, it's less doubts.

Also doubts because we know that Pricewaterhouse, for example, took back release of audit of Menatep -- of Yukos -- I'm sorry, my Lady -- when Yukos was under pressure and Pricewaterhouse, the world-famous company, said, "Oh, sorry, we make mistake", yes? Because Putin decide that Khodorkovsky is criminal and even first-class audit company absolutely betrayed the profession.

- Q. In 1996, Mr Berezovsky, you received about \$80 million from Mr Abramovich and his companies, according to the figures given by Ms Goncharova in her witness statement and by Maitre Temime to the Marseilles judge. That was a year in which there were no Sibneft profits, wasn't it?
- A. Again, I don't know. Sibneft itself definitely didn't have profit, it's absolutely correct; but how Abramovich generate the profit, it's not my point.
- Q. It's obvious, isn't it, that the money you received in 1996 cannot have represented Sibneft profits because in that year there weren't any?

- A. Mr Sumption, we go circle and circle again. I'm happy to spend time like that because it's the same question, the same answer, but the answer will be the same. Abramovich will generate money not through Sibneft profit. Sibneft at that time was not profitable company.
- Q. Now, in 1997 Sibneft made a profit of \$68 million, according to its accounts, and it declared no dividend. Do you accept that that is what the accounts show?
- A. If it's written here, the accounts show exactly this number which you mentioned. If you give me opportunity to open that, I will see. But it's -- again, it's very for me nothing in terms of our discussion, in terms of the point which you try to raise, how I got \$80 million if Abramovich -- if Sibneft was not profitable. I explain how: they generated by trade. It's my guess.
- Q. Now, let's look at what you received in 1997. According to Ms Goncharova, she handled on behalf of Petroltrans and the Russian trading companies about \$50 million of payments to you or at your direction in that year and that corresponds to the figure that your lawyer gave to the French investigating magistrate. Do you follow me?
- A. I follow you.
- Q. In addition to that \$50 million, about \$20 million was paid between March and October 1997 by Mr Abramovich's

Swiss trading company, Runicom, to a company of yours called Comodo; do you accept that?

- A. I don't remember that. How I can accept what I don't understand and don't remember?

If there is a paper which Mr Abramovich -- Mrs Goncharova, Mr Abramovich's employer (sic) present, first of all I don't know the value of these papers, I never check the value of these papers, and I can't base my answer and just take as a truth what it was presented.

But, again, our understanding is that the amount of money which is mentioned here could be paid me; I can't tell that because, again, Badri was responsible.

I don't want to say that Badri is not alive and it's the reason it's fine all the time to refer to Badri; but on the other hand I really don't know, I really don't know what amount of money was paid.

And if Ms Goncharova present this payment, it should be checked. I can't accept it's just for the words of Mrs Goncharova, who present interests of Mr Abramovich.

- Q. The \$20 million that I've been referring to was not handled by Ms Goncharova; it was handled by Runicom and it was paid to a company of yours called Comodo in order to fund the purchase and restoration and furnishing of your property in the south of France. Do you recall

that?

A. I don't recall that. I can't exclude that, but I can't recall that because -- and moreover, I have a little bit doubts about that because we buy chateau in '96 or '97, I don't remember well, and we never change furniture there. The furniture like it is because it is furniture of 100 years ago and we try to keep like it was 100 years ago. It means that I don't remember anything -- I can just say that we are not able to spend for furniture this amount of money.

Q. Would you please have a look at -- you can put away the document you've got in front of you, apart from your witness statement. I would like you to be given instead bundle --

A. And this one, and the H(A)08 also?

Q. Yes, you can put away -- well, keep H(A)08, if you would.

A. Keep?

Q. Yes, keep it, H(A)08 -- sorry, H(C)8, forgive me.

A. Sorry. This H(A)08 I can return, yes?

Q. Do you accept that Comodo was a company of yours which was used to hold and manage the properties that you acquired at Cap d'Antibes?

A. I don't. I can't. I don't remember because again, I'm sorry, again it was not structurised by me. It was

structured everything by -- as I remember again -- by Mr Hans-Peter Jenni and Mr Bordes, who sold me this property. It means that I don't remember the name.

Again, I can't exclude that, Mr Sumption, to be very precise.

Q. Mr Berezovsky, I'm a bit puzzled by this because these are the very transactions that the French investigating magistrate was looking at --

A. Yes.

Q. -- and which you answered questions about only four months ago.

A. Yes.

Q. In the written answers --

A. Sorry, Mr Sumption, if it's so, could we open again the questioning and mention this company? Is it possible?

Q. Of course. If you look in bundle H(C)8, at page 131 -- perhaps you should look first at 127 which is the first page of the document H(C)8/127. On page 127, if you look at the heading at the top --

A. 127. What is that?

Q. You will see that these are your answers to questions that were put to you by the French investigatory magistrate.

A. Yes, I see.

Q. Right?

A. Yes.

Q. And if you turn to page 131 H(C)8/131, you are asked what you can tell the judge in France about a number of companies. If you look --

A. Just a second. Where is that?

Q. If you look down the bottom of the page 131, about three inches from the bottom you will see a heading that says:

"SIFI Sarl, OVACO AG [and] COMODO LIMITED."

A. Fantastic, yes. It's written here, it's so.

Q. "These companies were used to hold and manage the properties acquired at Cap d'Antibes: namely the Chateau and the Clocher de la Garoupe."

Then at the bottom of the page:

"I was the ultimate beneficial owner of Comodo Limited until mid 2007..."

Now, I take it, since that's what you told the French investigating magistrate, that it's true?

A. Yes, it's true. It's that -- and I correctly answered you -- I don't remember that. Definitely before the questioning I was refreshed which company I'm beneficial owner. But for that time definitely I forgot completely that.

Q. Would you now put away bundle H(C)8 and take bundle E3. Now, I would like you to look, please, at bundle E3, which you're about to be given, at flag 10, which is

Mr Shvidler's statement, and paragraph 126, which has a table E3/10/37.

A. Just a second. 126?

Q. Yes. I don't think that these figures are controversial, but you can tell us if they are, because they are substantially the same as the figures produced by your witness Mr Jenni in his witness statement. All right?

A. Yes. No, again, you ask me confirmation; I should have a look at least.

Q. Yes. Looking at this table, this is a table showing loans from Abramovich companies to Comodo; do you see?

A. Yes.

Q. And, at approximately 6 French francs to the US dollar, this adds up to about \$20 million.

A. Just a second.

Q. I'm not going to ask you to do the maths; we can all do that for ourselves in due course if there's a dispute about it.

Do you accept that you received, by way ostensibly of loan through Comodo, these sums?

A. I think it's -- if it's this information, I don't have chance to check this information. Unfortunately we were able to prove Mr Shvidler is not correct in many times. But nevertheless, okay, let's suppose it's so.

Q. Okay. Well now, all of this money was used, wasn't it, was spent on acquiring and doing work or filling up your property in France?

A. Mr Sumption, I don't remember. Mr Sumption, believe me, I don't remember what happened in ten years ago, even more. How this money was spent, I don't remember.

Q. Now, the amounts that you received --

A. And moreover, I never even have seen that because I was not responsible for that. I told you, it's again not the reason, my Lady, that I want to push everything what is the facts, yes? This amount of money. I don't want to produce impression that I'm just hiding -- don't know anything. But it's really I don't know. It was my job. It was a company who operated by the other people and who got money and spent money.

Q. Well, it was operated --

A. And moreover, to getting money and to spend money was not -- at this, it was not my responsibility.

Q. Mr Jenni's evidence in this action is that although these were on the face of it loans, they were never intended to be repaid and were never in fact repaid; they were outright payments therefore. Do you recall that?

A. No, not at all. I don't remember that. I don't -- not remember, I don't know even that, because again it was

not my responsibility. I was not involved in that at all.

- Q. Now, you do accept, however, I think, that all of your expenditure on your south of France properties was paid by Mr Abramovich's companies, don't you?
- A. Again, through Mr Abramovich company but not -- I am not sure that all -- as I gave you example before, I remember that also we got payment, and you read that, also from ORT. But no doubts that 95 per cent of my expenses in France were paid through my interest in Sibneft; maybe later on of my interest of Rusal. But I don't know that, I don't remember.
- Q. Now, at any rate, you agree that the great majority of what you spent on your French properties came from Mr Abramovich's companies?
- A. Through Mr Abramovich companies, correct.
- Q. Okay. Now, what was the system by which you decided how much was to be paid through Runicom and Comodo?
- A. I don't know. The system was the same. Badri mainly was responsible to connection to Abramovich; it doesn't mean that sometimes I referred Abramovich directly and Abramovich present his understanding, "Are we able to spend now this money or not"? If we're able to spend money, he paid me. If we were not able to spend this money because he want to buy, let's say, the other

companies -- Sibneft was developing at that time and, as you know, my Lady, we bought a lot of companies which were -- which become business of Sibneft. Moreover, we bought even company which didn't relate directly to Sibneft, for example gold company, for example food production company.

And Abramovich was responsible to say me, to tell me, "Boris, we don't have money now. You need to find another way to do that". And I gave you clear example when Abramovich told me that and I went to Deripaska and Deripaska gave me loan for \$13 million.

Q. Let's treat this particular expenditure on your property in the south of France as an example. The system was this, wasn't it: whenever your agent, Monsieur Bordes, wanted more money, Mr Jenni's office -- he was your Swiss lawyer -- would pass the demand on to Mr Shvidler and ask him to pay it? That was the system, wasn't it?

A. I don't know, but I am not able not to trust you. If this was the system, this was the system; I just was not aware how it works, this system, and how they organised that.

Q. You weren't aware of that; is that your evidence? You weren't aware of the system?

A. I don't know how payment was done and how they organise because there were several company. As I know,

Mr Bordes, as I told you, he not just help me to buy the property; he also manage the property.

Q. Yes.

A. It means that he was responsible for month-to-month expenses and he knew that the source of this money is my business, business in Sibneft.

Q. And when you need --

A. And Mr Jenni, as I told you, he is my Swiss -- he is Swiss lawyer and he help us to create the company -- to have a partner of Andre & Cie from Switzerland and he was responsible to organise financing of the property as well.

Q. Do you accept that when Mr Bordes wanted more money for your French property, he approached Mr Jenni's office and got them to ask Mr Shvidler for it?

A. I don't know, and moreover I have a lot of doubts. I explain you why: because without Badri approval, because without Badri involvement, I have a lot of doubts that it's possible to do that.

Q. Do you accept that when --

A. Because, as I understand, Mr Shvidler understood who is Badri in our relation but he doesn't understand who is Mr Bordes, who is able to ask him to pay money.

Q. Yes, but he did understand who Mr Stiefel, Mr Jenni's assistant, was, didn't he?

- A. Mr...?
- Q. Mr Jenni's assistant was called Mr Stiefel and it was his job in Mr Jenni's office to ring up Mr Shvidler and say, "We need more money".
- A. I'm sure that it doesn't work like that at all. It means that first of all they should agree it with Badri because, again, Badri was the person who present all my, let's say, money interests -- I mean money calculation interests -- in my relations with Roman Abramovich.
- Q. Mr Berezovsky, it's just not true that the dealings on your French property were all handled by Badri. They were handled by you, weren't they?
- A. Again, it was not handled by me. Again, I just -- I own that, and according of recommendation of Mr Bordes and Mr Jenni we create a structure which are able to support this property, because it's cost a lot, as I understand, several millions yearly. It means that we should organise in proper way to financing that.

And according of French law, which very different from this country, yes, it's a lot of tax problems there and so. And as I understand, they were professional to organise that. It's not organised by me; I just follow the way how they organise that. And I am sure that impossible for Hans-Peter Jenni or Mr Bordes to ask Shvidler directly, "You should pay that and that";

definitely it was Badri involved in that.

Q. Mr Berezovsky, do you remember that there were occasions when Mr Shvidler wouldn't pay? Do you remember that?

And Mr Jenni told you that there was a problem because Mr Shvidler wouldn't pay; do you remember that?

A. I don't remember that. I can't exclude that definitely, as I told you already before, I gave you example, clear example, and sometimes they didn't have enough money to pay for my personal expenses and I can't exclude that. I don't remember definitely that but I can't exclude that, that Shvidler can say, "We don't have money".

But again, more than 100 per cent, I am sure that it was not me involvement; it was Badri involvement in that.

Q. Mr Jenni, when Mr Shvidler refused to pay, Mr Jenni would speak to you personally and would ask you to sort it out. You --

A. It could -- it could be --

Q. Let me finish.

A. Sorry.

Q. You then rang Mr Abramovich and said, "Mr Shvidler isn't paying my money; make sure, please, that he does"?

A. I can't exclude that. It could be like that.

Q. That's what Mr Jenni says in his witness statement.

A. Okay. Fine. I didn't read Mr Jenni's statement. It

could be like that, but what is wrong with that? What is wrong compared with I present to you my position?

Q. Nothing wrong with that at all, Mr Berezovsky.

A. Great.

Q. The point that I'm making to you is that this was a demand-led system, wasn't it?

A. Definitely not.

Q. The amount that you got depended first of all on your demands and secondly on a process of continuous negotiation with Mr Shvidler and Mr Abramovich?

A. Mr Sumption, it's absolutely wrong conclusion.

Q. Now, if the \$20 million, roughly speaking, that you got from Runicom in 1997 represented the profits attributable to your 25 per cent of the shares of Sibneft, then the total amount of Sibneft profits would have had to be over \$80 million, wouldn't it?

A. I don't conclude that.

Q. If we add in --

A. I explain you again, Mr Sumption, very simple, and it's only correct point. Abramovich managed the company. If I ask money, he pay me money. If he was not able to pay, he inform me, "Boris, we don't have", this is the point, or inform Badri that we don't have money. Mainly Badri, sometimes me.

And again, definitely I try to recollect maybe the

other examples when Abramovich said that we are not able to pay for something. I give just the most recollected example: that when I want to buy property here because my second family moved here, to London, and they need to buy house, and I asked Roman, "Are we able to buy? Are we able to pay?" He said, "Boris, we don't have money now". I said, "Fine, no problem", and I went to Deripaska and I asked, "Oleg, could you help me?" And he said, "I help you". This is the point.

Q. The amount --

MRS JUSTICE GLOSTER: Just a second, Mr Sumption.

Can you just explain this to me, Mr Berezovsky. If you were getting paid out of the gross revenues of Sibneft as opposed to the declared profit, how did you calculate or estimate whether you and Mr Abramovich were getting equally 50 per cent of the gross revenues or the net profit?

A. I didn't calculate it. I just know that Abramovich understand our relations and Badri understand our relations and if you -- and Abramovich, I trust him that he equal share profit generated Sibneft directly or indirectly between us. That's it. And sometimes --

MRS JUSTICE GLOSTER: But what was the method of working out what, as between the two of you, were the profits of Sibneft?

A. Sorry, my Lady, again?

MRS JUSTICE GLOSTER: Let me put the question again. If the deal was, as you say --

A. Yes.

MRS JUSTICE GLOSTER: -- that you and Badri on the one side and Mr Abramovich on the other were going to share the profits generated by Sibneft 50/50 --

A. Correct. Sibneft or the company which connected to Sibneft.

MRS JUSTICE GLOSTER: Yes -- what was the method for working out whether each side was in fact getting the 50 per cent?

A. It means that it's Abramovich and Badri, they understood how much we're able to -- how much company generate generally and when we put request to pay some amount of money for something, for my private expenses or for my personal -- let's say ORT, doesn't matter -- all the time Badri told me, "Boris, we have enough money for that", or, "We don't have enough money for that".

And it's --

MRS JUSTICE GLOSTER: Yes, but my question to you, if you'll forgive me --

A. So sorry.

MRS JUSTICE GLOSTER: -- and if you don't know, just say, how as between you and Badri on the one hand and

Mr Abramovich on the other did you work out what each of you were entitled to? 50 per cent of what: gross revenues, net profits, net net profits?

A. As I understand, all profit which company is able this year or this month to split with this -- between owners.

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

A. Thank you.

MR SUMPTION: I wonder if you could be given --

A. My Lady, the best example -- again, I'm sorry that I refer again -- is what happened at Le Bourget. It's exactly they calculate how much we have, how much is already expenses between us spend and how much, for example, Roman should pay us more as our part of our deal.

MRS JUSTICE GLOSTER: I see. Thank you.

MR SUMPTION: What you were discussing at Le Bourget was in fact how much was still due to you of a sum which Mr Abramovich had already, three months before that meeting, agreed to pay you; namely \$305 million. That's what you were discussing at Le Bourget.

A. Mr Sumption, in Le Bourget, Badri, in my presence, tried to create a balance between what Abramovich already paid, what he should paid and what is the prediction for the next year because of tax changes in Russian government policy, and nothing more. Again, and it's

absolutely clear that it's dividends or profit which we discussed from Sibneft and from Rusal.

But, as you promise me, we return back to Le Bourget transcript and we will, I hope, also create position that you will not have any doubts that it's confirmed absolutely clear that we own Sibneft, that we own Rusal and we got money generated these companies, directly or indirectly.

Q. Now, Ms Nosova tells us what she understood the system to be, and I want to ask you to look at what she says.

A. Mm-hm.

Q. It's in bundle D1/09, page 150 D1/09/150.

A. Sorry, D1?

Q. Flag 9, page 150. Have you got --

A. 150, I have it.

Q. Paragraph 203, right at the bottom of that page. Do you have paragraph 203?

A. Yes, I try to read that.

Q. "My understanding was that the way Boris received this money was very ad hoc."

A. What means "ad hoc"?

Q. That means that it wasn't planned in advance --

A. Oh, I see.

Q. -- it was simply arranged from time to time.

A. Yes. Mm-hm.

Q. "There was no single arrangement by which he would always receive money. Rather, he..."

And this is you, Mr Berezovsky.

"... would identify some personal asset which needed to be paid for and would inform Badri or Mr Abramovich or his team what it was and who the money needed to be paid to, and they would arrange it. This could, for example, be jewellery for Elena Gorbunova, for real estate, or whatever."

A. Yes.

Q. That is a correct description, isn't it, of how this worked?

A. This is partially correct description but it doesn't mean --

Q. It's not partially correct --

A. Sorry -- but it doesn't mean that it's incorrectly what I said before: that Badri and Roman calculate the balance all the time. This is the point, and this is a key point.

Q. That paragraph isn't partially correct; it's completely correct, isn't it?

A. Again, I gave you answer.

Q. Now, the huge sums that you received in 1997, at least \$70 million on the material that we've got, were larger than the entire profits of Sibneft for that year,

weren't they?

A. Which Sibneft show up.

Q. Yes. And you have no reason, as you've told us, for saying that what Sibneft was showing as its profit was not its profit?

A. I already explain you that the profit which Sibneft show up was done in the way, in the usual way like it was, let's say, it was acceptable at that time. It means that nobody can say, except of Mr Abramovich and Shvidler, what the real profit was because the profit generate not directly as dividends. As I understand, dividends were introduced to share only when we already almost left the company, Badri and me, when we were squeezed to leave the company. Only after that they start to share profit in the way of dividends.

It's just one more confirmation that our presence when we have been there, it was in interest of Abramovich -- it's not direct, indirect statement, indirect my understanding -- was not reasonable for him to show the real profit of the company.

Q. Mr Berezovsky, it was not acceptable at the time, was it, when you had a public company, with members of the public holding about 10 per cent of the shares, for some shareholders to strip off assets from the company without having dividends while the rest of them had to

content themselves with the zero dividends that the company was declaring? That wasn't acceptable --

A. Mr Sumption --

Q. That wasn't acceptable, was it?

A. It is not acceptable at all. But it's not my deal to manage the company; it's what Abramovich has done. And if it's wrong, it's Abramovich mistake, not my mistake.

Q. And it wasn't acceptable either, was it, to present your audited accounts on the basis of US GAAP which were false? That wasn't acceptable either, is it?

A. It's question not to me; it's question to Abramovich what they present.

Q. You said that the method which you thought was being applied was acceptable in the mid-'90s. I have put it to you that it was not, and I don't think you think it is.

A. No, again, I describe you the method which company use to obtain the profit directly or indirectly and the way was absolutely the same for all the company. I never calculate numbers and my relations was absolutely simple: I made request directly to Abramovich or Shvidler or indirectly through Badri. If Abramovich was able to pay, calculating what is our interest, Badri and me together, he paid that. If he was not able to do, he said, "Boris, we don't have money now to spend because

we invest it to buy something or because company didn't generate this money".

I never demand Abramovich to do that, never, because it was responsibility of Abramovich, 100 per cent, to manage the company and I'm not crazy to destroy my company just thinking to buy another house, yes?

I understood priority. If we don't have money, we don't have money. If we have money, I want to spend this money how I like to do.

- Q. If you didn't have money because Mr Shvidler didn't think that he could properly provide it for you, your response was to ring up Mr Abramovich and say, "Pay", wasn't it?
- A. Not. Not so.
- Q. In 1998, Sibneft made a profit of \$36 million. It retained that for reinvestment and declared no dividend.
- A. Mm-hm.
- Q. You received, on Ms Goncharova's estimates and on the figure that you gave to the French judge or your lawyer gave to the French judge, \$50 million in that year, one and a half times the entire profits of Sibneft, didn't you?
- A. It could be. Again, I'm not responsible -- I can't recollect the numbers, but it could be. And the way -- and the reason why it could be I'll also explain: it's

the same way when company present itself as a company with not dividends at all and generate dividends in another way. And unfortunately -- I don't know how to say that -- it was the regular way of almost all oil company. I don't know really exception.

At least, again, this question was investigated in details in Khodorkovsky case, in details. Even on the level of Strasbourg it was investigated and Strasbourg gave negative conclusion that it looks like fraud, it's true. But I just want to stress it's not my point. Maybe now finally, after this hearing, it will be another hearing what Abramovich have done as a manager of the company and maybe something crime was there.

But it's not a point to discuss today because it's absolutely clear and I give absolutely truthful answer my understanding how generate money, and maybe even squeezing interest of the other shareholders.

Q. Mr Berezovsky, are you suggesting that you were paid during the 1990s by methods which looked like fraud?

A. I didn't have any idea that time how Abramovich paid. Moreover, I start to think about that when Khodorkovsky -- when they put Khodorkovsky in jail and start to investigate the method how company were paid.

Mr Sumption, again and again, I don't want -- I'm sorry that I'm a little bit maybe not correctly in my

voice. Mr Sumption, I want just to stress again and again, I wasn't responsible at all how Abramovich managed the company, how he generate profit, how he organised the payment. I just -- it was my clear understanding that we share 50/50 and if Abramovich paid this enormous amount of money through the company to me -- no doubts, believe me, Abramovich is not a person who doesn't care about himself -- it means that Abramovich got the same, at least the same amount of money if just because -- belongs to me.

MRS JUSTICE GLOSTER: How are the payments characterised in the accounts, or don't you know? The payments to you or at your direction.

A. I don't know how it was characterised. I am sure that Abramovich did not show that it's dividends because it was not dividends definitely. Dividends --

MRS JUSTICE GLOSTER: It would have been expensed, would it? Or you're speculating?

A. I don't know.

MR SUMPTION: Mr Abramovich was paying you these sums in excess of the profits of Sibneft because that is what you were demanding for your political services in Russia; is that right?

A. Mr Sumption, I provide my political service in Russia not for Sibneft; I provide my political service in

Russia for all Russian businessmen without any exception. When I went as deputy secretary of security counsel trying to stop the war in Chechnya, I understand well that if I will do that, it capitalise the country, not only Sibneft. I never have done any exception for Sibneft being on the position of serving State.

- Q. The first year in which Sibneft made profits greater than the amount that you and Badri received was 1999, and the same was true in 2000. Do you accept that?
- A. I don't know, because I didn't see the numbers of Sibneft generally.
- Q. Well, let's look at the picture in 2000. The audited accounts for 2000 -- you can take this from me -- showed a profit in that year of \$675 million.
- A. Just a second. Could you refer to the --
- Q. Do you want to put that away? You're very welcome to. That's Mr Shvidler's statement: you can put that away.
- A. And the other bundle which you...?
- Q. I want to look at the picture in 2000. I'm not going to show you another set of accounts because I imagine your answer will be the same: you don't know. But let me tell you that the audited financial statements of Sibneft in 2000 showed a profit of \$675 million, by far the largest that the company had ever made. And the dividend for the first time was declared in that year,

which was paid in November 2000, of \$50 million.

A. November 2000?

Q. Now, I want to ask you, against that background, about your receipts in 2000.

What I suggest is that in 2000 your demands considerably increased. Would you accept that?

A. Mr Sumption, again -- Mr Sumption, don't put me in front of my Lady as a person who just repeating and repeating the same point that I was not aware in my own how it was paid and so in position that I create impression in front of my Lady that I just was pushed out. It's true because we -- Mr Sumption give me the same and the same question and I understand now the reason: because he want to produce impression that I don't want to answer to this question. But the question is the same, nothing new.

MRS JUSTICE GLOSTER: Right. Well, I know you disagree that you were demanding money.

A. Definitely.

MRS JUSTICE GLOSTER: You say you were entitled to your share.

A. Absolutely correct.

MRS JUSTICE GLOSTER: So don't let's get hung up on the use of his word "demand". But he's putting to you now the position in relation to 2000 and I'm going to allow him

to ask that question.

A. Yes, yes.

MR SUMPTION: Do you accept that in the course of 2000, your demands for money increased?

A. I don't accept "demands".

MRS JUSTICE GLOSTER: Well, let's use a neutral word: "request".

A. No, it was -- again, my Lady, it was not a request; it was obligation of Abramovich to share with me.

MRS JUSTICE GLOSTER: Yes I know you say that. We're just now looking at the amounts you get paid and how -- the money doesn't come to you automatically; you generate some sort of request for payment, presumably?

A. Yes, I just -- mainly the way was as I described before. I told Badri, "Badri, we need that and that", for reason of ORT or for reason of charity or for personal reason to buy jewellery to Elena, yes? And Badri calculate with Roman what is opportunity to pay or not. That's it.

MRS JUSTICE GLOSTER: What Mr Sumption is asking you about is how your need for money in 2000 was dealt with, okay? He's using the word "demand" but I appreciate that you dispute that, so I'm suggesting perhaps a more neutral word, but you don't like "request" either. So let's address the question on the basis that Mr Sumption is

asking you about how your need for funding was satisfied in 2000.

A. No, 2000, first of all, 2000 was the year when I left Russia.

MRS JUSTICE GLOSTER: Yes.

A. And I left Russia in October 2000. And as now Mr Sumption present that the first dividends were paid when I already left Russia, is it correct, in November 2000?

MR SUMPTION: No, I'm asking you about the --

A. No, no, no, just to clear --

Q. I'm asking you about the entire year, not just after but before you left Russia.

A. As I can recollect, that time when we start to be squeezed Roman stopped to pay at all and it was one of the points which Badri later on discussed with him. I don't remember at which time Roman stopped to pay us dividends already but it's simple to understand when it's happened. And again, I don't remember how much money we got in 2000 altogether.

Is it the answer to the question, my Lady, or not?

Q. Do you agree --

A. Is it the answer --

MRS JUSTICE GLOSTER: No, no, thank you, you've answered my question. I'm saying just deal with the questions that

are being put by Mr Sumption on the basis that I understand that you dispute the word "demand" every time he puts it to you.

A. Correct. Correct.

MR SUMPTION: Do you agree that your desires for money in 2000 increased by comparison with earlier years?

A. I can't say that because as far as 2000, the beginning, as I understand, was election campaign of president and we agreed with Abramovich to pay 25, 25, altogether 50 million, to support this campaign. Definitely ORT in election campaign need more money than in regular days, it's true, but it's happened already in March 2000, Putin was elected. And I don't see that at that time we need more money than before, in spite of I decide to move to France at that time and definitely start to think what happened then.

And then, as you know, we had a meeting with Mr Abramovich in Le Bourget, it was exactly 2000, in December, and nothing happened unusual during this meeting. I did not tell, "Roman, now I immediately need more money"; I just told that we have new situation now and we need to calculate how much we're able to obtain through our business in Sibneft. That's it.

Q. Well, let me give you an example in which you were personally involved. At the Dorchester Hotel meeting

in March, Mr Deripaska pressed you for repayment of a loan of \$16 million that he had made to you. Do you remember that?

- A. I remember that perfectly. And first of all, it was not 16 and 13, and I want you try to ask your assistant to give you exact number: it was \$13 million. Deripaska did not press me, it's not correct --

MRS JUSTICE GLOSTER: Sorry, 13 million or 30?

- A. 1-3. Not 1-6, 1-3, yes?

MR SUMPTION: You say it was 13. Do you agree that Mr Deripaska pressed you for its repayment?

- A. No, again, I continue to answer. Give me, please, opportunity to answer. I remember your question.

And Deripaska never press me and Deripaska just remind that I have this debt and I was very surprised, and I remember, because I thought that it's already repaid because Badri knew about that debt and that debt, as I understand, based on some collateral which were given to Deripaska, I don't remember which one. And it was just -- when Deripaska remind me that, I really -- my first reaction was that it surprised me because I thought it's already paid because I have done this debt in 1997 I think, like that, and I had obligation to pay him not for long term, yes?

And I just said Roman, who present at the same

meeting in Dorchester Hotel, to pay this debt if we have money and I know well that already months later or a little bit -- around that time the debt was returned to Deripaska.

- Q. Exactly, Mr Berezovsky. You were presented with Mr Deripaska asking for his debt to be repaid and you immediately returned to Mr Abramovich and said, "Please pay him"?
- A. It's correct.
- Q. Right. And that was how the system worked: you identified a need of yours, you turned to Mr Abramovich --
- A. Absolutely.
- Q. -- and you said, "Please pay this debt"?
- A. Yes, and Abramovich said, "Boris, we have money to pay". It's correct.
- Q. He paid it for you, didn't it?
- A. Not he paid for me. He paid my money to him because I thought that's already paid. And when Deripaska said that it was not paid, I said it's wrong, because I didn't ask before. And as far as we had money, Abramovich paid next month. What is wrong with that?
- Q. In the autumn of 2000, when you had fallen out with Mr Putin but before you had left Russia, you got Mr Patarkatsishvili to ask Mr Abramovich for what you

called a financial cushion?

A. Financial...?

Q. You asked for a large additional payment because you thought you might have to leave Russia?

A. Mr Sumption, it's absolutely speculation. Believe me that at that time I still trust that Abramovich is proper partner and money which we were able to have as a profit of Sibneft and the company connected to Sibneft was more than enough to stay for thousand years in London, not thinking how to pay -- how to obtain this money.

It's absolutely incorrect to say that I had so-called -- there was a pillow -- a cushion, I'm sorry, to be sure that I able to stay in London or abroad. It's absolutely wrong. Pillow I need for the other purpose: to sleep well, that's it.

Q. Mr Patarkatsishvili negotiated on your behalf and his own an additional payment of \$305 million to be paid by the end of the year, didn't he?

A. If you refer to -- if you refer to Courcheval -- if you refer to Le Bourget, Le Bourget discussion is completely wrong. It's just obligation of Roman Abramovich, who didn't cover still his obligation to pay us profit generated Sibneft at that time, I think; Sibneft or Rusal, I don't remember. It was not special request of

Mr Patarkatsishvili because we left Russia.

Again and again I want to stress you: at that time, in my mind, Abramovich was proper partner. It means that I was able to -- not to ask a special help, exception.

Q. Whatever the reason for paying it, the payment of that sum was specifically negotiated by Mr Patarkatsishvili on his and your behalf with Mr Abramovich, wasn't it?

A. It's completely wrong. We discuss in Le Bourget the obligation of Abramovich to pay our profit of Sibneft, nothing more.

MR SUMPTION: My Lady, the next document I want to refer to is a spreadsheet which is only really easily consulted actually on the screen using the Excel software.

I wonder if Mr Berezovsky could have the assistance of somebody who can operate the Excel system for him.

MRS JUSTICE GLOSTER: Yes, certainly.

MR SUMPTION: Now, this is a document, Mr Berezovsky, which is referred to in my client's evidence as the "bolshoi" balance, the big balance.

A. It's reference of whom?

Q. What?

A. Reference of whom? Who has done that?

Q. This is a document that was prepared by accounting staff, supervised by Ms Panchenko on the instructions of

Mr Shvidler. One of these documents was produced, although not necessarily in exactly the same form, each year from 1999 onwards but we do not have the corresponding spreadsheet for 1999. Now, that's what it is.

MRS JUSTICE GLOSTER: Can you give me the reference?

MR SUMPTION: The reference in the bundle is H(A)40 --

MRS JUSTICE GLOSTER: H(A), not RA?

MR SUMPTION: No, H(A)40 2000 BB.

MRS JUSTICE GLOSTER: Will I get the Excel spreadsheet if I do that or do I have to get the one that's on the screen?

MR SUMPTION: I think it's not accessed through the Magnum system, it's accessed directly through -- on your Ladyship's desktop you will find an "Excel spreadsheets" folder.

MRS JUSTICE GLOSTER: Yes, I have that.

MR SUMPTION: If your Ladyship clicks on that, you will come up with the --

MRS JUSTICE GLOSTER: Yes, thank you.

MR SUMPTION: At the bottom of the screen, could you please click on the tab which says "2000 total cash incl monthly". Would you go to the extreme left, so using the sliding bar, you will see that there are various sections. Can we go right up to the top as well,

please.

MRS JUSTICE GLOSTER: Just a second, Mr Sumption, I'm going to need a more specific reference in "Excel spreadsheets".

MR SUMPTION: Does your Ladyship have the spreadsheet open?

MRS JUSTICE GLOSTER: No, I'm being told I can't access it. Could somebody give me the actual --

MR SUMPTION: Somebody, I think, is volunteering to assist.

MRS JUSTICE GLOSTER: Thank you very much. I've gone into the Excel spreadsheet file but I think it's important I have it up. (Pause)

Right, Mr Sumption, I'm there.

MR SUMPTION: Right. Now, your Ladyship has clicked on the tab "2000 total cash incl monthly".

MRS JUSTICE GLOSTER: Yes.

MR SUMPTION: The first two sections of this table show cash flows through Sibneft which is coded "BS" and aluminium assets which is coded "BAL". Now, those aren't profits, they're gross cash flows, positive and negative. Now, if on the same table you go down right to the bottom end, the last three sections, you'll see that the last section is headed "ORT" and the two previous ones are headed "PRB" and "PRBR".

A. Just a second. "ORT", could you find me that?

Q. All right?

A. ORT, yes.

Q. Now, the "PRB" section shows month by month the amounts paid to you and entities associated with you and the "PRBR" section gives the corresponding information about Mr Patarkatsishvili.

A. P -- thank you. Yes.

Q. Do you see the "PRB" section --

A. Yes.

Q. -- which starts at line 84 and then the "PRBR" section, which is Mr Patarkatsishvili, which starts at line 89. I see in the Russian version there may be a different... Can you see that there are "PRB" totals month by month?

A. Yes.

Q. And "PRBR" totals month by month?

A. Yes, I see.

Q. Now, if you slide to the right-hand end of that table, you'll see the totals and they should show that you received \$461.3 million in 2000 and that Mr Patarkatsishvili received \$28.8 million in the same period?

A. Yes.

Q. In round figures, a total of 490 million between you?

A. Yes.

Q. Do you accept that you received \$490 million between you and Mr Patarkatsishvili in the year 2000?

- A. It means -- the question is that is it correct to say that this money belonged to us together, correct?
- Q. I'm asking you whether you received it, between you and Mr Patarkatsishvili.
- A. I accept that the number which is written here, which is written here, is written by the commercial department for Abramovich. I can't accept that because I didn't check that but let's suppose that it's correct number, and it means that Badri and me together, we got this number and some 460 written to my name and 25 -- 28 written to Badri name. I accept that.

MR SUMPTION: My Lady, can I just finish this document before your Ladyship breaks?

MRS JUSTICE GLOSTER: Yes, certainly. Do.

MR SUMPTION: Now, if you would click on the tab at the bottom labelled "FOM", which stands for Fomichev, your financial manager, you'll see the same figure of 490 million has been broken down?

A. Mm-hm.

Q. Under the "PRB" section, the one that relates to you, you'll see that payments -- there's a heading for cash payments in rubles, then payments to various third parties, like Camros, TWC, Metrascop, et cetera, and then cash payments in dollars out, "Cash out" at the bottom of that section, do you see?

A. Yes.

Q. Then there's a heading "Set off against Al", set off against aluminium --

A. Yes.

Q. -- and if you look against "May" you will see that that is Mr Abramovich paying the 16.271 million due to Mr Deripaska in accordance with your request, shall we call it, at the Dorchester Hotel meeting?

A. Yes.

Q. Now, if you look at the monthly breakdown, which we'll need you to look at as it slides across, you'll see that there is a very large increase in the scale of payments being made to you from October onwards. Look at the monthly totals and you'll see that in the last three months of the year, there's a very considerable increase in the amounts that you receive.

A. Okay.

Q. That is because it was in October of that year or thereabouts that Mr Patarkatsishvili negotiated the additional payment of 305 million with Mr Abramovich. Do you agree?

A. No, I don't agree. I agree only what we discuss in Le Bourget and it's absolutely clear, we didn't ask any additional payment. It means that it was what Abramovich should cover as our profit generated the

company, nothing more. No one discussion to pay something because we have political difficulties. Again, my Lady, I want to stress, we have absolutely enough from our business in Sibneft and Rusal, nothing more. I never ask Abramovich and I don't remember that Badri ask him to pay something additional because we left Russia.

- Q. Well, Mr Abramovich's evidence is that it was because you were about to leave Russia, but never mind what it was for, he negotiated an additional payment of that amount, didn't he?
- A. I remember only his negotiation in Le Bourget. It was clear figure which were paid as our profit from Sibneft and Rusal, nothing more.
- Q. Do you see there's a heading "Tiberius, Pennand", which is where most of the additional payments are going to in the last three months of the year. On the right-hand side you'll see that -- it's line 8 in the version I've got. Do you see Tiberius, Pennand received a total of \$237 million?
- A. Yes.
- Q. Now, Pennand was a company owned by you, wasn't it?
- A. Again, I don't remember. I can't exclude that at all.
- Q. Well, Pennand Inc was a company owned by you which had been set up for you in October, hadn't it, by an asset

manager called Valmet?

A. I remember just that Valmet, with Valmet, we start to discuss but it's happened at the beginning of 2000, correct, we start to discuss the structure to make transparent our participation in Sibneft and Rusal assets, and I can't exclude that the Valmet, it's Mr --

Q. Samuelson.

A. No, no, Mr -- who owned -- Valmet it's not Mr -- Samuelson, yes. Mr Samuelson.

Q. Valmet was run by Mr Samuelson.

A. It's Mr Samuelson who we asked to create the structures.

Q. Valmet set up two trusts for you and Mr Patarkatsishvili in October?

A. Correct.

Q. One was -- well, two trust companies.

A. Yes.

Q. One was Pennand Inc which was your company and the other was Tiberius Limited, a Gibraltarian company, which was Mr Patarkatsishvili's company?

A. It could be.

Q. Both of those companies opened accounts in October 2000 with the Abu Dhabi Commercial Bank, didn't they?

A. I can't exclude that.

MRS JUSTICE GLOSTER: Choose your moment, Mr Sumption, won't you?

MR SUMPTION: Those accounts were specifically opened in order to receive the \$305 million promised by Mr Abramovich to Mr Patarkatsishvili in about October. Do you agree with that?

A. I don't remember that at all. I remember correctly the meeting in Le Bourget and they discussed the amount, 300, exactly, 305 million which is a payment for our profit -- as our profit from Sibneft and Rusal. This is correct and it's absolutely clear from our conversation in Le Bourget that this debt of Abramovich, not our demand, not our request, it's debt of Mr Abramovich to pay us. That's it.

MR SUMPTION: My Lady, that would be a convenient moment.

MRS JUSTICE GLOSTER: Very well. I'll sit again at 2.05.

(1.05 pm)

(The short adjournment)

(2.05 pm)

MRS JUSTICE GLOSTER: Yes, Mr Sumption.

MR SUMPTION: Mr Berezovsky, the spreadsheet we've been looking at showed that between you, you and Mr Patarkatsishvili received about \$490 million in the year 2000. Now, is it really your suggestion that that amount represented Sibneft profits?

A. My suggestion is that it present Sibneft profit and I think Rusal as well, because Rusal, as I understand,

also start generate money and it's the reason why the number could be increased. Again, I don't know details how it was organised. But what is clear from Le Bourget meeting that Rusal discussed as well that it was not payment just, when they discussed \$350 million and so, it was not just payment for Sibneft profit generated but at the time Rusal as well.

It means that the increasing of amount of money after we marriage(?) with the other company, Deripaska SibAl, after we obtained, after we bought the aluminium assets, it could be increasing of amount of money which we got.

- Q. Well, the reference to Rusal, I mean, first of all, Rusal had not actually been incorporated yet; it was incorporated three weeks after the Le Bourget meeting, on Christmas Day 2000, wasn't it?
- A. Formally, yes. But as you clear -- I would like to stress -- clear understand from the discussion in Le Bourget, it's under discussion also the amount of money which should be paid by Rusal because the company which -- aluminium company which we include in Rusal never stop to operate and never stop to generate money. It means that in spite of the -- and moreover, even if Rusal was fixed a little bit later, we already had assets, our assets, which belonged to our group, and

these assets definitely generate money itself.

- Q. The point is this, isn't it, Mr Berezovsky: that when Mr Abramovich agreed with Mr Patarkatsishvili the payment of the extra \$305 million, he told him that \$30 million of that would have to come from his aluminium assets? That's right, isn't it?
- A. You mean from whom, Abramovich assets? It's wrong. It's our assets which belong us together and it just comes from what I told you: that Rusal already start to generate money and explanation of Abramovich was this part came from Sibneft profit and this part came from Rusal profit. It means that my guess that Rusal start to already generate money and we already start to get this money is absolutely correct.
- Q. Would you please take bundle R(F)4/281. Sorry, I said 281; in fact I'd like you to turn to -- yes, R(F)4/28/1, right at the beginning of the bundle.
- A. I'm sorry, I don't have that.
- Q. You're about to be passed it. I'm giving the page reference for the benefit of those who are helping you from behind.
- A. Thank you very much.
- Q. Now, what you are looking at, if you have got the first page open, is the report on your tax affairs which was commissioned by you from Pricewaterhouse in order to

show to the United Kingdom Inland Revenue, right?

A. Yes.

Q. I'd like you to turn there to page 131 in the bundle numbering on the bottom left RF4/28/131.

A. Page 100...?

Q. 131 in the numbering that appears on the bottom left.

A. Yes.

Q. Okay?

A. Yes.

Q. Now, this is a report which was compiled from information provided by you and your staff, wasn't it?

A. Personally I just had, I think, one or two times meeting with represent of Pricewaterhouse. When I came -- start to base in United Kingdom, definitely I was looking -- I tried to understand the tax policy here and that's reason why I met them. I never discussed with them details; I just explain him -- explain the company, which kind of assets I own and what is the situation there. That's it.

I never have seen this report. It doesn't mean that we are not able to discuss it, definitely we will discuss, but just inform you that I gave absolutely truthful statement to Pricewaterhouse about the sources of my money.

Q. The person who was involved in greatest detail with the

preparation of this report on your side was Mr Fomichev, was it not?

A. Fomichev, at the beginning he was the person who mainly was involved in all my financial, let's say, activities or financial understanding. Just later on Natalia Nosova came to London and changed him this position. But it depends what time we are discussing now.

Q. Well now, would you look at paragraph 15.3.

A. Just a second. May I put you question? When it was done?

Q. When was this report done?

A. Yes.

Q. This report was prepared -- I think it was finalised in 2010.

A. 2010, it means --

Q. So clearly finalised some time after you broke up with Mr Fomichev.

A. No, it means that I think that mainly who know much better about that, it's Natalia Nosova; because, as I told you, my financial activity here, Natalia Nosova took step by step in her hands just, I think, 2003/2004 she already mainly start to operate.

As far as Ruslan Fomichev, I broke my relations with him much earlier than 2010.

Q. Yes. Now, would you look at paragraph 15.3, please.

A. 15.3. Just a second.

Q. "PE" --

A. Just a second. 15...?

Q. 15.3.

A. Sorry.

Q. It's on the page that I was showing you.

A. Yes. Yes, I've got it.

Q. Now, PE is -- that's you, isn't it? It stands for
"Platon Elenin", which was your alias?

A. Yes, it's true, I took the other name here.
Platon Elenin, it's correct.

Q. "PE's share of profits in Sibneft were paid to vehicles
controlled by him through a vehicle associated with RA,
Runicom Limited, in the form of loans or promissory
notes. Payments were made in this form in order to
disguise PE's interests and for Russian tax purposes."

The route is then discussed. The paragraph goes on:

"Profits were paid to PE entities associated with PE
until 1999, when PE and BP..."

That's Badri.

"... established a vehicle to invest in France,
Comodo Ltd, a company registered in the Cayman Islands."

Now, that's not strictly right, is it, because it
was in 1997 that Comodo was --

A. I don't remember, sorry. I don't remember that.

Q. The sentence which follows says this:

"Payments of 100 [million francs] and £4.35 [million] were made between October 1997 and June 1999. We are not aware that any further profits of Sibneft were paid to PE or to BB until the disposal of promissory notes described below."

A. Yes.

Q. Now, the reference to "the promissory notes described below" is to the promissory notes referred to at paragraph 5.15 over the page.

A. Mm-hm.

Q. Could you look at that, please.

A. Yes.

Q. That deals with the payments made to Tiberius and Pennand in 2000 that we've already discussed.

A. Yes.

Q. Okay?

A. Yes.

Q. Now, your accountants, therefore, are telling the Inland Revenue that the only Sibneft profits that you have received were the payment to France, in fact we know that that was in 1997, that was the 100 million francs and £4.35 million, and the Tiberius/Pennand payments in late 2000.

A. Mm-hm.

Q. That's what they're saying.

A. Yes.

Q. And was that true?

A. I don't know. I don't know. It's my financial adviser who absolutely professional, I mean Natalia Nosova, and I think that the Pricewaterhouse is also absolutely professional company. I have nothing to hide, I'm absolutely open, and I don't know at which stage is that and what is going now. At least at nowadays I don't have any problem with tax. I never tried to hide something and we know the result: I am still free, I am not in prison, they trust what we are presenting them. I don't have any notes that we made something wrong.

Q. Mr Berezovsky, I'm not trying to suggest that you have deceived the taxman; I'm interested in matters that are relevant to this dispute. What I'm asking you to comment on is the fact that your accountants have said that the only Sibneft profits that you received were the payments of 100 million francs and £4.35 million, which were the payments made in 1997 for your property in France, and the payments made in 2000 to Tiberius and Pennand.

A. Mr Sumption, I just want to repeat again: I am not able to comment what present my financial officers. I just want to tell that I'm sure that they're completely

professional and I don't know this presentation, why it's happened in this way. I don't think that they made any mistakes. I think that they continue in cooperation with Pricewaterhouse and until now we don't have any problem with that.

When you put me exact extract and try to -- and asking me to comment the relation with Pricewaterhouse and was I correct or not, impossible to comment in this way. I just present you my clear understanding what I know, and my knowledge is you calculate this -- show these numbers which we have seen all together and it's clear that -- I think that that number is more or less correct because you said this confirmed even by my lawyers, but I don't have explanation of that.

And it's impossible to say if it's written here, one of that is wrong. I don't think so. Moreover, I am sure that they're professional.

Q. Now, a third element of the agreement that you say was made in 1995 was that you say that it was agreed that any future business which any of the parties -- any of the three of you -- might have were also to be shared in some proportions.

A. Not in some proportions; in the same proportions.

Q. Okay. Let's look at what you say in the pleadings. Can you please be given bundle A1.

- A. Can I return back this?
- Q. What have you got in front of you?
- A. Yes. I can --
- Q. What is it?
- A. It is --
- Q. You can put the tax report away.
- A. Yes.
- Q. Yes, absolutely.
- A. Thank you.
- Q. If you've got bundle A1 and would care to turn to flag 2 at page 3 A1/02/3 --
- A. It's my --
- Q. -- you'll see what this document is: it's the re-amended particulars of claim, the current version. Okay?
- A. I'm sorry, Mr Sumption, I need to understand what is that. This is particulars of claim made when?
- Q. This is the one that is up to date now. It was made on various dates with various amendments over a considerable period of time. But this is what we are given now to show what your present case is, okay?
- A. No, no, I understand. I just ask when this particulars of claim was signed -- when it was signed and who signed --
- Q. In this particular form it was in July of this year and that is when you appear to have signed it; see page 34.

But in fact parts of it have appeared in earlier versions.

A. Yes, I see. I see. Yes, okay.

Q. Now, would you please turn to paragraph C34, which is on page 11 A1/02/11.

A. Yes.

Q. Okay? Now, this is where you say what the terms of the 1995 agreements were --

A. Yes.

Q. -- and I've already cross-examined you about items 1 and it. I now want to look at item 3, where you say it was also agreed in 1995 that:

"... any future business... they acquired, whether or not related to Sibneft, would be shared between them in the following proportions..."

50% Abramovich, 50% Berezovsky, 50%

Patarkatsishvili.

A. Yes.

Q. Do you see -- sorry, 50% between Berezovsky --

A. Between Badri and me, yes.

Q. Yes, okay.

Now, is that account of what was agreed in 1995 correct according to your evidence?

A. Yes, it's correct.

Q. I see. Just leave that open, would you, and take your

witness statement, paragraph 104. It's on page 218 of the bundle D2/17/218.

A. Just a second. My witness statement, yes.

Q. Right?

A. Yes.

Q. What you say here is:

"During the discussions..."

And this is also about the 1995 agreement.

A. Yes.

Q. "During the discussions with Mr Abramovich, we also agreed that there would be a right for each side to share in future business ventures in the same manner: 50% Badri and me, and 50% Mr Abramovich. I proposed this condition so as to avoid potential conflicts of interest that might otherwise have produced counter-productive tensions... The idea was not to create an obligation to invest. Rather, if either side identified a new business opportunity it should be offered to the others and each side, Mr Abramovich or Badri and I, would have a right of first refusal to take part in the venture on the same 50:50 basis on which we were partners in Sibneft."

A. It's correct.

Q. Well, you have described two things which are correct which are different. In your pleading you say that the

agreement was that future businesses, whether or not related to Sibneft, would be shared 50/25/25 --

A. Just a second --

Q. -- and in your witness statement you say that this was simply a right of first refusal. Which is correct?

A. I think that according to my understanding, and that understanding never changed, the correct is, let's say -- okay, may I give you example to understand better, if you want to understand, yes?

As far as Badri is concerned, we have difference exactly, it was one point what was different with Badri: with Badri also share 50/50, yes, 25/25? But we agreed that we invest together, it does not matter what happened, all the time. We -- I didn't have obligation to propose Badri the first refusal right, yes? We -- Badri operate and we just have several exception, I would like to stress, when it was not like that.

As far as Abramovich is concerned, it's absolutely correct that it was a right to refusal. It means that any business which I think could be opportunity, I must to propose Abramovich and Abramovich can right to refuse that. And the best example is Rusal. Rusal we propose Abramovich, he told me, "I need to think about that", and after a short time, a week or less, he returned and said, "Boris, we like this business, we go together".

This is the description what was reality, how it works.

On the other hand, as far as, for example, mass media opportunity, I propose Abramovich to participate even from the beginning, to share even ORT together, and Abramovich refuse that. Okay, it's his right. It's his position. It means that I just describe how I understand it works.

Q. Mr Berezovsky, as I understand it from the further information that was served on us, what you say at paragraph C34 is the gist of the words used when you made this oral agreement in 1995.

A. May I read? It's C32; correct?

Q. No, it's 34.

A. C34?

Q. C34.

A. Just a second.

Q. I understand your case to be that this was the gist of the words used.

A. Okay. May I read, yes?

Q. Yes.

A. Thank you. (Pause)

Okay, Mr Sumption --

Q. Could the interpreter also help by giving you the Russian equivalent of "the gist of the words used", just so that there's no room for confusion about that.

A. May I tell: I didn't have any knowledge about what is written here as a law. I just understood absolutely precisely that this is important part of our agreement, that I -- if we don't want -- if we want to be guaranteed that no one partner damage the other partner, it will be organised like that because it's common understanding for all businessmen. If you create new business, you are not allowed your partner to go out and if we -- until we able to agree that if we create new opportunity, you may share that and you have first right of refusal.

But how it's formulated in Russian law, I didn't know at all that time.

Q. I'm not asking you about Russian law or any law. I'm asking you for your recollection of what was agreed orally between you and the other two in 1995.

A. I --

Q. Let me finish.

A. Sorry.

Q. Was 34(3) the gist of the words that were used when you had this conversation with the other two in 1995?

A. I may tell what I recollect, what conversation connecting to this point, exactly what I recollect: that we agreed that if we will get one of the sides decide to invest to some new opportunity, the side who decide to

invest should make proposal to the other side as a first right -- as a first right hand to participate in that; and if the other side will decide not to participate, I am free to make proposal to some other one.

It means that our agreement does not have obligation of the other side to invest in any case. That's it. This is the sense of our agreement. As I told you, we very precisely -- I mean Badri and me -- follow this agreement.

Q. That's not what you said in paragraph C34(3), was it? It doesn't say anything about right of first refusal, no obligation to invest.

A. Sorry, again, Mr Sumption --

Q. You're saying this is a partnership.

A. No, no. Just a second, Mr Sumption. Let's -- about terminology, let's discuss about terminology. Now I describe you the sense.

The sense, I never changed my mind where the sense is concerned. The sense is absolutely clear. I have obligation in front of me, Badri and me, we have obligation in front of me for Abramovich and Mr Abramovich had same obligation in front of us.

If we had any proposal to invest, we should first of all to go to Mr Abramovich, say, "Mr Abramovich, we got this opportunity and we propose you to join to us at the

same condition", because the terms and conditions of cooperation we agreed before, 50/50 everything; and if Mr Abramovich accept our proposal, we invest together through our dividends or through our profit generated everything connected to Sibneft.

That's it. This is my understanding.

- Q. Now, in 1995, when you claim to have entered into this agreement, you have told us that you regarded Mr Abramovich as a minor oil trader with no real business track record. That was your view of Mr Abramovich in 1995, wasn't it?
- A. Yes, Abramovich didn't have any powerful name in oil trade or special and I told you that the main reason why I accept to cooperate with Abramovich, because I was surprised how he is perfect in cooperation with very complicated people. My impression was about his cooperation with Mr Gorodilov Viktor, that's it, because I knew this person, I knew how complicated he is, and I was surprised that Abramovich, being so young, create so fundamental relations with this gentleman.
- Q. Are you seriously trying to say that Mr Abramovich in 1995 was given an absolute right to have 50 per cent of any future business opportunity that might come your or Badri's way? Is that your evidence?
- A. It's absolutely correct. Everything what's generated by

Sibneft profit. And, as I told you already and I gave my witness statement, that everybody round me, Badri first of all, Natalie Nosova, who is sitting, and my wife Elena, everybody was surprised that I, from the first, from the very short knowledge of Abramovich, proposed him -- proposed that. Because Badri proposed different. I want to stress, Mr Sumption, that it was my proposal, not Abramovich proposal. It was my proposal. Because Badri proposal was to share one-third, one-third, one-third, and it's also -- it also looks like absolutely perfect.

But understanding that it's a great business, understanding that Abramovich produced to me great impression and I think that it's absolutely -- if I want to build long-term relations with this person, I am not greedy; 25 per cent of Sibneft is more than enough. And it's the reason why I took this decision.

Moreover, Mr Sumption, I tell you a little bit later Abramovich learn a little bit about my way of making business and if you remember, when we made marriage, my Lady, with Deripaska and he came with -- I forgot the name -- SibAl company, he had just -- his assets were just half of assets which we bought from -- company was our aluminium assets which we just recently bought, and Abramovich came to us already with proposal to give

Deripaska 50 per cent and I was surprised why he said 50 per cent Deripaska if he has just half what we have. And Abramovich explained exactly, like I explained long time ago to him, that if we want to have proper partner which will be happy, which never trick you, you should pay respect to him. And it's exactly what I was doing at that time.

Again, Mr Sumption, you're absolutely correct, it surprised everybody around me. But I think that if we create so strategic important business, if Abramovich take opportunity to manage them, he should pay respect me forever and it's the reason why I was so, so shocked when I recognised that he had tricked me.

MRS JUSTICE GLOSTER: Right. Mr Berezovsky, I'm going to cut you off a bit because you're going on a bit.

THE WITNESS: So sorry, my Lady.

MRS JUSTICE GLOSTER: Could I just ask you this: when you say in your witness statement at paragraph 104?

A. 1...?

MRS JUSTICE GLOSTER: Paragraph 104 of your witness statement --

A. Just a second.

MRS JUSTICE GLOSTER: -- which Mr Sumption has just been asking you about.

A. Yes. Yes, yes.

MRS JUSTICE GLOSTER: What were the terms of the right of first refusal? Was there an agreement that if you wanted to go into the new venture, you had to put up 50 per cent of the capital for it as well?

A. Yes, absolutely. It means that we should put --

MRS JUSTICE GLOSTER: Match the capital that the other party was putting in?

A. Absolutely correct. Absolutely correct.

MR SUMPTION: Was that actually agreed? Do you say that was agreed?

A. Absolutely correct. It was agreed that we invest 50/50, definitely.

MR SUMPTION: Right. So that's something we should add to your witness statement, is it?

A. Thank you very much, but it was absolutely clear because we share the profit 50/50 and if we go to new business we should share 50/50 our investment.

Q. Now, Mr Berezovsky, if you are right about this, it would mean that you would be a minority holder or might be a minority holder of any future business enterprise that you might decide upon. Do you follow me?

A. I don't understand why.

Q. Okay. Let me explain. According to you, Mr Abramovich had a right to a 50 per cent participation, if he wanted to take it up, in any future business opportunity that

you or Badri might identify.

- A. 50 -- whatever we obtain together, it's correct.
- Q. Right. Now, that meant, if he said, "Yes, I'll take that up", that you, Mr Berezovsky, would only have 25 per cent?
- A. 25 per cent me, 25 per cent Badri and 50 per cent Abramovich: the same conditions like we agreed as far as Sibneft is concerned. It's correct.
- Q. So you say that you were agreeing to give Mr Abramovich an absolute right to 50 per cent of any business opportunity that you might subsequently light upon and to reduce your own holding to 25 per cent?
- A. Why my own holding? I said that we and Badri one part, Abramovich is the other part, and we go at the same proportions as we go to Sibneft. Why I should reduce that? I don't understand. Where's the logic?
- Q. But what you say about your partnership with Badri was that you each had half. So effectively you were agreeing that you, personally, would only have 25 per cent of your own future business opportunities; that's what you're saying.
- A. Yes, it's correct. Together with Badri we have 50.
- Q. And indeed it must have been obvious to you that Badri, like you, was mortal and might die?
- A. I don't want to return to this point. You're absolutely

correct but we discussed in absolutely opposite way with Badri. Badri was ten years younger than me and one day -- and it's happened already in this country, after Litvinenko, Alexander Litvinenko was poisoned and died, he was my close friend, and I start maybe the first time to think that I could maybe also be, let's say, seriously damaged. It was not the first -- it was plot here to kill me, not Litvinenko and it was officially registered by British intelligence service and announced publicly, but nevertheless I didn't think that it's so close. When Litvinenko died, I realised it's really very close.

And I told to Badri, "Badri, look, I have a lot of wishes", and I told Badri, "Badri, look, if I die, that, that and that". I understand the formality, a lot of issues, but it's necessary not only to write; it's necessary to act. And when I start to discuss with him, Badri told me, "Boris, stop, stop, stop, but I will die first", because I have so big family and so many children that Badri refused the idea that he stay alone in front of my problems.

It means that you're absolutely correct, Mr Sumption, that I should think about that, but I did not think so much about that.

Q. I thought the effect of the answer that you've just

given was that you must have done because you feared that you were going to be killed?

A. Mr Sumption, I gave you answer. My way of understanding my life and understanding the dangers which I am, unfortunately it's too much, it's true. But believe me that I did not calculate in terms that Abramovich will die and they finish the story and what happened then, because I thought that Abramovich in many case is a truthful partner and he knows what problem I could face. It turned out that it's not, but at that time I didn't think about that.

Q. Mr Berezovsky, you couldn't possibly have agreed to give Mr Abramovich a share in any of your future businesses that was twice as large as yours?

A. No, Mr Sumption, moreover, I not only plan it from the very beginning; I even demonstrate that when I propose Abramovich to share ORT 50/50, the TV channel company. When Abramovich refused to participate in payment in ORT because I thought that it's clear that as far as it was the best argument in front of president that to obtain any business opportunity to funding ORT, and Abramovich refused that. It was his choice and I can't say anything.

Q. A large part of your reason, according to your evidence, for saying that 50 per cent of Sibneft should go to

Abramovich was that he was actually going to be managing the company. Do you agree?

A. It was other reason, because my reason in front of Badri, I said, "Badri, they will manage the company, it means that they should pay also for management, they should be loyal partners for us because they manage, they may calculate like they are, and if you want Abramovich will be happy with that, we give him 50 per cent; the rest is enough for us".

Q. But as I understand it --

A. This is my philosophy.

Q. As I understand it, what you are now saying was agreed in relation to future ventures was that Mr Abramovich would be entitled to a 50 per cent interest even if he wasn't managing the future business opportunity.

A. You're absolutely correct, and what happened as a result exactly this story, when Abramovich insist to manage it himself, and months later he gave up it to Deripaska. It really surprised me.

Q. But if there were some future business opportunity that you or Badri had identified in which Mr Abramovich had no expertise and no experience and no interest and was not going to be managing, as I understand what you're saying, he was still going to get 50 per cent?

A. You're absolutely correct, and moreover I even didn't

think about that at the time when I agreed to reduce the conflict of interest. We should share everything 50/50.

Q. This part of your evidence and pleading, Mr Berezovsky, has been invented by you in order to help you with the claim that we haven't yet come to, to Rusal, hasn't it?

A. I don't understand.

Q. You made it up --

A. Just a second.

Q. -- in order to help you to establish an interest in Rusal?

A. No, I just gave you example. I gave you example that it's happened when I got proposal to buy these aluminium assets, according of our agreement '95 with Abramovich, I came first of all -- definitely we discussed that -- with Badri and then we agreed that we go to Abramovich to propose him to participate in that.

Q. Now, I want, before coming on to your intimidation allegations, to deal with a number of relatively minor points.

First of all, you say in your witness statement that you told Mr Abramovich that you and Badri were in partnership on a 50/50 basis at some time in 1995.

A. Yes, from the very beginning when I return back from the cruise from the Caribbean and when I introduce them to each other, from the very beginning I -- moreover,

I think -- moreover, I don't remember well but I think that already being on the boat, I told -- I discussed with Abramovich how I close with Badri because it's well-known story, my relations with Badri.

Q. Mr Abramovich's evidence is that he could see by simple observation when he was introduced to Badri in March 1995 that he was a close business associate of yours, and that was confirmed over the following months and years, but he never knew what the terms of your arrangements with Badri were and had no reason to enquire. What do you say about that?

A. It's absolutely wrong. It's all wrong because my relations with Badri and my participation 50/50 in everything was common knowledge for business community and we were not -- and we were very visible in business community already at that time, I mean in '95, when I introduced directly Abramovich to Badri.

Moreover, I tell you my recollection now is that Abramovich knew well that Badri is my partner even when we had been on the boat because all people who present to me, Mr Abramovich -- I mean, Mr Aven, who invite us together, and first time when I met Mr Abramovich on the boat, Mr Fridman -- they knew well my relations with Badri.

Q. In the Chancery proceedings, Mr Berezovsky, your case is

that you didn't become Badri's partner until August 1995. So you can't possibly have said that to Mr Abramovich right at the outset.

- A. We discuss the point how it's happened that we become partners with Badri. My partnership with Badri on the basis of 50/50 happened when we moved to ORT. And it's absolutely wrong to say that it's happened just on the late or middle '95 because ORT story was a special story when people who work in Logovaz split in two camps: those who want to go to ORT and those who refuse to buy ORT because it was too dangerous.

And Badri made a choice in my favour and it's the reason why I become -- I propose Badri to become my partner on the condition like Abramovich, because Badri didn't have a lot of assets at that time and a lot of shares in the company, and I split with him 50/50. It was always the same like with Abramovich, but long-term already agreed before with Badri.

- Q. Now, Mr Berezovsky, one of your other business partners, indeed possibly your closest business partner of all, was Mr Glushkov in the 1990s, wasn't it?
- A. Yes, it's correct. But, as you remember maybe, that in '92 Glushkov left Logovaz, giving me all his shares for nothing, and joined Avtovaz.
- Q. Yes. But you were a joint venture partner with

Mr Glushkov in, for example, Andava in Switzerland, weren't you?

- A. What do you mean "joint venture"? We had absolutely clear structured Switzerland company with the shares in the company.
- Q. Yes, and you and Mr Glushkov were in that business together, weren't you?
- A. Yes, we have been together. It's correct.
- Q. When did you first tell Mr Glushkov that you were in a 50/50 partnership with Mr Patarkatsishvili?
- A. I don't remember that well. As I told you, Mr Glushkov made the other choice. Mr Glushkov decide to go to Avtovaz in '92 and after that my very close relations with Glushkov changed and, as you know, after that Glushkov never returned back to Logovaz. He made his personal choice in favour of Aeroflot and after Avtovaz he moved his activity to Aeroflot.
- Q. Andava was a company that you owned together with Mr Glushkov well after 1992, wasn't it?
- A. This company was created Glushkov and me and I don't remember, maybe some other parties, and this company was created to generate -- to find the funding on the west to create a common (inaudible) company, which I start to develop Andava, you're absolutely -- Ava, sorry. Ava. It's the reason why it's the name Andava. You're

absolutely correct.

- Q. Now, Mr Glushkov tells us that he didn't learn about your arrangements with Mr Patarkatsishvili until after he came to England in 2006.
- A. It's exactly what I told. I don't remember how we discussed that with Mr Glushkov. It's the reason -- because he -- we split with him and he start to make his different business. And it could be that Glushkov didn't know that but Abramovich was informed about that because we planned to have joint business -- I mean Abramovich, Patarkatsishvili and me -- and Glushkov that time already left business which were owned -- which were managed together.
- Q. So it's not in fact correct, is it, to say that your relations with Mr Patarkatsishvili were well known? One of your closest friends and business partners, Mr Glushkov, didn't know until five years ago.
- A. Mr Sumption, it's absolutely perfect known fact in business community who, let's say, operate that time in -- maybe mainly in Moscow, yes? But I would like to stress you again that Mr Glushkov split with me and he was not more involved in business which I pay at least a little bit attention.

It means that Mr Glushkov generally is very special person, and you will definitely recognise that when you

question Mr Glushkov. I don't know anyone in the world who, just for nothing, gave me, present me his shares when he left Logovaz, the company which we created together.

Q. No, he presented them to you -- I think you've got the date wrong, Mr Berezovsky. He presented you his shares in 1997 --

A. Yes, 1997.

Q. -- not when he left Logovaz in '92?

A. No, not when he left Logovaz, it's correct wording. After he left Logovaz, it's correct wording. But definitely he gave me his shares later.

But again, it's very special man, it's very special, incredibly truthful and you will see that. But it's absolutely true that I did meet Glushkov a lot after he left Logovaz and then it was his choice and he joined finally Aeroflot, in spite of he refused the first time proposal to become -- to took a position there, first deputy of general manager of Aeroflot.

Q. Right. Can I turn, please, to your political position in Russia in the last two or three years of the 1990s.

Now, I think it's your case that you were a man of very great political influence throughout the period '95 to 2000. That's right, isn't it? That's what you say.

A. Yes, that's what I say.

- Q. Now, there was, however, a time, wasn't there, during the premiership of Mr Primakov in 1998 and 1999, when you experienced some political difficulties?
- A. All the time I had a lot of political difficulties, not just in time of Primakov.
- Q. Mr Primakov was a former member of the Soviet Politburo, wasn't he, whose political views were very different from yours?
- A. Who was?
- Q. Mr Primakov.
- A. Yes, yes. Mr Primakov, former member of the Soviet Politburo. Is it true? I don't remember that he was member of Politburo. Maybe.
- Q. His political views were very different from yours, weren't they? You didn't see eye to eye with Mr Primakov, did you?
- A. Primakov is a member of Russian Academy -- of Soviet Union Academy of Science, and I also member of Russian Academy of Science, and I knew him well in Soviet time. And I met him not once, because this Academy of Science of Soviet Union was very, as you told, enclave organisation because it was just 800 selected people from all Soviet Union, the best scientists which were elected to Academy of Science of USSR, and I was one of them on the position of correspondent member. It means

that it's less position than academic, and Mr Primakov was academic but I knew him well.

Q. Are you trying to suggest that you were friendly with Mr Primakov during 1998 and 1999?

A. You know, it could be funny but it's correct.

Q. Really?

A. Yes, because --

Q. What you say in your --

A. Just a second, may I tell you? Because it was -- I was one who discussed with President Yeltsin when we faced a crisis in '98, it was intersection of political crisis and economic crisis. Everybody knew that Primakov was left wing, that Primakov close to Communist, he already was not Communist but he close to Communist, and on the other hand we didn't have choice at that time because we should reduce political and economic crisis together at the same moment.

And I was the person, personally, I was the person who communicate to Primakov, who talk to Primakov, asking him to accept the proposal of president to become prime minister. As soon as he become prime minister, we become enemies. But what is important, that at that time I didn't understand that he immediately start to move left. On the other hand he was very helpful that time, Mr Sumption, because he was the person who solved

the crisis.

MRS JUSTICE GLOSTER: This was the financial crisis?

A. Financial and political crisis, because many people in Duma, in Parliament, were hate Yeltsin and they also -- they even tried to impeach him, yes? And Primakov was the person between Democrat and Communist, he was at that time very correct person, and it's the reason that I was not enemy with him. When he become to this position and fight against of business, then we become enemies; it's correct.

MR SUMPTION: By early 1999 you describe in your witness statement how you became one of Mr Primakov's main targets.

A. You're absolutely correct. As I told you, in short time we become enemies.

Q. Yes. And he got you dismissed as the CIS executive secretary?

A. You're absolutely correct.

Q. Now --

A. Not "he got"; he got president, he convinced president to dismiss.

Q. Okay. He got Boris Yeltsin to dismiss you?

A. Yes, correct.

Q. Now, as a result of your falling out with Mr Primakov, you found yourself at the receiving end of police raids

and criminal investigations, did you not?

A. Yes, it's true. But, as I remember, criminal investigation as far as Aeroflot is concerned start even before Primakov took power.

Q. Yes. Well, they had been on and off, hadn't they, these investigations?

A. Yes, yes, many times. Putting off, then putting on; it's the same story.

Q. In January 1999, after you'd fallen out with Mr Primakov, the public prosecutor reopened the investigation into allegations that you and Mr Glushkov had defrauded Aeroflot?

A. Yes, it's correct.

Q. On 26 April, were you interviewed by a special investigator from the public prosecutor's office --

A. Yes.

Q. -- and charged with currency violations and money-laundering?

A. Yes, it's correct.

Q. 26 April 1999.

A. I don't remember exact the date which you said but I think it's correct.

Q. On 12 May 1999 Mr Primakov was dismissed as prime minister by President Yeltsin, wasn't he?

A. It's correct.

Q. It was widely reported at the time that you were a significant factor in the dismissal of Mr Primakov; is that correct?

A. It's absolutely correct.

Q. Is the position this: that on about 28 April, a day or two after you had been charged with currency violation and money-laundering, you went to see Mr Yumashev about it?

A. Not at all. And if you also -- if you really want to understand what happened, the same day when I was questioned by the general prosecutor office, I went out of the office and it was a lot of mass media, yes, and I made interview and I directly said that it's Primakov who try to squeeze business and so-so, like that. And when I returned back to my office in Logovaz Club, I got a call from former prime minister, Mr Chernomyrdin. He said, "Boris, are you free now?" I said, "Yes, I'm free". He said, "Could you come to meet Primakov", at that time prime minister, "because he disagree what you said in your interview".

And I jumped to the car. In half an hour I have been in White House and I -- there was Mr Chernomyrdin who were waiting for me and we together went to Primakov office and Primakov said that, "Boris, you are absolutely wrong, I never tried to convince general

prosecutor to open the case and so-so". But I present him paper which was with me in my pocket, when he by hand wrote message to general prosecutor to open the case against of me, against of the company, okay? It was completely illegal because he didn't have power to influence to another branch of power what I said to him, and after that definitely we become absolutely enemies.

And I report definitely that to all my close circle, including Mr Yumashev, that Primakov doesn't pay attention even to the law, which we just tried to establish was the beginning, and it's one of the reasons and I'm happy that I was so influential to dismiss Primakov, to help dismiss Primakov at that time.

Q. Did you or did you not, at the end of April 1999, go to Mr Yumashev and try to persuade him to get the president to sack Primakov?

A. I can't exclude that.

Q. Well, you say you can't exclude it, but in your asylum application you positively asserted that you had done that.

A. Fantastic. It means that it's -- my asylum application was done long time, it means that I was absolutely correct that I -- I can't exclude, it means that I don't remember, but now you remind me.

Q. Right. So you did remember when you prepared your

asylum application that you had been to see Mr Yumashev and you say that your concerns about Mr Primakov had some impact because about two weeks later, on 12 May, Primakov was dismissed by the president?

- A. Again, I don't refuse that. You just asked me exact what happened '98 and you refer me back to my political asylum statement, which was given 2000 -- I don't remember -- 3, 2002. I just don't remember that, but it's absolutely logical. And it's the reason why I answer that I can't exclude that, because it's my way.
- Q. In the light of the witness's answer we don't need to turn this up but for your Ladyship's reference and the transcript that is at bundle R(E)1/01/1, is the document and this is at R(E)1/01/36 and 37, paragraph 82 of the document.
- A. Mr Sumption, my Lady, if you allow me to make this point more clear, I just --

MRS JUSTICE GLOSTER: Yes, go on.

- A. Two minutes. Because, as I understand, the idea of Mr Sumption is that because I afraid to be arrested, yes, in fraud and something, and I decide to influence to fire Primakov.

I just give you an example: when in 2000 I was already not in good relations with our president, new president, I mean Putin, I was voluntarily decide to

leave Parliament, as a member of the Parliament, in spite of I have immunity as a deputy. It means that I don't afraid Primakov, believe me, it's not the reason why I tried to convince president to fire him, because I recognise that he's really dangerous not for me personally, for the country, and it was only reason why I try to convince president to make this step. This is the point.

MR SUMPTION: Now, this incident was a particular display of your political influence, wasn't it? It demonstrated quite how influential and powerful you were at that stage?

A. I think it demonstrate what we discussed from the beginning: that I have power to persuade people and to explain the others what from my point is correct and to build logic and -- under that. This is only. Influential, you may "influential" to bribing people, yes? You're also influential, yes? It's not bribe. It's my belief what I were doing and it's influence to people definitely.

Q. Would it be fair to say that in the period of a year after May 1999, you were at the height of your political influence in Russia?

A. You were...?

Q. That your political influence in Russia was at its

highest point during the period after the dismissal of Primakov in May 1999?

A. I can't say that. It's not my estimation should be done. I just was happy that president took this decision because not only me who help him to take this decision, it will be finally to say, but Mr Putin as well help president to take this decision because, as you know well, the two main targets of Primakov at that time were Putin, as the head of FSB, and me as well. Putin as the head of FSB because Primakov want to put his person to this position. It's reason why exactly at that time we become very close with Putin.

Q. Now, Mr Putin took over as acting president at the very end of 1999, didn't he?

A. Acting president, yes. It was 31 -- 1 January, I would like to say.

Q. 1 January, right.

A. Yes.

Q. Was that because of Boris Yeltsin's illness?

A. Yes.

Q. And your relations with Mr Putin, as I understand it, were initially very good, were they not, at first?

A. They were very good because I knew Putin from '91 and we cooperate -- he was not my close friend but we had very good relations.

- Q. And you supported his election campaign, didn't you?
- A. Mainly I supported the Parliament election campaign because it was decisive point in '99. But as well I supported his election campaign as a president but it was already game over because after Yedinstvo, the new political power, won Parliament election, no doubt that who is in the chair of prime minister will win election and at that time in chair of prime minister was Putin.
- Q. Yes. Well, you supported his election campaign with both money and broadcasting support, didn't you?
- A. You're correct.
- Q. It wasn't until the summer of 2000, when your media started criticising Putin's policies and competence, that your influence in government declined?
- A. No, it's not so. You said my media: yes, that time I control ORT, the most influential channel, and newspaper Kommersant and other TV channel. But conflict with president -- with Putin started before. And as far as Chechnya, the second war of Chechnya is concerned, ORT and Kommersant criticised Putin even before he become president, even when he has been just prime minister.
- MR SUMPTION: My Lady, I'm going to turn to the question of intimidation and your Ladyship may find that a convenient point to break.

MRS JUSTICE GLOSTER: Yes, very well. Ten minutes,
Mr Berezovsky.

THE WITNESS: Thank you.

(3.08 pm)

(A short break)

(3.18 pm)

MR SUMPTION: Mr Berezovsky, I want to ask you some
questions about your case in relation to intimidation
leading to the sale of ORT. I'm going to deal with
Sibneft later.

In your witness statement starting at paragraph 310,
if you want to remind yourself of what's in your witness
statement --

A. I don't remember coincidence with the number and what
is written.

Q. I'm just trying to help you by telling you whereabouts
you deal in your witness statement with this subject.

A. Thank you.

Q. 310 and following.

A. Just a second, I'm sorry.

Q. In this part of your witness statement you describe
meetings which you and Mr Patarkatsishvili had with --

A. Sorry. It's unfortunately different -- it's wrong.

Q. D2/17/263.

MRS JUSTICE GLOSTER: Paragraph 310.

MR SUMPTION: I'm not going to ask you about specific bits of it but I want you to have it open.

A. Yes, yes.

Q. Okay.

Now, in this part of your witness statement, you are describing meetings which you and Mr Patarkatsishvili --

A. Yes.

Q. -- had with President Putin's chief of staff, Mr Voloshin, and then with President Putin himself, at which you say they threatened you --

A. It's completely wrong. I have been alone; Mr Patarkatsishvili have not been.

Q. Yes, I know, but Mr Patarkatsishvili had other meetings which he told you about.

A. Correct.

Q. I understand that. Now, the meeting which you had with Mr Voloshin, as I understand it, that was at your request; see paragraph 310.

A. I return -- I have been in France.

Q. Sorry?

A. Sorry. I have been in France when a submarine sunk and Putin had been in Sochi, in Black Sea location.

Q. Yes. But you rang up Mr Voloshin --

A. Yes, yes, I ask -- it's exactly what I want to add. First of all I asked president to have a meeting by

telephone and I return but he said when he will be Moscow back, we will have, and he said, "Connect to Voloshin". And when I returned back to Moscow I called to Voloshin and asked organise meeting with president; it's correct.

Q. Now, if Mr Voloshin and Mr Putin had wanted to threaten you, they surely would not have waited for you to drop in for that purpose, would they?

A. What does mean "drop in"?

First of all I would like to remind you, Mr Sumption, that the first meeting that I had with Voloshin without presence of President Putin and only next day they have been together. And I was shocked, not less than you in your question now, when I came there to explain why president is doing wrong hiding, not appear -- not show up for the people, and this was my main reason to meet Mr Voloshin.

But instead of this point, Voloshin start to present me that ORT is placing president -- president only told me by telephone, "What, did you decide to fight against me?" But I think it is a joke, yes, because we had good relations still. But Voloshin was absolutely serious, saying that I'm against of president and I follow Gusinsky to jail, because Gusinsky, as you remember, at that time already was jailed a couple of times I think.

Q. Now --

A. And if -- that surprised me.

Q. Have you read the witness statement of Mr Voloshin in these proceedings?

A. Yes, I read -- I don't remember well but I read it from the beginning to the end.

Q. Right. He has denied your account of the meetings that you had with him and President Putin, has he not?

A. I didn't recognise if he denied that. The contrary, as I remember: he confirmed that there were two meetings with him personally and as president and him.

Q. Yes, he doesn't deny the meetings occurred; what he denies is your account of those meetings.

A. Yes, definitely Voloshin denied. My question is just one: why he decide deny today but not immediately after my open interview where I blame him personally that he tried to threaten me? It was -- it's happened a couple of days later when I met president. I especially didn't mention president, not to put him directly, that he also was threaten me, that he threaten me, but I put directly that -- I don't remember -- "High-level officials from your administration threaten me", this was my presentation, and Voloshin never refused that, that time. Now, when he support Abramovich, he decide to say completely opposite.

Q. He says that at the meeting that you had with him, he did say that the government wanted you to stop using ORT for your own political purposes but he did not demand that you should sell out of ORT.

A. He is lying.

Q. He also says that at the meeting with President Putin, Putin said that he wanted to see ORT run collectively by its board of directors and its director general, and not just by you in your own interest.

A. He is lying.

Q. He's lying about that too, is he?

A. Correct.

Q. And on neither occasion were you threatened with imprisonment or with the fate of Mr Gusinsky.

A. He is lying as well.

Q. Now, I suggest that you have overdramatised this incident in the account that you wrote about it shortly afterwards in Kommersant for the purposes of the press campaign that you were in the process of running against the president.

A. That time Mr Voloshin had great opportunity to answer and say, "Berezovsky is lying". It didn't happen like that because I took absolutely open position, gave interview to mass media, and it's just only question: why that time Mr Voloshin did not answer openly? This

is the question. Because he absolutely perfectly knew that it was true. And moreover, what happened later just demonstrate that it's true.

Q. Your initial response to the dispute between Mr Putin and yourself was to announce that you intended to place your ORT shares into the hands of a group of journalists and prominent cultural figures so as to safeguard it from the State. Do you remember that?

A. Even more, maybe you remember also it is in my witness statement that when Putin run presidential campaign and become president, recently -- shortly after, I came to Mr Voloshin as I remember, but I think I talk also to president, that I decide to give my share up to under control of -- not under control -- to make ORT like BBC, really that I don't want more to have control in OR -- to be shareholder of ORT because it's too much for me because I believe that Putin becoming president continue Yeltsin reform. It's the reason what I voluntarily came to Voloshin, and I talk to Putin as well, that I don't want more to own ORT shares, I want to give them up.

Q. Right. You were --

A. And you're absolutely correct, that when I recognise that Putin turn back, that he -- I mean back from democracy, to --

MRS JUSTICE GLOSTER: Just a second, please.

Right. I'm told that sound has been lost in the other room. Is that right?

COURT OFFICIAL: It's okay now.

MRS JUSTICE GLOSTER: It's back. Thank you very much indeed.

MR SUMPTION: Perhaps I should talk louder.

THE WITNESS: No, still people who are interested again in the other room even.

MR SUMPTION: Now, that proposal to put the shares of ORT into the hands of a group of journalists and intellectuals was made in September 2000, wasn't it?

A. I think yes, in September 2000.

Q. Right.

A. As a trust, TV trust.

Q. Shortly after that, the possibility arose of your selling your stake instead to Mr Abramovich. Do you recall that?

A. No, I don't recall that. Opportunity happened when Abramovich threatened me, saying that being messenger of Putin.

Q. Do you say that there was no discussion with Mr Abramovich about the possibility of his acquiring your shares in ORT until your meeting with him that you say happened at Cap d'Antibes in December?

A. First of all, not until my meeting at Cap d'Antibes in

December; until my meeting in Le Bourget, and you know that well. And the second, I really knew that Badri start to negotiate that. It does matter that I was completely opposite of that but it's true that Badri start to discuss that before our meeting in Le Bourget.

Q. Yes. In fact he started to discuss it right back in September or October, didn't he?

A. I don't remember that --

Q. And he discussed --

A. -- in September/October, but definitely it was completely opposite what was -- what I was trying to do to give up my shares to trust to journalists and intellectuals.

Q. He discussed it with Mr Abramovich and you knew about that presumably because he told you, Mr Patarkatsishvili told you?

A. Yes, we had completely different opinion what to do and Badri position was that we need to be calm, we need to be quiet, that it's dangerous for us. My position was completely opposite and I present my position also openly. It's the reason why I decide to create TV trust and the decision to cancel this idea.

I declared only after Nikolai was arrested, December 7, 2000, and I gave interview to several mass media, including Ekho Moskvyy, where I announced that

I don't have choice. And I didn't have this choice also referred to people who I invited to trust saying that now it's dangerous not for Nikolai, who is in jail, but elsewhere for them and that is the reason why I decided to stop that.

Q. Right. Now, when this subject was raised with you by Mr Patarkatsishvili in September or October, as I suggest, you were initially reluctant to sell but you authorised Mr Patarkatsishvili to continue his discussions with Mr Abramovich, did you not?

A. I never authorised Mr Patarkatsishvili to continue his discussion with Mr Abramovich because, as I told you, I was opposite of that. But I understood dangerously where we are, particularly after Mr Putin interview in Figaro, as I remember, 26 December, when he said -- and it's quoted -- "State has cudgel in his hand and the State will hit at the head but once", and the head -- not a head, the head -- it was addressed to me, to request to the question of journalists.

Q. That was in October, wasn't it?

A. Yes, 26 October.

Q. Right.

Now, Mr Patarkatsishvili would not have engaged in negotiations on this subject with Mr Abramovich if you were opposed to him having discussions at all, would he?

A. No. Badri and me, we had completely -- first of all -- different understanding -- not completely different understanding but what is the most important, different behaviour. Badri all the time tried to find the solution because he afraid that Abramovich -- already at that time he start to afraid that Abramovich will try to cut his obligations in front of us and that is the reason why all the time Badri was very accurate with Abramovich, up to -- even up to almost his die, he all the time tried to negotiate to Abramovich more or less, tried to be in touch with him. It was completely opposite of my position.

Q. In the course of the negotiations between Mr Patarkatsishvili and Mr Abramovich, they reached agreement in principle that your stake in ORT would be sold to Mr Abramovich. Initially the price agreed was \$100 million. Do you accept that or do you deny it?

A. No, not at all. Mr Sumption, you know that as a fact, that the discussion started when Mr Gusinsky was in jail, from that time State start to ask us, to press us to sell the shares. And it was meeting, as you correctly said, not only me with Putin but also meeting with Badri with Putin, yes, and Putin put Badri in front of the choice: or Badri will stay with me and continue to do any business he want; or Badri stay with me and he

will be pressed like me.

And after that, Putin recommend Badri to meet Mr Lesin, at the time minister of information, and Lesin propose Badri to pay \$300 million for shares, for our shares in ORT. It's well-known fact.

Q. Yes.

A. And we refused that. We refused that. I refused that. Badri said, "Boris, we should sell", and so, and I said, "Badri, no". And we didn't sell, even for 300.

Q. Mr Lesin subsequently withdrew his offer of \$300 million, didn't he?

A. I don't know anything about whether he withdrew. I know that just Mr Lesin is exactly the person who got signature of Gusinsky when Gusinsky had been in jail and Gusinsky gave up his shares of ORT to under State control. Exactly Lesin was the person who visited Gusinsky in jail.

Q. While these discussions between Mr Abramovich and Mr Patarkatsishvili were going on, Mr Abramovich visited you at Cap d'Antibes on 6 November 2000, did he not?

A. As far as me is concerned, I don't remember this meeting at all. I remember our meeting in Cap d'Antibes in December 2000, after Nikolai was arrested; this I recollect, this I remember. But as far as our meeting in 6 November -- in 6 November, I don't remember this

meeting.

Q. Since your acquisition of the Chateau de la Garoupe at Cap d'Antibes, you must have seen Mr Abramovich there many times?

A. Yes, it was our favourite place to meet for me and Mr Abramovich as well, and later on he bought property himself in the same region.

Q. Now, you can't possibly remember now, can you, whether one of those meetings happened on 6 November --

A. No, again, I remember perfectly meeting in December and I don't remember at all -- again, I'm very precise, I don't say that impossible and so. But I don't remember any meeting in November with Abramovich at all but I remember well meeting in December with Abramovich.

Q. Mr Abramovich's flight records show that he flew from Moscow to Nice on 5 November and returned late on the 6th.

A. Mr Sumption, my proposal is very clear --

Q. I haven't asked my question yet.

A. Ah, sorry. Excuse me.

Q. Can you think of any other reason why he might do that --

A. Could you repeat, please, the date?

Q. -- in November 2000, other than to come and see you?

A. I see a lot of reasons why he can do that. I know that

he many times has been on the south of France without visiting me.

Q. Now, subsequently, in the middle of November, there was a further meeting between Mr Abramovich and Mr Patarkatsishvili, was there not, at which Mr Patarkatsishvili said that you were unhappy with the terms previously agreed and invited Mr Abramovich to renegotiate them at a higher price of \$150 million?

A. Again, I don't remember anything about such kind of meetings, the first. The second, I'm sorry that I refer to the previous question, Mr Sumption: if we operate with the stamps in the passport of confirming our travelling, it's a completely different story and not to make -- not to mislead my Lady, we need first of all to give knowledge to my Lady what it means.

It means that let's operate in just -- just not in fact of stamps in the passport because you know well the problem which we have together, and Abramovich and me --

MRS JUSTICE GLOSTER: Just track back a bit.

Do you deny that the meeting took place in November or do you accept that it's possible that it may have done but you have forgotten?

A. Yes, it's good question. I likely deny that then, to say that it's --

MRS JUSTICE GLOSTER: You positively remember it didn't

happen?

A. Yes. Absolutely correct.

MR SUMPTION: Mr Berezovsky, how can you possibly positively remember that among the many meetings that you've had with Mr Abramovich in the south of France, one of them did not happen on 6 November?

A. I explain you why: because that time I just left Russia, yes? I left Russia, as I recollect, 30 October.

Q. Mm-hm.

A. And next point what I remember: that we agreed we need to talk, because I left not very well prepared to leave, yes, to leave Russia, and next -- and we discuss with Badri and with Abramovich, I think with Abramovich by telephone, to organise a principal meeting, we start to discuss at approximately the middle of November, at the middle of November. We start to discuss principally: do we have chance? When we will fix the meeting to discuss about what is happening?

My Lady, if you read my statements, I did not remember at all at the beginning, I forgot completely -- and this is my answer to Mr Sumption -- meeting in Le Bourget, the principal meeting when we talk so much about how we deal -- continue to deal together. And if, my Lady, you analyse what I present, I forgot completely about meeting in Le Bourget; completely. And only when

I was informed that there is a taping of that and I was reminded, I was presented here first of all extract of this meeting and I heard voice of Abramovich, I heard voice of Badri and myself, only then I recollect that we had this meeting, but I didn't recollect even when exactly; and only when I got the full transcript, step by step, I reconstruct that it's happened 6 December 2000.

Just to give you better understanding how my memory is organised, yes? I didn't remember at all the principal meeting when we agreed and we understand each other much better, I understood that Abramovich already is betraying me. But it's principal meeting, but I forgot that. I know the reason, I explain it later, why I forgot. I know the answer now.

Q. At some stage in the first half of November 2000, Mr Patarkatsishvili came to you or spoke to you and told you, didn't he, that Mr Abramovich was prepared to pay \$100 million for the stake in ORT, and you said you were unhappy with that. Do you agree that that exchange took place between you and Badri?

A. I don't remember then Badri told me that Abramovich -- or maybe -- just a second. (Pause)

I don't remember that.

Q. You don't remember that. Do you deny it?

- A. I deny it.
- Q. And you said that you might be interested at a higher price, didn't you?
- A. 100 per cent wrong, because I was not even -- it was not even under discussion from my position to sell it.
- Q. Subsequently, Mr Patarkatsishvili came to Mr Abramovich in Moscow and said you were unhappy about the deal previously agreed, that it could probably be done for \$150 million?
- A. Mr Sumption, impossible. Again, I did not take a decision to sell ORT shares until Nikolai was arrested. It's absolutely no doubt about that.
- Q. Do you recall that in October and November 2000 you authorised Mr Fomichev to discuss with Mr Gorodilov, one of Mr Abramovich's staff, the administrative details of the transfer of your ORT shares to Mr Abramovich?
- A. Definitely not.
- Q. Are you aware that in fact Mr Fomichev did discuss the details of that transfer with Mr Gorodilov in October and November 2000?
- A. Definitely I don't -- I was not aware about that. Definitely I also read -- not so attentively like Mr Voloshin's statement -- Mr Gorodilov's statement and, as I remember, he discussed about that.

Again, Mr Sumption, I didn't authorise anyone,

including Badri, to talk about selling ORT shares. This is absolutely 100 per cent I am sure in that because it was my clear position. Up to the last moment, when they took Nikolai in jail, definitely I change my mind in a second; but up to that, no chance.

It's the reason why even understanding the battle, even convince journalists to create a TV trust, to put in trust my and Badri's shares. It's the reason why we prepare to restructure finally our relations to shares of ORT, because before ORT was partly in ORT-KB, shares of ORT, ORT-KB, and it was in Logovaz, which also were owned through, let's say, not only Badri and me, but preparing to give it to trust, to journalist. We make it absolutely clear, transparent, that half of 49 per cent belonged to Badri structure, half of 49 per cent belonged to my structure.

Q. Now, if Mr Fomichev had discussions with Mr Gorodilov in October and November 2000, which is what Mr Gorodilov will say, Mr Fomichev would not have done that, would he, without your approval?

A. No, no, it's absolutely wrong, because, as I told you, Mr Fomichev was much closer to Badri. He is not under my control, Badri controlled -- no, what is under my control? We had good relations, definitely Fomichev understood my position in our -- with Badri relations,

but Badri connect to Fomichev directly himself.

- Q. Mr Fomichev was your financial manager, not Badri's.
- A. It's wrong again because Mr Fomichev was financial manager, not mine, he was our financial manager; and, again, Fomichev report to Badri, not to me.
- Q. Mr Fomichev, according to Mr Glushkov, was appointed as your financial manager in 1999. Do you deny that?
- A. Again, it's completely wrong. Fomichev never was appointed as my financial manager. Fomichev had position in Obedinyonniy Bank, as I recollect, he was the chairman of Obedinyonniy Bank, and definitely I knew almost nothing how Obedinyonniy Bank is operating and Badri knew a lot; and definitely Fomichev communicate to Badri and not to me.
- Q. Now, Mr Fomichev had worked for the Consolidated Bank in the mid-1990s, hadn't he?
- A. Approximately from that time.
- Q. Yes.
- A. He was recommended to me my daughter.
- Q. You say that Mr Glushkov has got it wrong when he says that Mr Fomichev was your financial manager from 1999 onwards?
- A. I did not read Mr Glushkov's statement but it's wrong.
- Q. I see.

Now, would you agree that Mr Fomichev was the only

person who knew everything about your financial affairs in the period immediately after your flight from Russia in October 2000?

A. In October 2000, I think Badri knew better.

Q. I see. Because that's what you told the judge in the North Shore litigation. Do you remember that?

A. No.

Q. Would you like to take bundle H(A)98 at page 97, please. H(A)98/97.

A. Again, just a second. I want to concentrate. This is my --

Q. This is your evidence in the North Shore litigation?

A. Yes, yes, I remember.

Q. We have already referred to it for other purposes. All right?

A. Yes.

Q. You are being cross-examined here by Mr Swainston --

A. Yes.

Q. -- and you're being cross-examined about Mr Fomichev's functions, right?

A. Yes.

Q. And at line 3 on the top left-hand box --

A. Just a second.

Q. -- on page 97 --

A. Just a second.

Q. In the minuscrit it's page 57, starting at line 2. You can see from the page before that it's about Fomichev that you're talking.

A. Just a second. May I read this line which you have mentioned?

What is Q, what is A?

Q. Question is Q, answer is A.

A. Ah, sorry. It's my answer; correct?

Q. It's your answer.

A. Thank you.

Q. What you say is:

"He was involved with all my financial activity when I moved to London. We start our relations, I think, in 1995/1996 and when I moved to London he was only person, starting from 2000 up to -- even not to London, even when I moved to France from Russia, from autumn 2000 up to 2003, he was only person who know everything and who managed my money, my business and so. Because Badri at that time, my partner, he was in Georgia, he was not able to travel here and wasn't able -- also, he was also left Russia because political problems and I didn't have, let's say, I'm sorry to say, my right hand, Badri. It's the reason why Ruslan..."

That's Mr Fomichev.

"... took the position of my right hand and he knows

well all the problems which we had with our money."

Now, is that evidence --

A. It's absolutely correct, I confirm everything, because, as you know, Badri left Russia and lost opportunity to move all over the world in March 2001. It means until that time Badri was the person who manage everything, including connection with Fomichev.

Q. But what you are saying in this evidence is that from the time that you moved to France from Russia --

A. Yes.

Q. -- Mr Fomichev knew everything and managed your money and business.

A. Again, Mr Sumption, let's be correct, because I mentioned that when Badri moved to -- I moved to France, as you know, October 2000, but Badri still continued to travel and he was able to manage everything. And definitely Fomichev took much more that time that -- when I have been in Moscow, in my communication, because I was not able to communicate every day to Badri.

But again, Fomichev really took a lot of financial control over my activity after Badri was stuck in Georgia in March 2001. And when I moved to London, long time -- around two years, maybe even more -- until Natalia Nosova joined me here in London, Fomichev was

responsible and he got direct -- connect directly to me, without Badri participation, because Badri was stuck in Georgia.

But until Badri was able to travel, to move, Badri was definitely person who communicate to me and to Fomichev.

Q. Mr Berezovsky, what you are saying in this evidence was that it was before you moved to London. You say:

"... even when I moved to France from Russia, from autumn 2000 up to 2003, he was only person who know everything and who managed by money, my business and so."

A. Okay, Mr Sumption, I explain my position. It's absolutely clear that it's not precisely what you tried to just to do like wording. But, again, the situation is absolutely simple and clear: Badri manage until he was able to communicate to me. As far as Badri was not able to communicate to me as often as before, when I moved to France, Fomichev start to took more and more position in that. It's true.

Q. You see, a moment ago you were trying to pretend that Mr Fomichev was some sort of agent of Mr Patarkatsishvili and that he was not your manager.

A. No, it's not agent. It's not agent. He employed by us, by Badri and me. But when I had direct connection to

Badri, I communicate to Badri directly; when I did not, I communicate through Fomichev. And it's happened that after 30 October I moved to London but Badri -- I moved to France but Badri continue to communicate to me directly; but when he was not able to communicate to me directly, we communicate through Fomichev.

This is a very simple position, simple situation, I'm sorry to say.

Q. Mr Berezovsky, do you or do you not deny that in 2000, from the time that you fled to France, Mr Fomichev was managing your affairs? Do you deny that or not?

A. I did not deny. I deny that he managed that alone; he managed that together with Badri.

Q. He managed it instead of Badri, which is what --

A. No, not instead; together with Badri.

Q. Which is what you --

A. At the beginning, until Badri left Russia -- left to Georgia in March 2001, Fomichev and Badri. And I told you correctly that role of Fomichev was increasing at that time but he was not only one.

It means that I was not precise here. The precise situation is simple: that until Badri was able to connect to me, mainly I tried to do everything with him, but that time already we had difficulties as to communicate because I was not able to travel at all,

I stuck in France -- no, I travelled to London and so, but I was not able to travel like before. And it's the reason for why Fomichev's role was increasing.

- Q. Ms Nosova, in the North Shore litigation, gave the same evidence. She gave evidence that from about 2000 Mr Fomichev was managing your affairs, operating your finances, setting up your bank account, instructing your lawyers and paying your bills. Do you deny that?
- A. I don't see any contradiction between what I said and what Mrs Nosova said. And in science it's called like a transformation, like transformation time. It was time of transformation from one structure which we had, where Fomichev communicate to me just through Badri, to the other structure. Finally I start to communicate through Fomichev to Badri because Badri was in Georgia and he was not able to move. It's transformation period. It's very correct what I said there.
- Q. Do you remember telling Mr Samuelson at the beginning of September 2000 that Mr Fomichev was your most trusted lieutenant as well as Badri's?
- A. I can't exclude that even I think before, I think that in the spring 2000, I think we start to form western-style organised structures and Mr Samuelson was involved in that because we decide to restructure our relations with Badri in western way and we create

several trusts, we create several structures and so.

And Fomichev was key person with that because, as I recollect, Mr Fomichev the person who brought -- no, Mr Curtis, yes, Mr Curtis, the person who brought Mr Samuelson, and Mr Fomichev was the person who present me and Badri this negotiation. And the reason also was clear because Fomichev had excellent speaking English and he is professional. That's it.

- Q. Now, if we can go back to the point which gave rise to this little excursion, if Mr Fomichev, this trusted lieutenant of yours, your business manager, if he had negotiations with Mr Gorodilov about the sale of ORT in October and November 2000, he wouldn't have done that without your approval, would he?
- A. Once more, I never gave him any power to negotiate any subject concerning ORT. This is the point.
- Q. Now, your ORT stake and Badri's was 49 per cent of the company, wasn't it?
- A. Correct.
- Q. And 38 per cent out of that was held by you and Badri through a company called ORT-KB?
- A. Correct.
- Q. The other 11 per cent was held through the same company by Logovaz; is that right?
- A. The same -- you mean ORT was owned Logovaz 11 per cent,

correct.

Q. Logovaz had another 11 per cent of ORT --

A. Correct.

Q. -- and they held that 11 per cent also through ORT-KB, didn't they?

A. No, no, no, no. 38 per cent was owned by ORT-KB and 11 per cent owned Logovaz. It means that I don't remember that Logovaz own ORT-KB; I don't remember that. I think it's not so.

Q. Now, I think that you accept, but let me know whether you do or not, that in early November 2000, shares in ORT-KB were transferred from various intermediate holding companies to you and Mr Patarkatsishvili personally.

A. It's exactly what I mentioned before. We were preparing to put our shares to ORT to TV trust and to make it absolutely transparent. And in proper way we first of all structured my and Badri relations 50/50, Badri put under his personal control 25 per cent and I put under my personal and direct control the shares, to present the people who we invite to trust to show that everything is absolutely clear and transparent.

Q. The purpose of these transfers, as I think you've just confirmed, was to equalise your holdings with Badri's so that it was 50/50?

- A. Absolutely correct.
- Q. Right. Now, if this was in preparation for transferring the shares to your telly trust, why was it important that they should be held 50/50?
- A. It's important because it was common knowledge for all journalists, for all in Russia, that we own with Badri 50/50 and it would be strange that we propose him the structure which surprise them and they start to think, "Oh, there's something wrong with these people, they trick us and so", and it's the reason why we want to put absolutely precisely.

Common knowledge was exist even without that, that we are 50/50 partners and we show our shares when we equal partners, which help them to accept our proposal and understand that we don't trick them at all.

- Q. Mr Berezovsky, it was completely unnecessary to equalise your share with Badri's for the purpose of transferring the shares free to a telly trust; it was only necessary because you were planning to sell them to Mr Abramovich?
- A. It's absolutely wrong because maybe you don't face like me with journalists, so often like me, but I know well that journalists are very, very curious and very care what they are doing and believe me that it was very complicated to convince first-level journalist of Russia in situation when they understood well that I am

fighting, I start to fight against of president, to take my proposal. Believe me, it was not simple. And I don't want to create any doubts what is the source of these shares, who owned the shares.

Q. The shares in ORT were in fact owned, as you've confirmed, by ORT-KB. You could have transferred those shares to your telly trust without anybody having the slightest idea --

A. Definitely not.

Q. -- who owned the shares of the holding company or in what proportions?

A. Definitely not, Mr Sumption, because journalists want to know how -- what is the source of the shares and how they're owned. And if we take Logovaz shares, for example, 11 per cent of, it was mess at all because we -- formally I own, I don't remember, even 7 per cent of Logovaz, and Badri maybe more, I don't remember well. No, at that time already more I own.

But it already was not clear that its shares belong just to Badri and to me, that's it. And this is the reason why we -- again, I'm referring to the same point -- we want to show journalists absolutely clear story.

Q. Why should the journalists have cared a fig where the shares came from as long as they received them?

A. No, it's absolutely clear why. Journalists must know that the story is not fake, the story is not -- the story is completely transparent. And what we declared before -- okay, could you imagine that we, before it was reference that Badri and me, we have equal shares, and then the journalists will go to the source and will recognise it was not so? They put the question: why it was not so? Why they present that they have 50/50 partner but the shares which we got aren't clear that it's, let's say, Badri share, Badri part more than Berezovsky or to the contrary? It's the reason why we decide not to create any problem, to present them completely truthful story.

Moreover, as you know, we decide to equalise -- to equalise and to create a trust using by Russian law, not English law, yes? What we have done before, we used English law. But that time we decide to use just Russian law again, to make clear for journalists it's Russian story, because journalists did not have experience like we have, that we have offshores and trust, already we knew that. Many people in Russia didn't like that. They didn't understand why Russian company should be on offshore, on abroad. It's not simple story to explain. It's the reason why we even used Russian law for that.

- Q. Now, if these equalisation transfers were designed as a preparation for your transfer of ORT shares to the telly trust, why was Mr Gorodilov, one of Mr Abramovich's staff, involved in that process?
- A. This question, I don't have any answer to that. As before you said that Mr Fomichev was responsible for that; I don't have any idea about that. I know just that it was done by Badri. Why Badri used Mr Gorodilov or Mr Fomichev -- or Mr Gorodilov, not Mr Fomichev, definitely I don't know that.
- Q. Now, on 10 November a notice was prepared by your and Badri's company, ORT-KB, saying that you and Badri proposed to sell your shares to a company called Akmos which was controlled by Mr Abramovich?
- A. I don't know anything about that.
- Q. Would you look at bundle H(A)23/61.
- A. H(A)...?
- Q. H(A)23/61. Now, this is a notice which is required to be registered with the companies register in Russia --
- A. Yes.
- Q. -- announcing the intention of a shareholder to sell his shares so that any other shareholders who may have pre-emption rights can exercise them.
- A. Yes.
- Q. What it says, it's dated 10 November and you will see

the stamp of the private company registry --

A. Just a second.

Q. The stamp of ORT-KB at the bottom.

A. Yes, yes, I see that.

Q. Okay?

A. Yes.

Q. The middle paragraph says:

"... ORT-KB has received notices from two shareholders... that own 23,726.25... registered shares [in the company]..."

A. Yes.

Q. Now, that must be a reference to you and

Mr Patarkatsishvili; do you agree? Those were the number of shares you owned.

A. It could be. I can't refuse that.

Q. Well, we can see that when we compare the ultimate sale agreement.

A. Yes, yes.

Q. The notice goes on:

"The shareholders expressed the wish to sell Akmos Trade LLC all of the common registered shares of [the company] that they own at a price of USD 2,107.37... per share in rubles at the exchange rate... as of the date of payment."

A. Yes.

- Q. Now, this is a notice which is being served on your behalf and Mr Patarkatsishvili's behalf on 10 November announcing your intention of selling your shares to Akmos, isn't it?
- A. It looks like that.
- Q. At a later stage, shortly after 10 November, this document was deposited with the Moscow companies registry.
- A. Just a second. Where did they deposit?
- Q. They deposited it with the Moscow companies registry.
- A. Okay. Where is that, the information that they deposit there?
- Q. I'll give you chapter and verse in a moment. But at any rate, what we see on this certificate is an announcement of an intention to sell Akmos. That intention must already have existed on 10 November 2000?
- A. Mr Sumption, I can't exclude that. I just tell you that I don't know anything of our preparation to sell the shares to Mr Abramovich. This is the point.
- Q. Mr Berezovsky, you've been trying to exclude it for the last three-quarters of an hour by suggesting that you never authorised anyone to negotiate about a sale to Mr Abramovich before December.
- A. I just confirm that again.
- Q. And in fact you did, because here is a certificate in

which you and Badri are announcing your intention of selling to Mr Abramovich's company Akmos?

- A. I just want again to stress: I didn't have any approach to sell ORT shares. What Badri was doing is completely different story, as I told you that Badri, even if we return back -- I'm sorry, if we return back to Le Bourget and it's already December, December 2000, and even there you see how Abramovich insist that we finally took a decision to sell and, as you know, we took a decision to sell and signed the papers only 24 October -- 24 December, after Glushkov was prisoned.
- Q. You see, I'm not suggesting to you that you entered into a legally binding agreement to sell the ORT shares before December. What I am suggesting to you is that by the end of November, at the latest, you had agreed in principle, through Mr Patarkatsishvili, that you would sell your shares to Mr Abramovich for \$150 million.
- A. Again, it's wrong. I did not accept that. What Badri is doing is other story and I told you from the very beginning that Badri is trying to protect our interest; Badri was trying not to lose everything. It was his game, I don't know how to say else, but the game where -- which I don't accept, up to the last moment.
- Q. And Badri wouldn't have done that, would he, if you didn't approve of the idea of selling your shares at

all?

A. I just can follow Badri advice what to do, but Badri knew absolutely perfect that I was not in position to sell shares to anybody.

MR SUMPTION: My Lady, I'm about to embark on a chunk that is a good deal more than five minutes long.

MRS JUSTICE GLOSTER: Right. I will rise then for today.

Mr Berezovsky, 10.15 tomorrow, please. I repeat the warning: don't talk to anybody.

THE WITNESS: Okay. We're finished now, yes?

MRS JUSTICE GLOSTER: We've finished now.

THE WITNESS: Okay.

MRS JUSTICE GLOSTER: Don't talk to anybody about your evidence.

THE WITNESS: Definitely.

MRS JUSTICE GLOSTER: Very well. 10.15 in the morning.

(4.10 pm)

(The hearing adjourned until
Tuesday, 11 October 2011 at 10.15 am)

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