

Friday, 4 November 2011

(10.30 am)

MRS JUSTICE GLOSTER: Yes, Mr Rabinowitz.

MR ROMAN ABRAMOVICH (continued)

Cross-examination by MR RABINOWITZ (continued)

MR RABINOWITZ: Mr Abramovich, we were talking yesterday about the Dorchester Hotel meeting and you explained yesterday that you do not recall all the details of the Dorchester Hotel meeting but that you do recall some of them. I would like just to ask you about some of the details that you do recall.

There would obviously have been a discussion at the Dorchester Hotel meeting about the fact that the merger was with Mr Deripaska and that it was a 50/50 deal; is that right?

A. It is possible that we exchanged a couple of words about that but we did speak about the merger a little bit.

Q. Since it's your case that Mr Patarkatsishvili would have been very interested in understanding the detail of the transaction because you say he was going to be compensated based upon how you did, you would also have discussed the assets involved in the merger?

A. No, we did not discuss those. The thing is -- and, if I may, I'd like to clarify. The thing is that, so far as I recall, by that time we had not yet agreed with

respect to the other assets, we had only agreed about KrAZ and things around KrAZ: Krasnoyarsk Aluminium Plant, Achinsky Plant and the other things. These were the only ones we had already agreed upon by that time.

Q. But that would make it more likely rather than less likely that you would discuss what assets were involved in the transaction, wouldn't it?

A. No, it would not.

Q. Which assets do you say Mr Patarkatsishvili was protecting for you?

A. I cannot give you a list of the assets that he was protecting, but on the whole there was a problem with the Krasnoyarsk group. The Bratsk plant was working stably on the whole, was working in a stable manner.

Q. You see, Mr Abramovich, if, as you say, Mr Patarkatsishvili's role was to ensure that you had protection in respect of your assets, surely you would have told him what assets were now to be merged with Mr Deripaska and what assets were not?

A. At that time we had not yet decided that all the assets would be merged and we were not -- we had not decided how, we had not yet discussed how they would be merged. We had not yet decided that with Mr Deripaska.

Q. Would you at least accept that you would have told Mr Patarkatsishvili that?

A. I think that the reverse was true: that had I said this to Mr Patarkatsishvili, I would probably have spoken to him about the KrAZ assets. But I don't think that we were discussing this. There is a low probability that we did this. I mean, I was not intent on concealing this in any way, it was not my idea to hide this, but we just did not discuss this.

Q. Do you remember telling Mr Berezovsky and Mr Patarkatsishvili that you had just been negotiating the transaction in London with Mr Deripaska's English lawyers?

A. I did not negotiate with English lawyers. That's why there was -- there was nothing that I could say because I don't think that I had had any meetings with English lawyers.

Q. Do you remember telling Mr Berezovsky and Mr Patarkatsishvili that there had been negotiations in London with Mr Deripaska's team?

A. No, I did not say that. I have not said that.

Q. Do you remember saying that you had agreed with Mr Deripaska that your arrangements would be governed by English law?

A. I was not aware of that at that time. It's not that I was concealing this but I just didn't know it. It made no difference to me as to what the governing law

would be.

Q. Mr Abramovich, we're not going back to this again but do you recall that the preliminary agreement that you made did say that the arrangements were to be governed by English law? Do you remember that?

A. I do remember that. What we discussed yesterday, there was a reference to English law and that's with respect to the agreement that was to be signed on the 15th. But I also remember that I did not read this agreement, therefore there is no way I could have known about this.

Q. I suggest to you --

MRS JUSTICE GLOSTER: I think what was said was "to be signed on the 15th", not "to be assigned on the 15th". What was said by the interpreter was "to be signed on the 15th". But could I clarify, please, whether "assigned" is being referred to by the witness here or "signed"?

MR RABINOWITZ: My Lady, is that addressed to the translator or would you like me to ask the question again?

MRS JUSTICE GLOSTER: What did everybody else hear? I think it's just a transcription query.

MR RABINOWITZ: It should be "signed".

MRS JUSTICE GLOSTER: "Signed". Well, could that be corrected in the transcript, please.

MR RABINOWITZ: So, Mr Abramovich, what I suggest is that

you did discuss all of these things with Mr Berezovsky and Mr Patarkatsishvili at the Dorchester Hotel meeting. But you dispute that, do you?

A. Yes, I do dispute that, and I can explain the situation that appertained there and that may help to clarify the situation.

Q. If you want to provide a further explanation, will you please go ahead.

A. When we arrived at the Dorchester Hotel -- and I think it was well past midday, past 12 noon -- so we walked into the room and there was Mr Patarkatsishvili there. Oleg was, to put it mildly, surprised, and he was quite, quite upset, he was angry. And then we spent a lot of time, a long time, waiting for Mr Berezovsky to come to us and there was silence, there was silence there, oppressing silence, and Oleg left the room several times, he spoke on the phone with someone.

And when Berezovsky joined us, not only was it not a formal meeting because he was -- he was not properly attired, but when Berezovsky joined us, the conversation was a rather brief one, therefore there is no way we could have discussed all those details. More than that, moreover, I was not even myself aware of those details.

Q. Mr Abramovich, you're suggesting you weren't aware of details relating to which assets were going to be merged

with Mr Deripaska?

A. No, I do not want to say that I did not know, I was not aware of the details of the assets that would be merged with Mr Deripaska's assets. Quite on the contrary: I was very well aware of that.

Q. Are you suggesting you weren't aware that there was going to be a 50/50 merger?

A. I knew that as well. What I'm saying is that your assertion with respect to English law is somewhat surprising to me because I never took part in this, I never participated in this -- definitely not with Berezovsky or Patarkatsishvili as to what the governing law would be and what law would apply where.

Q. The truth is --

MRS JUSTICE GLOSTER: Sorry, how long did the meeting when Mr Berezovsky arrived last?

A. Well, my feeling is that it was probably 20 to 30 minutes but it's really the feeling, the sense that I get now. Well, maybe a little bit longer than that but I cannot tell exactly. It was definitely not a long meeting. And we tried to defuse the situation, in a way, and improve the relationship somehow. But there was no one there who would be able to discuss questions of business.

MR RABINOWITZ: Mr Abramovich, I think other witnesses

suggest it was an hour. You wouldn't disagree with that, would you?

- A. I am not disputing anyone's evidence. What I'm saying is that this is my feeling, this is the sense that I got. I remember that the wait was very long but the meeting itself was a rather brief one.

The thing is that I was used to waiting, spending time waiting for Berezovsky, while for Oleg it was a first ever, so it was rather awkward. So -- he did not want to see Badri and so the whole thing, the whole thing was just unpleasant, even though at the end of the day everything -- at the end of the day everything went smoothly and we defused it, in a way.

- Q. Mr Abramovich, your evidence is that you, after spending a week in London, flew back to Moscow, got on the very next flight back or a flight back very quickly to go to London to discuss the merger with Mr Berezovsky, but you also say that when you arrived back in London for this meeting with Mr Berezovsky to talk about the merger, in effect nothing was said about it. I suggest --

- A. I'm not saying that nothing was said in a substantive manner. The substance was that there was going to be a merger, that the debt would be repaid, that Badri would get an airplane; these are the things that we discussed and that's it. The substance was that we need

to put an end to the confrontation, draw a line, it's a new life beginning. But discussing the applicable law was definitely not part of the substance, the way I see it at least.

- Q. I suggest to you that there was a much greater discussion of the merger than you are suggesting, but you have disagreed with that.

I also suggest to you that it was also agreed at the Dorchester Hotel between yourself, Mr Berezovsky and Mr Patarkatsishvili that you would manage the partnership's affairs in the merger with Mr Deripaska, and the partnership I'm referring to here is the partnership between yourself, Mr Berezovsky and Mr Patarkatsishvili. Do you agree with that?

- A. No, I do not agree with this.

- Q. I also suggest to you that you also agreed with Mr Patarkatsishvili and Mr Berezovsky that the arrangements as between the three of you, just like your arrangement with Mr Deripaska, would be structured offshore and governed by English law.

- A. No, that was not the case.

- Q. You also agreed that although Mr Berezovsky and Mr Patarkatsishvili would not be formally registered as shareholders in the new entity to be created, you would hold Mr Berezovsky and Mr Patarkatsishvili's 25 per cent

stake on trust for them; do you agree?

A. I do not agree with this either.

Q. And you also agreed that in order to ensure that Mr Berezovsky and Mr Patarkatsishvili's minority interest was protected, nobody would sell out without the consent of the other parties; do you agree?

A. No, I do not agree with that.

Q. Now, one of the matters that you do accept was discussed at the Dorchester Hotel meeting was that a plane would be bought for Mr Patarkatsishvili; that's correct, isn't it?

A. Yes, that is correct.

Q. And do you say that your agreement to buy a plane for Mr Patarkatsishvili was in return for his assistance in enabling you to acquire the aluminium assets that you'd acquired in February 2000 or was it for a different reason that you agreed to buy this plane for Mr Patarkatsishvili?

A. Could you please repeat your question? I'm not sure I understood the second part of it. What was the other reason?

MRS JUSTICE GLOSTER: I think if you're saying, Mr Rabinowitz, if you're putting to the witness, "You say that your agreement to buy a plane", wouldn't it be easier just to put his statement to him?

MR RABINOWITZ: I want to check to see whether he actually remembers this, my Lady, but we can do it that way.

MRS JUSTICE GLOSTER: Okay. It's just that there is a difficulty in him taking on board, as it were, the two limbs of the statement that you're putting.

MR RABINOWITZ: I'll do it this way.

What do you say was the reason why you agreed to acquire a plane for Mr Patarkatsishvili at this meeting, Mr Abramovich?

A. Badri asked for a plane, so we discussed that. My feeling is that I believe that he wanted a plane, we also discussed that I would pay the five-year maintenance after the purchase of the plane, and it was all with respect to the aluminium assets that he had originally helped us acquire. So I think that's it.

Q. Again, you say he asked for a plane and you agreed that he should have a plane; that's correct, isn't it?

A. Yes.

Q. But again, can you just explain why you agreed that he could have a plane?

A. We agreed -- I mean, I agreed that a plane would be made available to him because he had given me a hand in -- given me assistance in the purchase of the original assets and the thing was that we were moving on to another transaction, a further transaction, and he had

nothing on his hands. And so he asked me whether it would be appropriate for him to ask me to buy a plane for him and I said yes. By that time Badri was not a very wealthy individual. And so we bought the plane and we paid for the maintenance.

- Q. But do you not say, Mr Abramovich, that you had previously entered into commission agreements with Mr Patarkatsishvili and that his reward for assisting you with the original acquisition was documented in those commission agreements?
- A. Yes, this is what I'm saying. I -- one of the things that I'm saying is that there was a commission agreement and it was recorded on paper, but by the time the transaction was executed -- concluded with Oleg, Badri had not yet received anything, and prior to that we had agreed that he would not be asking for any payments.
- Q. But if you'd already agreed what he should get, as you claim, for his assistance, why should he then think he had a basis for asking for a plane as well?
- A. Why he thought so, I don't know, but he asked me and I agreed.
- Q. Well, why did you agree then?
- A. And I agreed because he had been of considerable assistance and his -- it was not very clear what his role would be in the future work with aluminium assets,

and so I agreed to this. So he asked me and I agreed and that's it.

MRS JUSTICE GLOSTER: Did he get his commission payment as well?

A. Not by that time. He received it much later, I think it was in 2004. When we signed the agreement, I think there was a term of -- for two months before the payment could be made and then we moved on to another transaction. So we agreed at some point in time that we would not be making payment at that time, we would sort it out some time later. But because it was already the year 2000 we had paid quite a lot and the cashflow was like a constant cashflow, and I wouldn't say that we had forgotten about this but it just so happened, but by that time I had not yet made the payment.

MRS JUSTICE GLOSTER: So the plane was in addition to the payments you subsequently made under the commission agreement?

A. Yes, that was the case. That's the way it was.

MR RABINOWITZ: Are you sure about that, Mr Abramovich? Are you sure it's your evidence that you made a payment under those commission agreements?

A. If I understood your question correctly, your question was whether I had made a payment to Badri, whether it was a final settlement. Now, whether the payment was on

the basis of the commission agreement or it was -- the reason for this was something different, that's a different matter. It was recorded in the form of a sale of shares actually.

Q. Mr Abramovich, the learned judge asked you -- my Lady asked you whether you had made a payment under the commission agreements and you said that you had, in 2004. And my question to you was whether you were sure that when you made a payment in 2004, that was a payment made under the commission agreement?

A. No, it was not a payment under the commission agreement. We recorded this as a share payment but it was on the basis of the debt that I -- or the payable that I had incurred prior to that on the basis, as a consequence of the commission agreement.

MRS JUSTICE GLOSTER: So the payment by shares which you subsequently made was in satisfaction, was it, of your obligations under the pre-existing commission agreement?

A. Yes.

MR RABINOWITZ: Now, we're going to look at these commission agreements in a little more detail but before we do, can we just be clear about this.

The commission agreements provided for a payment of around just over \$100 million; is that right?

A. 115.

- Q. And the payment you made in 2004 was \$585 million; is that right?
- A. Yes, that is correct.
- Q. And your evidence is that the \$585 million payment was in satisfaction of an obligation to pay \$115 million; is that right?
- A. I think you are distorting the sense of it a little bit but it was on the basis of that agreement, yes.
- Q. Well, I'm going to suggest that that makes no sense at all but perhaps we can start by looking at these commission agreements.

Now, your evidence I think is that the commission agreements were made with Mr Patarkatsishvili sometime around 15 February 2000, after you had concluded the agreement to acquire the aluminium assets on that day. That's correct, isn't it?

- A. Yes, so far as I can recall, it was very close to that time, if not on the very same day when we signed the agreement to make an additional payment to Mr Chernoi.
- Q. If you go to paragraph 157 at page 82 of bundle E1, tab 3 E1/03/82, page 183 in the Russian E1/03/183, we can see what you say about this. If you just read the first part of that paragraph, explaining the circumstances in which you say you made the agreement.
- (Pause)

- A. Yes, I have read this.
- Q. Perhaps we can look at one of these agreements. You can find one of them at bundle H(A)18, page 162 in the English H(A)18/162 or page 156 in the Russian H(A)18/156. This agreement purports to have been with Dilcor International Limited: that was one of the four offshore companies which had acquired the aluminium assets under the 15 February agreement and I can tell you that the other three agreements are identical.

Let's just have a look at this contract. You can see, Mr Abramovich, that it's dated 3 February 2000; that is, before the master agreement was made on 15 February 2000. And that is a false date which has been inserted; that's correct, isn't it?

- A. Which is the false date: 3 February or 15 February is false?
- Q. To suggest, as this agreement does, that it was made on 3 February 2000 is false if your own evidence is correct because you say it was made on 15 February.
- A. Yes, that is true and this is exactly what I'm saying in my evidence.
- Q. And to be fair to you, when I asked you, in connection with the occasion on which you had been arrested, whether you -- by reference -- sorry. When I asked you, in connection with the occasion on which you had been

arrested, whether you had ever made fabricated or false documents, you accepted that there was some backdating going on and this, presumably, you would say is just one of those occasions, would you?

A. Yes, this is the document that I had in mind.

Q. Well, we will see in due course that it's certainly not the only document.

But what I'm going to suggest to you, Mr Abramovich, is that the date is not the only thing that is fake or false about this document. Perhaps we can look at clause 1. Do you see that clause 1 says:

"The Intermediary..."

And the intermediary for these purposes is Mr Patarkatsishvili.

"... shall find out any information on owners and potential sellers of shares in the following issuers:

"Krasnoyarsk Aluminium Plant..."

"Bratsk Aluminium Plant..."

"Krasnoyarsk Hydropower Plant..."

If this contract was made on 15 February, the day on which the contract for the acquisition of these assets had already been concluded, what sense was there in inserting a provision into the contract which suggested that Mr Patarkatsishvili's role was to be to find out information about these assets? That had already been

done.

A. This contract, on the whole, describes the work that Badri had carried out, but -- and we did backdate the contract, but the work that is set out here is something that he did do. So in that sense it is truthful: it corresponds to reality.

Q. Well, I suggest to you that that is not so. Let's look at the next clause:

"The Intermediary shall negotiate the potential sale of said shares to the Buyer by the persons referred to in paragraph 1..."

Now, again, at the date you say you made this contract with Mr Patarkatsishvili, that had already taken place, had it not?

A. Well, practically all the things that are listed here, they had all taken place already by that time.

Q. Then what was the point of producing a contract which represented on its face that these were things which were still to be done? You could just as easily have produced a contract which said, "In connection with the work you have done, we will pay you \$115 million".

A. Unfortunately I cannot say that because I did not take part in the drafting of this contract. Badri I think did this with our lawyers or with some of our employees.

Q. Well, Mr Abramovich, what you say in your witness

statement is that:

"After [the 15 February agreement was signed with Mr Deripaska] Mr Patarkatsishvili wanted to formally document his entitlement to a fee... We discussed this in my office... and agreed a fee of some US\$115 million. I remember that I called in Ms... Panchenko and asked her to process the relevant documents..."

So it sounds as if you were involved in this?

A. When you said "Deripaska" -- it was translated as Deripaska -- Deripaska had nothing to do with this. Either it was the wrong translation or it was the wrong question.

Q. Well, I don't know what the translation was, but the question was clear. You had made an agreement with Mr Deripaska -- sorry, you hadn't, you're quite right. I apologise.

The acquisition had been made from Trans-World and Mr Chernoi and then, following that, you explain in your witness statement that you had discussed and agreed a contract with Mr Patarkatsishvili and you then called Ms Panchenko in to assist in the documentation of it?

A. Yes, that is true. Now, if you call that taking part, active part in drafting the contract, well, I beg to differ.

Q. Well, let's just look at a few more clauses in this

contract. Do you see clause 4?

"The Buyer shall hereby determine the following terms and conditions pursuant to which he is willing to buy any shares...

"4.1. The shareholdings shall be major;

"4.2. The maximum share purchase price shall not exceed..."

Then certain prices are inserted there.

Now, that was all a sham, Mr Abramovich, because you absolutely understood at that time precisely what it is you were paying for these assets. Do you accept that?

A. Do I accept what: whether this is a sham or the whole thing is a sham? If backdating the contract is something you call a sham, then so be it. But...

Q. It's not just backdating the contract, Mr Abramovich --

THE INTERPRETER: I'm so sorry, my Lady, I'm afraid I missed out one sentence in what Mr Abramovich said, the very last one. Can I ask him, with your permission, to repeat the last sentence?

MRS JUSTICE GLOSTER: Yes, certainly.

Can you repeat the last sentence, Mr Abramovich, please.

A. So what I said is that if you call this a sham just because it was backdated, then so be it. But other than that, the substance is set out here.

Q. Look at clause 5 -- sorry.

A. But once again --

MRS JUSTICE GLOSTER: No, no, let the interpreter finish, please.

THE INTERPRETER: I'm almost done. I was listening to Mr Abramovich.

MRS JUSTICE GLOSTER: Right, okay. Go on, Mr Rabinowitz.

MR RABINOWITZ: Look at clause 5, Mr Abramovich:

"The Buyer and the Intermediary have agreed that, in case the share sellers propose terms and conditions worse than those specified in paragraph 4.2, the Intermediary shall be obliged to compensate any negative difference to the Buyer out of its own funds."

So this was suggesting that part of what you had agreed with Mr Patarkatsishvili was the possibility that he would have to make some sort of balancing payment if the terms agreed were worse than as identified here.

A. Let me say once again that I did not take part in the drafting of this contract, so I can only tell you what my ideas or what my presumptions are.

Q. You see, this, I suggest to you, is a totally false contract.

MRS JUSTICE GLOSTER: Well, hang on. Let's just start with this clause, please.

Was it a term of your deal with Badri that in the

event that the terms and conditions were worse than those specified in 4.2, Badri was to make a balancing payment to you out of his own funds?

- A. We did not agree on that term. It is worded in -- couched in very strange terms here. What happened was that Badri did want me to do this deal, he wanted to push me towards doing this deal, and he didn't care at what price I was going to buy this. And we agreed that I would not buy this at a -- for more than a certain price.

Now, why they listed those figures here, I don't know. There are many figures here that we never discussed. Maybe the lawyers needed this or maybe Badri wanted this, but I cannot give you any comment on this because I did not take part on this. But in general we agreed on something, but not more than that.

MR RABINOWITZ: Mr Abramovich, your own evidence is that you first discussed this with Mr Patarkatsishvili on 15 February, which was after you had actually reached agreement with the sellers of the aluminium assets. That's correct?

- A. The fact that we needed to sign this protocol is something that we agreed upon on or around the 15th.
- Q. Your evidence is very clear, Mr Abramovich: that is when you say you discussed this and agreed it with

Mr Patarkatsishvili and that was after the master agreement had already been made. Do you agree?

A. What is the master agreement?

Q. The agreement --

A. Is that the agreement between us and TWG et altera?

Could I ask you to repeat your question, if I may?

Q. Your evidence is that after you had agreed with Trans-World and the other sellers on 15 February the terms on which you were acquiring the assets, you then had a discussion with Mr Patarkatsishvili about compensation?

A. We had previously agreed that Badri would get a commission. That's -- all the rest of it is something that we agreed upon in the process of it.

Q. And by that stage you would have known full well the price at which these assets were being acquired?

A. By the time this agreement was concluded we did know the price at which everything was being acquired because everything had already been signed.

Q. There could, therefore, have been no purpose in clause 5, which suggested a possibility of an outcome which was different to that which already existed?

A. From that point of view, everything that is listed here is something that could have not happened because everything had already happened. Not just this

particular paragraph; everything.

Q. The point about this particular paragraph is that it suggested that the payment that Mr Patarkatsishvili might receive might not be \$115 million, indeed that he might have to pay something to you, and that was impossible at the time this contract was made.

A. That is true. That is something that was impossible.

Q. And the same is true of clause 6, which again is based upon the false notion that there was still negotiation to be done in relation to these contracts?

A. By the time this protocol was signed, all the negotiations had already been carried out and concluded.

Q. And that is why I suggested to you that this is a sham agreement: it does not possibly represent the agreement you actually made.

A. No, this is not the case because it sets out something that we had agreed upon except that it was backdated. It sets out more details than the details that we had discussed, but the substance is this.

Q. Mr Abramovich, you and Mr Patarkatsishvili would obviously have known the true position in relation to any agreement that you did make with regard to commission; would you accept that?

A. If I understood your question correctly, yes, we did know what the actual situation was.

- Q. Can you then explain why you and Mr Patarkatsishvili considered it appropriate to produce an agreement which falsely misrepresented what had been agreed?
- A. I do not agree with your statement that it misrepresents this; it just goes into greater detail than what was necessary and what was the tradition. The only question is that it was backdated; I agree with that. But other than that, it sets out everything correctly, except that it goes into greater detail than it should have gone into. But drafting this agreement were lawyers, therefore I cannot give you any comment as to why they saw it appropriate to go into all those details.
- Q. Mr Abramovich, I'm not going to go through the other three so-called commission agreements; they are all equally dubious in the same way that this agreement is. But what I want to ask you is this: why do you say -- well, I think I may have asked that already actually.
- You see, what I want to suggest to you, Mr Abramovich, is that your evidence about these commission agreements is simply untrue. Do you want to comment on that?
- A. I do not agree with this.
- Q. Can we at least agree about this: do you say that it was only after the Dorchester Hotel meeting on 13 March 2000 that Mr Patarkatsishvili had these agreements notarised?

A. I am not saying this. I found this out only when some documents appeared in the process. But I was not aware of that.

Q. But I think you say in your evidence and indeed you rely in your evidence upon the fact that Mr Patarkatsishvili had these agreements notified on 16 March, that is to say immediately on his return from the Dorchester Hotel meeting?

For your Ladyship that's at paragraph 176 of Mr Abramovich's statement E1/03/88.

MRS JUSTICE GLOSTER: I don't think it is.

THE WITNESS: Can I read this?

MRS JUSTICE GLOSTER: It's not paragraph 176, it's another paragraph. There's something there about it, because I've read it, but it's not that paragraph.

MR RABINOWITZ: I think it's common ground that these agreements were only notarised --

MRS JUSTICE GLOSTER: Yes, but I don't think Mr Abramovich is saying that he knew it at the time.

MR SUMPTION: Paragraph 175, my Lady, what my learned friend wanted E1/03/87.

MRS JUSTICE GLOSTER: Thank you.

MR RABINOWITZ: Now, can I ask you this, Mr Abramovich: if these documents had been in existence, as you suggest, since 15 February 2000, can you offer an explanation as

to why Mr Patarkatsishvili would not have had these notarised immediately and would only have had these notarised on 16 March 2000?

A. I have no knowledge about this. I can only speculate.

Q. Can you offer a suggestion as to why you suggest that might have been the case?

A. I believe that because we did the deal with Deripaska, Badri was left with an aftertaste that Oleg will squeeze me out and he would not get anything at all at the end of the day. But this is just my perception, the feeling that I have. It's just my speculation, purely my speculation. I think he -- something put him on his guard, maybe during the meeting at the Dorchester or after it. Maybe he was thinking about bringing an action with this and that's why he had it notarised. But I do not have any other ideas.

Q. Is it not actually your evidence that these commission agreements had, long before the Dorchester Hotel meeting, been agreed between you and Mr Patarkatsishvili -- sorry, let me start that again.

Your evidence is that you and Mr Patarkatsishvili had, long before the Dorchester Hotel meeting, agreed that these so-called commission agreements would be superseded by a further agreement between the two of you. Is that not your evidence?

A. No, I don't recall saying that those would be superseded by others, or maybe I misunderstood your question.

Q. Well, let me tell you what you said at paragraph 157, page 82 of the English E1/03/82 and 183 of the Russian version E1/03/183. After talking about how these agreements were created, you say:

"In the end I did not pay him this fee because we both agreed shortly afterwards that we should wait and see how things developed."

Now, that suggests, does it not, that shortly after you had made these agreements you decided that they would be superseded and not in fact represent the contract you made?

A. Well, maybe this is what the English translation says but in Russian it's very clear that we were not talking about any new agreements. There was no talk, no mention of any new agreements.

Q. Well, what did you mean when you said there, "we... agreed shortly afterwards that we should wait and see how things developed"?

A. Well, before the transaction with Oleg was done, everything was under a major risk. The 115 million compared to the original transaction was a lot of money. And so we agreed that we'll wait and then we'll see.

Q. You agreed that you would wait and then you would see

what exactly?

- A. How the situation evolves.
- Q. And are you suggesting that, depending on how it evolved, the amount you would have to pay would either be greater or less than \$115 million? Is that what you say you agreed?
- A. No, this is not what we agreed. There were many assets that were under risk; we could have lost many of them. For instance, the Achinsk Alumina Plant was in bankruptcy and if it hadn't been there at all, if there had been no Achinsk there, then it would have lost sense at all: there would have been no point in entering into that transaction because that was the only plant that actually produced the feedstock, the actual raw material.
- Q. Now, you explained yesterday that the deal that you did with Mr Deripaska in March meant that the aluminium transaction generally was a remarkably good transaction. Do you remember that?
- A. Yes, I do recall that. It was a very good transaction and that's why, at the end of the day, I paid more to Badri.
- Q. Why, following the Dorchester Hotel meeting with Mr Deripaska, when Mr Patarkatsishvili would have learnt that the deal that you had done was a remarkably good

deal, why then should he rush off and have these commission agreements notarised, given that you say they were largely irrelevant because what he was going to receive was going to depend on how things turned out?

Shall I break that down into shorter questions for you?

Now, as a result of the transaction with Mr Deripaska, the aluminium transaction that Mr Patarkatsishvili had, in a sense, introduced you to was a remarkable transaction; I think you've agreed with that. Your evidence is that Mr Patarkatsishvili --

A. Yes, I agree with that, yes.

Q. Your evidence is that Mr Patarkatsishvili, after hearing about the deal that you had done with Mr Deripaska, at that point ran off and notarised these commission agreements; is that right?

MRS JUSTICE GLOSTER: He didn't know that at the time, Mr Rabinowitz.

MR RABINOWITZ: No, that's his explanation now. It's his explanation in the witness statement.

That is your evidence, isn't it? That is what you have suggested was the reason why he went on the 16th to notarise this? In fact you repeated that evidence this morning.

A. I'm not saying that he did this on the 16th. What I'm

saying is that when I received the documents in the course of these proceedings I saw that I believe it was notarised on the 16th. This is the only thing that I can say.

And I speculated that perhaps he was unhappy with something or maybe he did not trust or believe Oleg; maybe he did not believe me or he did not believe that I would be able to structure a good relationship with Oleg; maybe there were other things that he did not believe in. But this is pure speculation.

Q. Why was any view that he had about Mr Deripaska relevant to your obligation to pay him commission?

A. Well, once again, I can only speculate. This is pure presumption on my part -- or assumption, rather.

Q. You see, Mr Abramovich, what I suggest to you is that these so-called commission agreements were only produced after the Dorchester Hotel meeting and they were produced by you and Ms Panchenko knowing that they were false agreements and that they were never intended by either side to have any legal effect at all.

Do you want to comment on that?

A. I disagree with you. I understand that I cannot be my own counsel but then, I don't know, then it would be strange for me -- it's really -- it appears strange. Why on earth did Patarkatsishvili then go and have those

agreements notarised?

Q. I'll tell you exactly why, Mr Abramovich. You and Mr Patarkatsishvili had agreed at the Dorchester Hotel that you would be paying a certain sum of money towards the acquisition of a plane by him; that's right, isn't it? Mr Patarkatsishvili wanted documentation to be able to show to a western bank so that he could open an account into which you would be making payments so that he could acquire this plane.

A. Can I comment?

Q. Please.

A. \$115 million could buy you four planes, I think.

Q. Well, Mr Abramovich, there are documents in the disclosure which show payments by you or by your companies to a company that Mr Patarkatsishvili set up called Bili SA, which was the company he used to acquire, maintain and fit out his aeroplane, running to at least \$50 million over the course of a year, the year immediately following the Dorchester Hotel meeting; and that Bili SA's account was set up with a western bank called Kathrein & Co; and indeed that in a file that we have found labelled "Kathrein & Co" were to be found these notarised agreements.

Now, you may not know anything about the detail of that and that's why I'm not going to take you through

all the detail about that, but if you want to comment on that, please do.

A. To be honest, I'm not sure I understand the connection between the two. Maybe it was a very long sentence. But, once again, you do not need 115 million to buy a plane; the more so since we said we would be providing funding for the maintenance of the plane.

Q. What about the maintenance of the plane over a period of time?

A. It was five years.

Q. Five years?

A. If my memory serves me right, it was five years.

MR RABINOWITZ: Okay. Now, we've dealt with events going up to March 2000 and I now want to move on to the events of the summer of 2000.

My Lady, this may be a convenient moment for a break.

MRS JUSTICE GLOSTER: Very well, I'll take a break. Ten minutes.

(11.34 am)

(A short break)

(11.52 am)

MR RABINOWITZ: Mr Abramovich, we're going to now move on to the events of summer 2000 and can I begin by asking you, please, to be given bundle A1 and to go to tab 2, page 7

A1/02/7. It's Mr Berezovsky's particulars of claim.
What I hope you have it open at is paragraph C18, where
Mr Berezovsky describes what transpired in late
August 2000, after the ORT broadcast relating to the
Kursk.

MRS JUSTICE GLOSTER: Does Mr Abramovich have it in the
Russian?

MR RABINOWITZ: There isn't a Russian particulars of claim.

MRS JUSTICE GLOSTER: Right. So perhaps the translator
could kindly come forward and translate it for him.

(Pause)

THE INTERPRETER: Mr Rabinowitz, did you say C18?

MR RABINOWITZ: So if you could read C17(1), (2) and (3).

THE INTERPRETER: (1), (2) and (3).

MR RABINOWITZ: And also C18 and the first sentence of C19,
please. I'm sorry, I know that's a lot.

THE INTERPRETER: C17...?

MR RABINOWITZ: C18 and the first sentence of C19.

THE INTERPRETER: And the first sentence of C19. Thank you
very much.

MRS JUSTICE GLOSTER: Do sit down if you would like to.

(Pause)

MR RABINOWITZ: I'm sorry that took so long.

MRS JUSTICE GLOSTER: Thank you very much.

MR RABINOWITZ: Mr Abramovich, my question is: do you say

you had no personal knowledge of the details of the meetings described in those paragraphs between Mr Berezovsky and Mr Voloshin and Mr Berezovsky and President Putin as well as the meetings which are described there attended by Mr Patarkatsishvili?

- A. Today, by now, I have read so many times about it, I've heard so many times about it, it's difficult for me to be certain what I knew at that time or not. But it seems to me that at that time I was not aware of these details.
- Q. But you were, I think, close enough to President Putin to know that in August 2000 President Putin was not happy about Mr Berezovsky's involvement with ORT. Is that right?
- A. I can agree with the second part, that I might have assumed or I might have known that President Putin wasn't very happy with Berezovsky's activity in ORT, but I would not assert that I was that close to President Putin.
- Q. You say you would not assert that you were that close to President Putin. Would you assert that you had a reasonably good relationship with President Putin at this time?
- A. Yes, we had good relationship, yes.
- Q. And did you not come to the chateau in Cap d'Antibes at

the end of August 2000 to tell Mr Berezovsky that President Putin was unhappy with his involvement with ORT?

A. August, you meant August, I was right to understand that? To be honest, I don't remember it. August?

Q. Well, Ms Gorbunova remembers this, Mr Abramovich, in evidence that I don't think was challenged. Do you dispute it?

A. To be honest, I don't remember what happened in August.

Q. You can put away bundle A1. Can I ask that you be given bundle H(A)21 and go to page 143 in the English H(A)21/143 and 143R in the Russian H(A)21/143R.

Just so you know what you're looking at -- you're probably very familiar with this -- this is an open letter from Mr Berezovsky to President Putin in relation to ORT that was published in Kommersant on 4 September 2000.

Can I ask you, please, to read the opening three paragraphs, which I think will give you a flavour for what Mr Berezovsky is saying. (Pause)

A. I've read it.

Q. And you would have been aware of this at the time?

A. Yes, I read it at that time.

Q. And can I just ask you to look at the last two paragraphs of the letter, where Mr Berezovsky sets out

a proposal that he's putting forward to President Putin about placing his shares in ORT "in a trust to be managed by a group of journalists and other representatives of the public". The last two paragraphs. (Pause)

A. I've read it.

Q. Mr Berezovsky says he will put his shares in a trust to be managed by these people and he invites the government to do the same.

Would you accept, Mr Abramovich, reading what Mr Berezovsky says here, that at least at this time, the time of this letter, he had no intention of selling his shares in ORT?

A. From what is written here, at that moment he had no wish to sell ORT shares.

May I -- your Ladyship, may I draw your attention to the first paragraph.

MRS JUSTICE GLOSTER: Yes.

A. It says that the president wants to manage ORT himself; it doesn't say that the president wants to obtain the shares. He's just talking about management and control.

MR RABINOWITZ: I'm not sure that was remotely connected to my question, Mr Abramovich, but thank you for that.

Now, a few days after this open letter of 4 September, Mr Berezovsky announced in a press

conference the make-up of teletrust; that was the entity into which he planned to place management control. Do you remember that?

A. I don't remember the press conference but I've heard about it.

Q. So that was the position at the end of September, with Mr Berezovsky having said that he would put his shares into this trust to be managed by people, and at that stage I think you accept Mr Berezovsky had made clear that he did not wish or intend to sell ORT?

A. Yes, that is so. May I comment?

MRS JUSTICE GLOSTER: No. Let's get on now, please.

MR RABINOWITZ: Now, your case is, I think, that

Mr Patarkatsishvili started discussing with you around mid-October 2000 that you might buy

Mr Patarkatsishvili's and Mr Berezovsky's stake in ORT.

Is that correct?

A. Yes, that is so.

Q. And in fact you say Mr Patarkatsishvili was pressuring you to consider doing this. What pressure do you say that Mr Patarkatsishvili placed upon you?

A. He was trying to talk me into it quite intensely.

Q. And I think you suggest that Mr Patarkatsishvili hoped that if Mr Berezovsky sold the shares, that would mean that Mr Berezovsky would calm down and, you say, the

potentially difficult situation around Mr Berezovsky would also be defused. That's what you say at paragraph 214 of your statement E1/03/98.

A. Yes, that's right.

Q. Mr Abramovich, why would you be concerned about what the political situation was around Mr Berezovsky at this time? We're talking about October 2000.

A. Do I understand your question correctly: why was I concerned with the situation around Berezovsky?

Q. Why would you be concerned that the situation around Mr Berezovsky was one that perhaps needed to be defused? Why should it matter to you?

A. At that time everybody knew that we were quite close to each other and that most of his money he derives from me, so I was concerned. I was concerned with what was going on around him; it could have reflected on me as well.

Q. And even if what you say about Mr Patarkatsishvili pressuring you around mid-October is true, that is not evidence that Mr Berezovsky himself at this stage had indicated any wish to sell ORT, is it?

MRS JUSTICE GLOSTER: Well, I'm not sure it's for him to comment on --

MR RABINOWITZ: Let me rephrase that question.

MRS JUSTICE GLOSTER: -- whether or not something amounts to

evidence.

MR RABINOWITZ: You're not at this stage -- and we're talking about mid-October -- suggesting that Mr Berezovsky himself had indicated any wish to sell ORT, are you?

A. In mid-October, I don't think so.

Q. And then, of course, on 26 October 2000 President Putin made a direct and public threat against Mr Berezovsky. Do you remember that?

A. From what I remember, Berezovsky's name wasn't actually mentioned. But Mr Berezovsky must have taken it as a direct threat, one can assume that, but his surname wasn't actually mentioned.

Q. Well, perhaps we can look at the report of this: it's at H(A)22 at page 260 H(A)22/260. I don't think there is a Russian translation of this. This is a report in the Moscow Times on October 27:

"President Vladimir Putin warned Russian's powerful oligarchs that the state would beat them with 'a cudgel' if they stood in the way of reform.

"In an interview with Le Figaro newspaper ahead of a visit to France, the Kremlin leader said business bosses who amassed vast fortunes in the immediate post-Soviet era were trying to use the media to intimidate political institutions.

"The state has a cudgel in its hands that you use to hit just once, but on the head,' Putin told the newspaper, which published the interview Thursday.

"We haven't used this cudgel yet. We've just brandished it, which is enough to keep someone's attention. The day we get really angry, we won't hesitate to use it,' he said.

"It is inadmissible to blackmail the state. If necessary, we will destroy those instruments that allow this blackmail.'

"Putin was responding to a question about criticism of him by Boris Berezovsky, a business magnate with substantial media interests who quit Parliament in July after accusing Putin of trying to turn Russia into a Latin American-style regime."

It was not just Mr Berezovsky who would have interpreted this as a threat by President Putin to him; you presumably would have understood it in the same way?

- A. Well, if I had been trying to blackmail the state, I would have interpreted the same way. What it says is those who blackmail the state -- if I heard and understood the translation correctly -- so those who blackmail the state may get a cudgel blow on their head. So had I been trying to blackmail the state, I would have interpreted it in that way, as a threat.

Q. Mr Abramovich, that is not even close to an answer to my question. My question to you was: it wasn't just Mr Berezovsky who interpreted this as a threat by President Putin to him; you would have understood it -- this may have been the translation -- in the same way, that is to say a threat to Mr Berezovsky?

A. Well, it can be assumed. I would imagine that at that time I would have interpreted it like that, perhaps, I'm not sure; but yes, there is a chance and a probability that I might have done. One has to be very much in the context to understand what's said here.

Q. Now, that was on 26 October and then on 6 December 2000 you and Mr Patarkatsishvili and Mr Berezovsky met at Le Bourget.

A. Yes.

Q. And the meeting with Mr Berezovsky was in France because that was where Mr Berezovsky was then living?

A. Yes.

Q. Can I then ask you to take up the transcript of the Le Bourget meeting and can you please be given bundles E6 and E7. Now, I will try and ensure that you have a reference to what you want to see in E7 by giving box references and, where possible, page references as well, so you can see your Russian version of your comments.

Can we start, please, on box 28, which is at page 8 of E6 E6/01/8 and page 9 of E7 E7/01/9. There is, I think, agreement between you and Mr Berezovsky that this section of the transcript records you and Mr Patarkatsishvili discussing, by reference to a document, the sums which you owed to Mr Berezovsky and Mr Patarkatsishvili. Correct?

A. Yes.

Q. Is this how discussions between you and Mr Patarkatsishvili were usually conducted?

A. One part of discussion was going on as usual but most of it were not as usual.

Q. Which part of the discussion would be as usual: the part to do with how much they were to receive?

A. More or less, yes. More or less, yes. The discussion on amounts, we did from time to time sit down and check, verify how much I was still owing.

Q. So is it right then that you would discuss with Mr Patarkatsishvili the cash or the income that you had generated from your dealings with Sibneft?

A. Yes, one can say that. Not just Sibneft; from the oil business. It's not really revenue or income; it's how much I was still owing, how much was outstanding. It wasn't directly linked to income or revenue.

Q. Well, we'll come back to that, but don't put away E6 and

E7. Can I ask that you be given the bolshoi balance, please. Your Ladyship I think has it on the computer but it's not on Magnum.

MRS JUSTICE GLOSTER: When you say "on the computer", you mean it's on a USB stick?

MR RABINOWITZ: I believe so.

MR SUMPTION: My Lady, it's on the hard drive and if a legal assistant could sit behind the witness, she could get it on to the screen and it could be consulted in the original Excel format.

MRS JUSTICE GLOSTER: Yes, that would be helpful.

MR RABINOWITZ: Mr Abramovich, while that's being done, are you familiar with this document, the bolshoi balance?

A. I've never seen it. I never took part in drawing it up. Moreover, I hadn't seen it even when I was preparing for these proceedings. So now it will be the first time that I set my eyes on it.

Q. Okay, that's fine.

MRS JUSTICE GLOSTER: Could you tell me whether it's -- I've got two Excel spreadsheets here.

MR RABINOWITZ: One's in Russian.

MRS JUSTICE GLOSTER: One is in English and one is in Russian, yes, fine. Thank you.

MR RABINOWITZ: Do you have it on your screen yet?

MRS JUSTICE GLOSTER: It will go on the screen in the

Russian because I've got it on my own computer here.

MR RABINOWITZ: Right, I think it's on your screen.

MRS JUSTICE GLOSTER: Just before we get there,

Mr Rabinowitz, at box 29, Mr Abramovich says he believes he came to the meeting "with a simple spreadsheet provided to me by Mr Shvidler, reflecting mutual accounting". Is that this spreadsheet?

MR RABINOWITZ: I don't believe so.

MRS JUSTICE GLOSTER: Have we got the spreadsheet in evidence?

MR RABINOWITZ: No disclosure at all has been made of any such document.

MR SUMPTION: It doesn't survive.

MR RABINOWITZ: If it existed.

Now, can you look on your screen, Mr Abramovich.

I want just to explain to you how this document works. The first section on the first page, starting with the reference to the administrative territorial unit total, that part of the document shows your cash receipts by month from various sources.

So, just taking an example, if you look across at the first line, you will see that in the year 2000, the first line is dealing with your ZATOs receipts and this shows that in the year 2000, you generated something like \$1.45 billion in cash from the ZATOs. Do you see

that? The very first line of the document.

A. I can see the line, yes.

Q. And would you accept that this gives you a fair idea of the amount of profits or income that you were generating from the ZATOs?

A. I can't even comment this. I've no idea what this reflects. I have no knowledge on this matter at all. I mean, I can listen to it all, with pleasure, but I can add nothing.

Q. Let me ask you this, if you say you don't know about that: would you accept that what this document shows is that it was possible for you and your colleagues to calculate just how much money you were making from your dealings with Sibneft at any point in time?

MRS JUSTICE GLOSTER: When you say "your dealings", what are you referring to, Mr Rabinowitz?

MR RABINOWITZ: Well, your Ladyship will recall two days ago we talked about the trading companies --

MRS JUSTICE GLOSTER: Transfers between -- dealings between the trading companies and Sibneft?

MR RABINOWITZ: And indeed the use of the ZATOs and the tax-efficient vehicles.

MRS JUSTICE GLOSTER: Yes.

MR RABINOWITZ: You were able to calculate at any point in time how much income you were generating from being able

to own and control Sibneft in that way?

A. I will repeat the question to see if I understand correctly. Is it true that I know that my colleagues could estimate and calculate how much money we earned from ZATOs operations; is that the question? I am convinced that my colleagues could estimate and calculate how much we were earning; what I can't comment on is whether the table reflects that or not.

Q. All right. Let's just put that to one side. That's very helpful.

If you go back then to the discussions at Le Bourget in bundles E6 and E7 E6/01/8, again, if you look first at box 29, I want to ask you about your commentary to this. You refer here to having come to the meeting "with a simple spreadsheet" and then later down in the commentary you refer, you say, "By way of background to the contents of that table", which is the simple spreadsheet, to a claim in your third witness statement that you had previously agreed to pay Mr Berezovsky and Mr Patarkatsishvili \$305 million. Do you see that?

A. Yes, I see that.

Q. In fact you have produced no documents whatsoever, not a single one, which support the existence of any such agreement; that is right, is it not?

A. That is so. But the transcript at Le Bourget is

considered by you as evidence, as document, and it's discussed here. All I'm doing is I'm commenting the conversation. There's nothing else here.

Q. Prior to the disclosure of the Le Bourget transcript, you have never previously made any suggestion that there had been such an agreement under which you'd paid \$305 million.

A. I don't remember it, or didn't remember it. This is reconstruction; this is my attempt at remembering on the basis of what I read. I didn't remember it myself; I was just trying to comment on this conversation.

Q. You see, Mr Abramovich, I have to suggest to you that you have simply made up the idea that you had this agreement to pay \$305 million in the hope of being able to explain away parts of the Le Bourget transcript that, on their face, appear very strongly to undermine your case.

Do you want to comment on that?

MRS JUSTICE GLOSTER: Just a second, Mr Rabinowitz. There are a number of questions tucked up there. I mean, put to him the suggestion that he's trying to explain away the Le Bourget transcript and put to him, if you like, the separate question that it undermines the case. But I think he's going to get confused otherwise.

MR RABINOWITZ: I will just put the first of the questions.

I suggest to you, Mr Abramovich, that you have simply made up this claim to recollect this agreement in order to explain away aspects of the Le Bourget transcript. Do you accept that?

A. No, I don't accept that.

Q. Let's then look at the relevant part of the transcript.

Can you go, please, to box 33. It begins at page 12 of bundle E6, on to page 13 E6/01/12. This, I think, begins a conversation about the figures. And if you go to box 35 at the bottom of page 13 E6/01/13, you say there:

"So, this is last year's. That is what we had agreed, 275 million."

And that's you referring to the \$275 million figure and your evidence is that this was an amount that was related to Sibneft in the sense, at least, that you intended to source this amount from the oil trading business cashflows; is that right?

A. I think I've lost the thread of the question. You -- are you asking me whether this amount derives from Sibneft cashflows or from the trading companies' cashflows? Is that what you're asking me?

Q. I'm saying that it related to Sibneft in the sense, at least, that you intended to source this amount from the oil trading business cashflows.

- A. Well, this passage describes my debt to Mr Berezovsky but it can be concluded that this will come from the cashflow of oil trading companies, of course.
- Q. Mr Berezovsky says that the \$275 million figure reflected 50 per cent of the profits you said you had generated from trading Sibneft oil over a certain period and this figure was therefore what you owed to Mr Berezovsky and Mr Patarkatsishvili. But I take it you disagree with that?
- A. I disagree with that.
- Q. If you look then at box 37, do you see you say:
- "And 30 million -- it was... Aluminium."
- A. Yes, I can see that.
- Q. And again you say that this related to money generated from your aluminium investments; is that right?
- A. Yes, that is so.
- Q. So again, Mr Berezovsky says that it was due to Mr Patarkatsishvili and Mr Berezovsky because of your joint investment with them in aluminium. But again, I take it you disagree?
- A. I disagree, and I can explain and clarify at some point, when you think it's convenient.
- Q. Well, we'll get to that point in due course.
- Mr Abramovich, if, as you've suggested, it was always just a question of how much was due to

Mr Patarkatsishvili and Mr Berezovsky and if the reason for the payment of any particular amount was completely unconnected to the source, why would you be bothering to tell Mr Patarkatsishvili the source of the money?

- A. In October or in September 2000, when Mr Berezovsky left Russia, it turned out that all his accounts had been frozen and I think all he had was \$1 million to call his own. He would not have lived long on that \$1 million. So Badri came to see me and said, "Listen, the situation is such that Boris cannot go back to Russia, so we have a request to you: please give us a large amount of money, pay us a large amount of money, and we shall keep it for a rainy day".

Because the amount was 275 or \$300 million, it was such a huge amount for that time, I didn't quite understand where I would get it from. So we took out a loan. And when I was explaining to him that it was not possible, I said, "Listen, I'll get this from there, I'll get that from there, I'll get a bit from aluminium"; I was explaining to him where we will source the cash from. And this is -- then in part we're just repeating that conversation.

- Q. Mr Patarkatsishvili would not have been interested in the source of the money, Mr Abramovich, would he, if your story is true?

A. In ordinary times, in normal life, in ordinary life, he wouldn't have been interested. But because he told me, he gave me this challenge from Mr Berezovsky that by the end of December, as far as I remember, he needed this 300 million, then yes, he was bothered and interested as to whether I was able to do it and where I would source the money from and perhaps I would borrow some money, et cetera, et cetera.

Q. Now, your evidence about how this figure of around \$300 million was reached involves you saying that this was the amount which Mr Patarkatsishvili had demanded as a safety cushion for himself and Mr Berezovsky. Is that right?

A. Yes, it's right.

Q. But if that is right, can you explain why Mr Patarkatsishvili's response to being told about what was coming from aluminium was to say, "Ah, Aluminium. Yes, correct. It's 305"?

A. I've no idea why he said that. How can I say? How can I comment what he has said and why?

Q. You see, I suggest to you that it is simply not compatible with your suggestion that this figure was simply a safety cushion that Mr Patarkatsishvili had demanded. It only makes sense on the basis that your profits in the aluminium were the reason for the amount

of payment being made. That's right, isn't it?

A. No, that is not right.

MRS JUSTICE GLOSTER: Just a second.

Mr Abramovich, it was put to you:

"It only makes sense on the basis that your profits in the aluminium were the reason for the amount of payment being made."

Do you want to comment on that point?

A. I'm sorry, I do not agree with this.

MRS JUSTICE GLOSTER: Right. Thank you.

MR RABINOWITZ: Can I ask you next, please, to go to box 155 at page 58 in E6 E6/01/58 and page 55 in E7 E7/01/55.

You say in your witness statement, Mr Abramovich, that between boxes 155 and 450 there is a discussion relevant to ORT and that is why I want to look at what is said here, starting at around this point.

Are you there yet, Mr Abramovich?

A. Yes.

Q. Now, I'm just looking at box 156. You appear to be asking Mr Patarkatsishvili whether he planned to go to Moscow from time to time. Do you see that?

A. Yes, I can see 156.

Q. And Mr Patarkatsishvili, in response to your asking whether he had plans to go to Moscow, says:

"So far, no."

A. Yes, I can see that.

Q. And then he goes on to say, as you comment, that this was because there had been a raid on ORT. That's correct, isn't it?

A. May I just read this?

Q. Do.

A. If I have to comment my own comments, I would like to refresh them in my memory.

Q. Well, just read 159, which is where it's clear that you link this to the fact that there had been a raid on ORT.

(Pause)

You shouldn't have to read too far ahead, Mr Abramovich, to answer the question I've just asked you.

A. Be so kind and repeat your question again, please.

Q. Mr Patarkatsishvili, in answer to you asking him whether he had plans to go to Moscow, said:

"So far, no."

And then Mr Patarkatsishvili went on to link this to the fact that there had been a raid on ORT. Is that right?

A. Yes.

Q. And it is fair to say that Mr Patarkatsishvili thought that the raid on ORT was aimed at, among others, him,

and this is why the fact that there was a raid on ORT was considered by him to be a reason why he would not personally go back to Moscow at that time; do you agree?

A. Yes, it can be interpreted this way, although it's not quite exact. It's not a very exact description of what took place.

Q. I take it you would not dispute that at this time in Russia it was entirely believable that a raid on a company such as ORT might be aimed at getting particular individuals out of such a company?

A. No, I don't agree with this. If I remember correctly, I think in '98 there were criminal charges or a criminal case opened on this subject. It took a long time and all that happened was that people came along and confiscated documents, if that can be called a raid.

Q. I'm not sure that you entirely understood the question. The question is that at this time in Russia it was believable that a raid on a company such as ORT might be aimed at getting a particular individual out of that company, in this case ORT? That's what people -- they could believe that and they wouldn't be crazy to think that?

A. I don't agree.

Q. Well, can you just jump briefly to box 630. It's at page 204 in E7 E7/01/204 and 202 in E6 E6/01/202.

Do keep your hand in the file at page 59, box 156 as well.

Can you just read boxes 630 to 632 and your commentary on those boxes. (Pause)

- A. I've read them. I've read my comments as well.
- Q. You see, Mr Abramovich, your own evidence makes clear that the general director of ORT, Mr Ernst, certainly thought that it was believable that a raid could be aimed at a particular individual when he was told that by Mr Patarkatsishvili. Do you see that? That's your own commentary.
- A. Yes, I'm saying that jokingly Badri said it to Mr Ernst. Whether Mr Ernst could have thought that the Prosecutor's Office raid on a television company was aimed at him, yes, he might have done. It can be assumed that it may have been aimed at management but it is impossible to assume that it may have been aimed at shareholders. Moreover, the company was state-owned.
- Q. My question was directed to asking you whether you could accept that it was believable that a raid would be aimed at getting a particular individual out of the company. You said it was not. I showed you what happened with Mr Ernst, where he plainly believed that the raid could be aimed at him.

Now, do you accept that Mr Patarkatsishvili could

reasonably have believed that the raids on ORT could have been aimed at getting himself out of ORT?

A. I did not have that impression but I can't comment on what he might have been thinking. I personally did not have that impression and I saw him quite often and talked to him quite often.

Q. Why then was he linking the fact that there had been a raid on ORT with a concern about going back to Moscow at that time then?

A. Here it is said that during the raid one of the Prosecutor's Office people might have asked "And where is Mr Patarkatsishvili so we can question him?" So it was passed on to Badri and this is what we are discussing or partly this is what we're discussing.

Q. Can I ask you, please, to go next to box 161, so back where you were, page 63 in the English version E6/01/63. So this is still in the context of your asking Mr Patarkatsishvili about whether he had plans to travel back to Moscow and him highlighting the concern he had arising as a result of the Maski raid the previous day, and Mr Patarkatsishvili says:

"The problem is that I will have, that I will have, how shall I say it, if you know... you, yes, if you know that I have no problems, and I can give evidence, then absolutely -- I shall come with pleasure."

And it is clear from this, Mr Abramovich, that Mr Patarkatsishvili plainly believed that you were close enough to people in power in Moscow to know whether or not Mr Patarkatsishvili would have problems if he returned to Moscow. Do you agree with that?

A. I don't agree and, if I may, I'll clarify.

MRS JUSTICE GLOSTER: Yes, you may.

A. The raid took place on the 5th; we're meeting on the 6th. Badri couldn't have known a priori that there would have been a raid, but that's not the point. Anybody who was in Moscow at that time and who knew -- and Badri knew I was -- I knew Voloshin, Yumashev. It doesn't matter; I knew many people. Anyone in Moscow could have told him more than the person in France. Of course, he was asking everybody: do they know anything about it or not?

Was I clear in my clarification?

MR RABINOWITZ: Your answer was clear, Mr Abramovich. What I don't think that your answer explains is what in fact Mr Patarkatsishvili is saying here, because what he says is that -- and he's speaking to you, Mr Abramovich -- he says:

"... if you know... if you know that I have no problems, and I can give evidence, then absolutely -- I shall come with pleasure."

So it's plain that he's willing to place complete trust in what you tell him the position is.

A. That's not quite so. And then if we read on, we'll see I'm saying: yes, I can ask, but I can't guarantee anything.

Q. You were well aware, Mr Abramovich, that Mr Patarkatsishvili regarded you as close to people in power in Moscow; that's right, isn't it?

A. Well, many of my acquaintances and friends worked in the government; that is true.

Q. So are you accepting what I have put to you: that you were well aware that Mr Patarkatsishvili regarded you as close to people in power in Moscow?

A. Well, yes, it can be read like that, yes.

Q. And Mr Patarkatsishvili was right to regard you as close to people in power in Moscow, was he not?

A. I've already said that I knew many people in government.

Q. Can you please go to box 164 on page 64 of the English E6/01/64, presumably 66 in Russian E7/01/66.

You were responding here -- box 164, do you have that? You were responding here to what

Mr Patarkatsishvili has said and you say to him:

"You won't have any problems. (He said) that he won't have problems... and then it's on his..."

And your comment makes clear that you think this is

probably a reference to a conversation that you had had with President Putin. Do you see that?

A. Yes.

Q. So you were indeed in a position to relay President Putin's views to Mr Patarkatsishvili and Mr Berezovsky, were you not?

A. Yes, that's right.

Q. And it's right, isn't it, that if President Putin said that Mr Patarkatsishvili wouldn't be arrested, then he wouldn't be arrested? That's correct, isn't it?

A. I don't know that. I can't -- we're saying, "You won't have... problems"; we are not discussing arrest. My talk was two weeks prior to this Le Bourget conversation, on 29 November or something, and here we're discussing 5 December. Okay, a week prior that conversation took place.

Q. The thrust of the conversation here seems to be that Mr Patarkatsishvili had nothing to worry about because that is what President Putin had said. Do you accept that?

A. Yes, I passed on to him that, from my point of view, he had nothing to fear.

Q. And then just going to box 166 on page 66 of the English E6/01/66, you go on here to tell Mr Patarkatsishvili about your discussions at the Kremlin concerning

Mr Patarkatsishvili and ORT. It's not clear whether you're referring to a conversation with President Putin or Mr Voloshin.

A. Yes, it's not clear to me either.

Q. And as we see in the following boxes -- and I'll ask you to read them -- it's clear that you had previously had conversations with Mr Patarkatsishvili about your Kremlin discussions. You'll see that if I can invite you to read from box 167 to 176. (Pause)

Just to 176, if you would.

A. Right, I'm done.

Q. So it's clear from those boxes that you had previously had a conversation with Mr Patarkatsishvili about discussions you had had with the Kremlin. Do you accept that?

A. Yes, I agree. Whenever I could get a meeting with Putin, whenever or at least occasionally when I had a meeting with Putin, Badri always asked me to mention him and to discuss his position.

Q. And so, just looking at your commentary to box 176, it's clear that you were offering to act as an intermediary between Mr Patarkatsishvili and the Kremlin, going there to try to make certain of the Kremlin's views. Do you see that?

A. Yes, I can see the comment but I just don't understand

why it follows that I wanted to be an intermediary. The conclusion we can make is that Badri wishes me to talk about him to the Kremlin.

Q. And you are willing to do it; that's what you say here?

A. I have always been willing to do the things he asked me to do.

Q. And so --

MRS JUSTICE GLOSTER: Mr Rabinowitz --

MR RABINOWITZ: One more question, my Lady.

MRS JUSTICE GLOSTER: Yes.

MR RABINOWITZ: It depends on the answer, I suppose, but...

And it's clear from this exchange, Mr Abramovich, that you certainly did have, or at the very least were suggesting to them that you had, the ability to raise questions affecting Mr Patarkatsishvili directly with the Kremlin, with President Putin directly or with Mr Voloshin and through him to President Putin?

A. I didn't tell him that. He knew it well anyway.

MR RABINOWITZ: My Lady, that is a...

MRS JUSTICE GLOSTER: Very well.

Just a second. Ms Davies, your application for an order as against the Latvian Trade Bank. I've looked at the draft order. My concern is whether there should be some sort of recital that they accept jurisdiction.

I haven't looked at the relevant rule in the White Book

but what I'm concerned about is making an order against a foreign bank unless there is some sort of evidence or recital that they accept the jurisdiction of the court.

MS DAVIES: My Lady, of course. We had anticipated that was covered by referring to their letter in which they accepted, but we can bring that into the body of the --

MRS JUSTICE GLOSTER: Well, do they accept in their letter? I mean, they seem to be going along with a notion but they have not directly -- they appear to be going along with the notion that they'd be content with an order of the English court or a request by the English court, but I'm not sure that they're responding to your suggestion that: could you please provide an address for service within the jurisdiction.

How urgent is this? I don't want to hold it up but I am concerned that they appear to be envisaging some sort of letter of request by the English court rather than actually them agreeing to the jurisdiction and my making an order against them personally to produce the documents.

MS DAVIES: Well, it's clear from their letter that they wanted a legalised document --

MRS JUSTICE GLOSTER: Yes, I agree with that.

MS DAVIES: -- which we took to mean an order. But if your Lady is saying you would like us to clarify with them

whether -- in other words, to send the draft order --

MRS JUSTICE GLOSTER: Send the draft order to them.

MS DAVIES: -- and asking them to confirm that they're happy for it to be made in those terms, we can do that immediately and come back on it.

MRS JUSTICE GLOSTER: I think the draft order has got to recite their consenting to the jurisdiction of the court for the purposes of the court making this order and I would be happier, I think, to make an order in those terms if I were satisfied that they did not object to making an order.

MS DAVIES: We will amend the draft order, send it to them today I hope, and hopefully they can respond quickly and we can deal with this early next week.

MRS JUSTICE GLOSTER: Right. Well, the reason I'm saying this is that if you produce a draft order at 2 o'clock, I can then sign off on it and you can then get it sent.

MS DAVIES: Yes, of course.

MRS JUSTICE GLOSTER: Well, hang on. If you send them a draft order now in the terms that you've indicated --

MS DAVIES: What I can do is bring back a draft order at 2 o'clock, ensure that meets with my Lady's point, and then we can send it to them this afternoon.

MRS JUSTICE GLOSTER: Yes, very well. 2.05.

(1.04 pm)

(The short adjournment)

(2.08 pm)

MRS JUSTICE GLOSTER: Mr Rabinowitz, I'll just deal with Ms Davies's order.

MS DAVIES: My Lady, I've added two recitals: one to deal with the submission to the jurisdiction and second to deal with the order only having any effect outside this jurisdiction with agreement, the Babanaft issue.

MRS JUSTICE GLOSTER: Yes, that's fine. Okay.

MS DAVIES: I'm grateful, my Lady. We'll send that to the bank and get their sign-off on...

MRS JUSTICE GLOSTER: If you can get it by 4.15 --

MS DAVIES: I don't know whether we'll get an answer from them back by 4.15 --

MRS JUSTICE GLOSTER: No, I'm sure you won't.

MS DAVIES: -- but hopefully by Monday.

MRS JUSTICE GLOSTER: Very well, thank you.

Yes, Mr Rabinowitz.

MR RABINOWITZ: Mr Abramovich, we're still in bundle -- you're in bundle E7; the rest of us I think are in bundle E6. Can you go to box 194. In E6 it's at page 77 E6/01/77.

You're talking here, about three lines down, about someone in power, I think it's Mr Ustinov, who is the general prosecutor, and you make it clear you regard him

as a fool and you explain that you have been asked "to develop the prosecutor's office". Do you see that?

A. To be honest, I cannot see this. I think this is your interpretation. This is just gobbledygook. But you cannot make the conclusion that -- at least in Russian you cannot draw the conclusion that I was asked to develop the Prosecutor's Office, based on what it says here in Russian.

Q. Isn't that your own comment about the Prosecutor's Office? Isn't that exactly what you say? I just want to find the exact reference to that. (Pause)

Well, leave that aside. I take it that you accept that what this conversation, at this part at least, shows is that you had a level of access to people at very high levels of the state, in this case the Prosecutor's Office. Would you accept that?

A. No, I do not accept that. I don't understand on the basis of what you have drawn this conclusion.

Q. Well, according to the transcript, what this has you saying, talking about Mr Ustinov, you say:

"A fool, yes, he is just a fool. He gives me tasks... sort of to develop the prosecutor's office..."

It's by reference to that, Mr Abramovich, that I have asked you that question.

MRS JUSTICE GLOSTER: What box is that, please?

MR RABINOWITZ: 194, the first comment made.

A. I do not know if I'm expected to give comment on what I said about Ustinov. All the rest is just blanks here. There are gaps and then a few words about the development foundation or fund. It does not mean that I was dealing with this. The development foundation I think was established by the government and I had nothing to do with this. I may have had an opinion about this, that this will not result in anything good, but at least what I can say is that I definitely had nothing to do with this.

Q. Can I ask you now, please, to go to box 451 in the --

MRS JUSTICE GLOSTER: Sorry, can you just answer a question on box 194. You say at the bottom of the page in the English:

"I don't know, he... to me... I don't know him well, although Putin... to me... don't know well..."

Did you know Ustinov?

A. I did not know him at all. I had not been introduced to him.

MRS JUSTICE GLOSTER: Yes, Mr Rabinowitz.

MR RABINOWITZ: Who is it then that you were saying that, whilst you didn't know him well, President Putin knew him well? Who was that about?

A. It has been so many years, I cannot recall this with the

best of wish and all that I could have recalled I've written here. Once again, let me say that I did not know Ustinov.

Q. If you didn't know him, why were you calling him a fool?

A. Well, I can express my views and opinions about people, even if I don't know people.

Q. That's true.

A. It's my feelings.

Q. Very good.

Now, we'll come back to the discussions you were having about ORT shortly but can I ask you for the moment, please, to go to box 451. It's at page 154 of E7 E7/01/154 and 157 of E6 E6/01/157.

In box 451 we see that there is the beginning of a discussion about Sibneft and you are explaining here that President Putin was planning to implement new tax rules to prevent oil companies avoiding taxes. Do you recall that?

A. Mm-hm.

Q. You need to say "da".

A. Yes, I do remember that.

Q. And if you then go to box 458, in the English it's at page 160 E6/01/160, just picking it up at the -- box 458. You are explaining to Mr Patarkatsishvili and Mr Berezovsky that, in light of President Putin's new

tax rules to prevent oil companies avoiding tax, that you say:

"... next year there'll only be one way for us to get the money: legally, through paying taxes, as dividends."

"Legally, through paying taxes", and then you say, "as dividends".

Now, just to be clear about this, Mr Abramovich, you are not saying here, I think, that you had previously been acting illegally, are you?

- A. If you look at this whole section of the discussion, we're talking about the way in which we can receive money and what I'm saying is that for next year the only way to receive money is this legal way, ie through the dividends, through the way it's set out here. All the companies had to come into Sibneft: there were no longer tax breaks, there were no longer ZATOs.

So what I'm saying is that for next year the only way to receive money will be this because all the others -- all the other ways, including ZATOs and tax breaks, had been lifted or cancelled.

- Q. So I think your answer to my question is that I am right: you do not say you had previously been acting illegally, you were simply saying that the methods that you had previously used to generate profits from

yourself through Sibneft were being restricted in the future?

A. Yes, that is so.

Q. And then, just looking further down in box 458, you explain who would be entitled to dividends and you explain that all the shareholders, you say, including all the minority shareholders, would be entitled to dividends based on their shareholding. Is that right?

A. Yes, that is right.

Q. Now, just on the question of shareholdings, your case in these proceedings, we are told, is that at this time, December 2000, you personally owned at least 88 per cent of the company with the remainder free-floating. Is that right?

A. Yes, that is right.

Q. And in fact you've disclosed a document which appears to confirm the structures by which the 88 per cent was held. Can you please turn to H(A) volume 22, page 268 H(A)22/268.

I think we may have a translation of this. Your Ladyship will see that the version in the bundle is in Russian. We have an English translation of it. (Handed)

MRS JUSTICE GLOSTER: Can this be put on Magnum as well.

MR RABINOWITZ: It will be, my Lady. (Pause)

Now, Mr Abramovich, this is a document which you

have disclosed in these proceedings. It was described by your solicitors as simply dividends, is how they refer to this document. And what it appears to do is to set out the shares held in Sibneft and dividends payable in respect of those shares as of a certain date, which, as you will see if you look at the top left-hand corner of the document, is 30 October 2000.

A. Yes, I can see this. But prior to this moment today I have not seen this table.

Q. That's okay. So that is just over a month before the Le Bourget meeting and I can go through this document with you.

What it does is to show the Sibneft shareholdings in two ways. In the top half of the document there are the beneficial owners of Sibneft shares. So, for example, one sees White Pearl Investments Limited was the owner of 15.759 per cent of Sibneft; do you see that?

A. Yes.

Q. And the document also shows how much percentage of the shares was held by the other three companies that you were using to hold these shares immediately below that. Do you see that?

A. Yes. Yes.

Q. And what this also shows is that the beneficial holdings of shares by nominee companies totalled 56.059 per cent.

Do you see that?

A. Yes, I can see that.

Q. Can you say whether that broadly reflects your understanding of what the position was at this stage or do you not remember?

A. To be honest, I had no idea.

Q. All right. I'll carry on though.

Below that one has that part of the holding held in a type S account and 20.395 per cent of the shares are held there. Are you able to help us with what a type S account is or not?

A. I don't know. I was just about to ask you what it means. I've no idea.

Q. Right. Then the document refers to shares held, it says "Total of our shares held in the national depository centre", and I think there are 11 per cent of the shares which, added to the previous 20.395 per cent, gets one to 30.584 per cent (sic) according to this document.

Okay?

MRS JUSTICE GLOSTER: I thought it's 31.

MR RABINOWITZ: 31, sorry. 31.584.

A. Yes, I can see that.

Q. And then below that one has a reference for the number of shares held by Runicom Limited in Gibraltar and that's 0.946 per cent. Do you see that?

- A. Yes, I can see that.
- Q. And that then gives a total of 88.589 per cent, which the document describes as the total in "friendly structures". Do you see that?
- A. In Russian, it says "Total our shares" -- oh, no, it's a different line, sorry. Yes, yes, you're right. You're right.
- Q. And your evidence is that these beneficial interests are exclusively yours; that's right, isn't it?
- A. Yes.
- Q. And so whilst the 88 per cent was held in what you termed "friendly structures", the remaining 12 per cent or so was free-floating, not in a friendly structure; is that right?
- A. Yes.
- Q. And what the document also shows is that your stake, one way or another, was ultimately -- what you say was your stake one way or the other was ultimately owned by eight companies; that's correct, isn't it?
- A. Yes.
- Q. And Runicom was a Gibraltar company and the other seven companies were all based in Cyprus; that's right, isn't it? You may not remember that.
- A. I'm just not aware of this, I just don't know this.
- Q. Well, will you take that from me, that that is the case:

these were all Cyprus companies.

A. Yes.

Q. And then if we just look at the second half of the document -- by "second half" I mean below where it says "Register of shareholders" -- we see how the shareholding was actually registered with nominees. So, for example, we can see that ING Barings was registered as owning 23.305 per cent of Sibneft. Do you see that?

A. Yes.

Q. And you can see that that is made up of 6.754 per cent held by White Pearl Investments Limited and so on. I'm not going to go through all of that.

A. Yes, I can see that.

Q. But do you see that it also says "Others at ING Barings", 6.754 per cent?

A. Yes.

Q. And that means that was for other people and not for you; is that right?

A. It must be. Once -- but, once again, I told you that I've not seen this table. Do we have to go through this table together? Is this the procedure?

Q. I do want to take you through this table, Mr Abramovich. If you don't know what the reference to "Others at ING Barings" means, just say so, okay?

A. That's true, I do not know.

Q. Right. And just as we have seen the total amount registered in the name of ING Barings, we also see a total registered in the name of Fleming UCB and then Deutsche Bank and ABN Amro as well. Do you see that?

A. Yes.

Q. And you also see that, for example, at ABN Amro there is the comment "Others apart from us at ABN AMRO". But you can't help us with that; is that right?

A. I'm afraid I cannot.

Q. All right.

Now, if we can just stay for the moment with the holdings in the Cypriot companies, again, I don't think the arrangements were as straightforward as you personally owning 100 per cent of each of those in your own name. Do you remember that, whether that's right or not, that it wasn't simply you owning 100 per cent in your own name?

A. I have absolutely no idea.

Q. Can I ask you to be given a document at bundle H(A)44, page 210 H(A)44/210.

Now, this is a document again which you disclose, Mr Abramovich. As you can see, a lot of it has been blanked out. We can only see a certain amount of information on this. So far as one can tell, this shows the corporate information for a number of companies

which are within your control.

So, for example, if you go to page 213, you'll see at the top of the page a reference to Heflinham Holdings Limited, which is one of the Cypriot companies we saw on the dividend sheet, and I can tell you that what it says is that the real shareholder of that is a company called Esklar Limited, about five boxes along. This is the name of the company and then it says "Real shareholders" and it gives the name of Esklar Limited. Do you see that?

Then equally, if you look on the same page, Jimenson Enterprises Limited, which was another one of the companies we saw on your dividend sheet, it has a nominee shareholder, ATS Nominees, and then under the column "Real shareholders" it says Runicom Limited.

I don't want to take too much time going through this. You can just look at the final two entries on the page that you can see: Kindselia Holdings Limited, again still on page 213, the real shareholder is shown as Esklar Limited; and Kravin Investments has a real shareholder which is known as Mearam Limited.

Mr Abramovich, I'm not expecting you to recall the name of every one of the offshore vehicles through which these interests that you say you owned were held in Sibneft, but do you accept that this multi-layered

offshore structure is indeed how these interests were held?

- A. I think so, but I cannot assert this with certainty. I think so, otherwise those documents would not have been disclosed to you. But prior to today I have not seen this.

Q. Okay.

Now, we're going to go back to the Le Bourget transcript in a moment but before we do, do you recall that in your third witness statement you referred to a proposal which you say was made by Mr Fomichev? You can see it if you go to paragraph 196 at E1, tab 3, page 93 E1/03/93, and for you, E1, tab 3, page 194 E1/03/194.

At paragraph 196, if you look at the first sentence, you say that this proposal was made by Mr Fomichev at a time "Before Mr Patarkatsishvili's proposal for a large lump-sum payout". Do you see that?

A. Yes.

Q. And elsewhere in your evidence I think you suggest that this proposal by Mr Patarkatsishvili for "a large lump-sum payout" was made in early January 2001. That's right, isn't it?

A. I'm not sure. Which payment are we talking about: 305 million or 1.3 billion? What is it that we are

speaking about now? Both sums -- both amounts are pretty large amounts, so I'm not sure.

- Q. If you go to paragraph 268 on page 218 of the bundle you're looking at E1/03/218, in English it's at page 116 E1/03/116, it's the proposal that you say was made by Mr Patarkatsishvili in Courchevel. You see in that paragraph you refer to him making a proposal that you make a final pay-out to him.

So we know, according to you, that that was in January 2001 and my question to you is about the proposal that you say that Mr Fomichev made. You make it clear that that was a proposal made before Mr Patarkatsishvili's proposal and I'm trying to get a date on when you say Mr Fomichev made a proposal to you in the way that you explained at paragraph 196 of your statement.

- A. We are talking about different amounts here. So, I mean, the way I see it, it would be wrong to make reference to the Courchevel meeting and then the meeting in Megeve and confuse this, mix this up with the meeting that I had had with Fomichev and what had happened in Le Bourget. I think we're speaking about different things because one thing, one item, one clause here describes one meeting and the other clause, the other item describes a different meeting.

- Q. I agree with you about that, Mr Abramovich. What I'm trying to do is identify the date for the Fomichev meeting and I can only do it by reference to the meeting you say you had with Patarkatsishvili because all you tell us about this proposal you say you had from Fomichev was that it was before the Patarkatsishvili proposal. So what I'm trying to ascertain is: when do you say that happened?
- A. Based on the meeting with Patarkatsishvili one cannot draw any conclusion but I will do my best and assist you on this. There is a reference in Le Bourget to either 13 October or 13 September so, if I understand correctly, this meeting was prior to that, it had been prior to that.
- Q. So you're suggesting that this proposal you say was made by Mr Fomichev was made prior to Le Bourget; is that right?
- A. Yes.
- Q. But you are unable to be more specific about when you say that proposal was made; is that correct?
- A. I -- it looks to me like it was made before we started the pay-out of the \$300 million. At least that's the way I see it.
- Q. Can you be more specific about when that was? Can you identify a date when you say broadly -- you cannot; is

that right?

A. I cannot give you a date, no. I'm just going by this text and so I'm trying to make some assumptions, but I cannot -- draw some assumptions, but I cannot give you a date now.

Q. Mr Abramovich, would you accept that this proposal that you say you received from Mr Fomichev is not mentioned in any document which is before the court? I obviously don't include your witness statements.

A. I'm sorry, I'm not sure I understood you. How does my conversation with Fomichev be filed with the court other than from me or from Mr Fomichev? Or maybe I misunderstood your question.

Q. One doesn't find a single document anywhere in all the hundreds of documents, thousands of documents, hundreds of thousands of documents, which mentions any proposal of the sort that you claim you had from Mr Fomichev, other, obviously, than your own witness statement. Do you accept that?

MRS JUSTICE GLOSTER: Well, he can't have looked at all of the documents.

MR RABINOWITZ: Well, I can tell him that it doesn't. But if he knows of a document --

MRS JUSTICE GLOSTER: The point that's being put to you, Mr Abramovich, is: isn't it surprising that there is no

written reference to the Fomichev proposal anywhere in the documents, if your story is true? That's the point that's being made to you. So can you comment on that, please?

- A. It is not strange because it was a proposal how to legalise the money; not to transfer money forever but how to use the shares in order to get a stream of dividend. It was not a proposal to transfer shares forever, indefinitely, in general; it was a way of legalising the income. And that was the way that had been proposed by Ruslan and I rejected this.

MR RABINOWITZ: I have to suggest to you, Mr Abramovich, that there was in fact no such proposal. Do you want to comment on that?

- A. You are wrong.

Q. We'll come back to that.

Can we then return to the transcript of the Le Bourget conversation, bundle E7 for you, E6 for everyone else. Can we look at box 459, please E6/01/161. We see in box 459 that Mr Patarkatsishvili asks about legalising his and Mr Berezovsky's income.

Do you see that? He says:

"(So we shall legalise our income then?)"

Do you see that?

- A. Yes.

- Q. And if we look at your commentary to this, you comment:
- "Here, Mr Patarkatsishvili asked how they would be able to receive their money legally under the circumstances."
- A. In this paragraph, what I'm saying is that what we are doing now is banned, it's prohibited, but I'm trying to assist, to help Mr Berezovsky to get his money abroad, outside of Russia. So this whole discussion is around this: how can we legalise the money in a way that would allow him to receive the money abroad?
- Q. Do you see, Mr Abramovich, although your commentary says that Mr Patarkatsishvili was asking how they would be able to receive the money, that is not, as you can see from the transcript, what he appears to have said? His question isn't "how" at all; rather it is whether this is something that should be done. Do you see that?
- A. I can see what it says here. Well, first of all, with your permission, in parenthesis here, in brackets, is something which was not very well heard and so no one will vouch that what it says here is true. It was one of the interpreters who believes that he or she heard that, and there were interpreters from both sides.
- Q. You see, the question of how the money could be received legally was something you had already described: namely by being shareholders and receiving dividends. That is

what you're talking about at box 458, is it not? You say at box 458:

"So, nevertheless, next year there'll be only one way for us to get the money: legally, through paying taxes, as dividends."

You've already explained to them how. Do you see that?

A. Yes.

Q. And what Mr Patarkatsishvili was asking you in box 459, Mr Abramovich, is whether you would arrange for him and Mr Berezovsky formally to be shareholders, so that they also could receive dividends in this legal way.

A. Once again, if I may, the words in brackets are words that are hardly audible. This is an assumption of an assumption, so it could hardly be heard at all. Now, what you have in brackets is something that you just cannot hear. I've heard this recording many times myself.

Q. Let us just look at the answer that you give to Mr Patarkatsishvili, which is at box 460, from which it is clear that you were not willing to arrange for Mr Patarkatsishvili and Mr Berezovsky formally to be shown as shareholders.

Just looking at 460, you say:

"The idea is that we should legalise this process,

that's the idea. To say that this portfolio belongs to so and so, this one -- to so and so..."

Then you say:

"... and if you trust me, I shall do it in such a way so as not to have you visible..."

So at the beginning of this discussion you again explain what is meant by legalising the process and you say that it involves saying who in fact owns what part of the Sibneft shares, so that it is clear to whom a dividend should be paid. Is that correct?

- A. Could I ask you to repeat the question again? It was a very long question, at least until the last part of it. So to whom the dividends should be going; did I understand you correctly?
- Q. What I'm doing is making sense of what you've said at box 460. The first thing you say in the extract I read out is to explain what is meant by legalising the process, and you explain it by saying it involves saying who in fact owns what part of the Sibneft shares so that it is clear to whom a dividend should be paid.

That is what you are saying in the first part of box 460, is it not?

- A. What I'm saying is that the dividends will be received by the shareholders only, it will only be the shareholders who will be receiving dividends, and

because they are not shareholders then they cannot receive the dividends.

- Q. What you are saying is that legalising the process involves identifying who owns what shares, so that those people can get the dividends; is that not right?
- A. Well, you can interpret it this way but I think I've been saying exactly the same thing: it's only the shareholders that can receive dividends.
- Q. What you then go on to say to them, and it is clear this is your preferred option, is that they should trust you and you will ensure that they receive what they're entitled to, but you want to do it in a way so that they are not visible. This is right, isn't it?
- A. No, what I'm saying is that they trust me, then we leave everything as it was. I will make my payments for the krysha as I used to be making those payments. I will be receiving dividends because that's the only way for me to receive the income and then I will be paying -- making the pay-outs that I have to make to them.

And I'm making reference here to the fact that our relationship is bad, prohibited by law. I actually use the verdict "prohibit".

- Q. Well, let's carry on with what you say. In box 460 you carry on explaining your alternative and you say this:

"... if you don't trust [me], then you need to (get

some valuations, some prices). There can be no official agreements between us. Well, first of all, it is forbidden. Secondly, there is no way not to break these agreements. In other words, the moment you decide you want to break them, you have the right to break them, and legally you... all this is (nothing)."

And perhaps we can just consider your response to Mr Patarkatsishvili's request for legalisation in the context of your concern that they should not be visible.

Do you accept, Mr Abramovich, that there was in fact no legal or practical reason why you could not, for example, have formally transferred beneficial ownership of some of the Cypriot companies to Mr Berezovsky and Mr Patarkatsishvili?

A. If you mean the level of my knowledge about those procedures at that time, then I disagree with your statement.

Q. No, that's not what I meant. What I asked was: do you accept that there was in fact no legal or practical reason why you could not, for example, have formally transferred beneficial ownership of some of the Cypriot companies to Mr Berezovsky and Mr Patarkatsishvili?

You had Cyprus companies. You couldn't see from those Cyprus companies who the beneficial owners were. You could have transferred the ownership of those

companies to Mr Patarkatsishvili and Mr Berezovsky and no one would have known that they were in fact the people who owned those companies and therefore the people who owned the Sibneft shares.

Do you accept you could have done that?

- A. Well, technically maybe I could have done that, but at that time I did not know this. And also why should I transfer shares to people who are not shareholders? And that did not resolve their problem of legalisation. They should have been able to -- they had to be able to demonstrate that they can receive the money.
- Q. Well, Mr Abramovich, the reason you should have transferred the shareholding to them is because they had been your partners since 1995 and you would have been registering in their name what had always been theirs. That is why.
- A. Well, this is not the case. And also, if you look at this, you will see that during this discussion no one raises this question with me; no one says that I have to transfer shares to them. What we are discussing is the legalisation of money, ie how to make sure that one can legally receive the money.
- Q. And what could have been done in order to ensure that they could legally receive their money is to register them or to ensure that they had ownership of a company

which was registered as a shareholder. That wasn't that difficult, was it?

A. Well, if at that time I had been a lawyer and I had understood it so well, then I would probably have come up with this. But at that time I did not know -- they did not know this. So it was a discussion about nothing, if you wish.

Q. You see, Mr Abramovich I suggest that in this passage you were coming up with reasons for refusing to formalise Mr Berezovsky's and Mr Patarkatsishvili's interests in Sibneft which were simply not truthful reasons.

A. I do not agree with this. But if I had owed them shares, they would have told me directly, "You owe us money so" -- I'm sorry, "You owe us shares, please transfer shares to us". Now, during this discussion no one raises the issues of shares with me.

Q. I'm not sure that's right and in fact the whole premise of this conversation, I would suggest, was that they did have an ownership interest in those shares. That is why they want to understand how they can receive dividends if that is the only way profits were going to be distributed. Do you want to comment on that?

MRS JUSTICE GLOSTER: Well, he doesn't agree with the premise, does he? He's made that perfectly clear. Do

you want to add anything else?

A. I disagree with the very premise.

MR RABINOWITZ: Can I ask you then to look at box 468

E6/01/164. You see, at box 468 we see that

Mr Patarkatsishvili in fact identified that it would be possible for he and Mr Berezovsky to have an interest in Sibneft which was formalised, even without them personally appearing on the share register. He says:

"We can suggest another, we can suggest another option... yes. Another option, whereby a bank would participate instead of us."

Do you see that?

A. Yes, I can see that.

Q. And then Mr Berezovsky contributes:

"To which we shall entrust management."

In the next box. Do you see that too?

A. Yes, I can see that.

Q. And in fact, whilst they may not have known this, what they were proposing was very similar to what you already had put in place for yourself: to use a western bank as a nominee shareholder. Isn't that right?

A. Am I expected to answer your first question or your second question?

Q. Well, if you want them separately, I'll give them to you separately. What they may not have known at this time

was that what they were proposing was very similar to what you had already put in place for yourself -- I'm not sure that there were two questions there -- which was to use a western bank as a nominee shareholder?

A. I used a bank as a nominee shareholder. At that time I did not know this, but I did use it.

Q. So there is no reason why they couldn't have done exactly the same, which is what they were suggesting?

A. But I was the shareholder and they were not shareholders.

Q. Well, we'll have to disagree about that, Mr Abramovich.

Can I ask you then to look at what you actually say in answer to Mr Patarkatsishvili's suggestion. We'll see that at box 470 E6/01/165. Do read that to yourself. This is a box where it really isn't very clear what's being said.

A. Yes, I have read this.

Q. But what is clear in box 470 is that you refer to a 44 per cent holding. Do you see that?

A. Yes, one could assume this, one could suppose this. Having said that, it says 40 here.

Q. It says holding, 44 per cent:

"... I am saying... holding... 44 [per cent]..."

Would you accept, Mr Abramovich, that if Mr Berezovsky's case is correct and he and

Mr Patarkatsishvili were entitled to half of your 88 per cent stake at the time, then 44 per cent would exactly match their entitlement?

- A. No, I do not agree with that. They never had 44 per cent, so from this paragraph you cannot draw any conclusion at all. If you add up all the figures here, it will add up to more than 100 per cent, therefore drawing a conclusion from there that someone has a right to some share here is very difficult to do. It's very difficult to understand what this says actually here.

I think when I became a deputy or even already governor, I held a press conference -- or maybe it was an interview with Vedomosti, I'm not sure -- and then at that time I explained the way I understood the way I owned shares and how I held the shares and this is the reference to that. So based on what I had told them, we could do something that would make it easy for them or comfortable for them to receive the money.

- Q. In your commentary here, you don't deal at all with the reference to 44 per cent in your commentary, even though Mr Berezovsky had in fact highlighted this in his commentary and you were supposedly responding to what he had said.

- A. What's your question?

- Q. Can you explain why you didn't respond to what

Mr Berezovsky said there?

- A. What I'm saying, I did not write down this figure 44; I wrote it in words. So if you read my comment, it makes reference -- except that it doesn't make reference to 44; it says 45. And by the way, I don't think it was 44; it was 44 and a little bit above 44. There were a few decimal points after 44.

MRS JUSTICE GLOSTER: Mr Abramovich, can you help me. In your commentary you say:

"... approximately half of which were under my control and the other half under the control of the management."

What do you mean by that?

- A. I never wanted to say publicly that I hold all the shares, I owned all the shares in Sibneft. So we came up with a sentence that does explain the situation but does not clarify it. So we always said that I control half of the company and the other half is controlled by the management. That kept investors happy and that made me happy as well.

MRS JUSTICE GLOSTER: But wasn't right, wasn't correct?

- A. Well, it's true that the management of the company did control the companies that managed Sibneft. However, in terms of ownership and the final beneficiary was myself. I was the final beneficiary, the ultimate beneficiary.

MR RABINOWITZ: Can we then just move on in the transcript to box 475 at page 166 in the English E6/01/475.

I don't know what page it is in the Russian.

What is happening in box 475 is that you continue to raise with Mr Berezovsky practical reasons why you say he cannot have his interest in Sibneft formally recorded, including, as you see in box 475, the suggestion that if this were to happen then the dividends would be taxed in Russia and the money would stay there. Do you see that?

A. It's not exactly the case. What I'm saying is that if you receive dividends in Russia then you'll have to pay tax, taxes, and then I'm saying that there is no way that then they could make their way into a western bank.

Q. But you are talking about Mr Berezovsky here, are you not?

A. The whole discussion is about Berezovsky. It's not only here; everything is about Berezovsky. The whole discussion is about ways and means that would allow him to receive the money. This is the only thing that we are discussing here.

Q. And if you go to box 476 E6/01/167, you can see that there Berezovsky responds to this further problem you have sought to raise by querying the point about Russian citizens. He says:

"Russian citizen? A Russian citizen if I reside in Russia for over half a year. I am not planning to live in Russia for more than half a year, am I?"

And he apparently took the view that your objection could not be one that would apply to him because he wasn't planning to live in Russia for more than half the year. That's right, isn't it?

A. No, it's not entirely the case. It wasn't an objection, we were just speaking. So he says that most probably he would not be spending more than half a year in Russia but that does not mean that he does not pay taxes, doesn't have to pay taxes in Russia. If my understanding is correct, I think you need to spend more than a year outside of Russia and then your tax position changes, if I'm not mistaken.

Q. And if you just glance at boxes 477 to 484, the transcript is not very clear, but you continue to identify problems in arranging matters in the way that Mr Berezovsky and Mr Patarkatsishvili want you to. Do you see that?

A. Yes, I can see that we are together trying to solve a problem that we are together faced with, to make sure that once Berezovsky is outside of Russia, so that he can receive the money, and one of the instruments that we're discussing is shares. But at the end of the day

I think we used the Rual, the aluminium trader company was something we used in order to make sure that he could receive the money.

Q. So what you were talking about here was registering shares in their names so they could get dividends; isn't that right?

A. We are discussing taxes here.

Q. But the question about taxes arises because you have made the point that the dividends get taxed; isn't that right?

A. Yes, dividends are taxed. That is so. That is the case. And so obviously if a Russian citizen receives an income, then he must pay a tax on that income.

Q. If you go to boxes 485 and --

MRS JUSTICE GLOSTER: Sorry, just before you go there, is there a withholding tax, so that the company has to withhold a percentage tax even if the dividend is being paid to somebody who is resident overseas?

A. I'm sorry, unfortunately I cannot answer your question. I simply do not know.

MRS JUSTICE GLOSTER: Don't worry.

Yes, Mr Rabinowitz.

MR RABINOWITZ: If you go to boxes 485 and 486 E6/01/168, you can see that Mr Patarkatsishvili's response to all the problems you are raising is to say:

"That's why I reckon that if a Western bank was involved in this..."

And Mr Berezovsky says:

"A Western bank with me behind it..."

And it's clear, is it not, that what was being proposed by Mr Berezovsky and Mr Patarkatsishvili was that a western bank should be a nominee shareholder for the two of them?

A. Mr Berezovsky here is asking me what I think about this and I'm saying below here that I have no view on this. I simply do not know.

Q. I don't know why you couldn't just agree with my question, Mr Abramovich. Your own commentary says:

"I agree with Mr Berezovsky that one of the proposals that was put forward by them was that a Western bank would be a nominee shareholder in Sibneft."

A. I'm not against this at all. What I'm saying is that I'm not an expert on this, I'm not a specialist, so I cannot assist you, I cannot answer this question, and this follows from all the things that follow below.

MRS JUSTICE GLOSTER: Choose your moment, Mr Rabinowitz.

MR RABINOWITZ: I have two more questions.

MRS JUSTICE GLOSTER: Yes, very well.

MR RABINOWITZ: And so it's clear from the transcript that

you are against this, Mr Abramovich. By "against this" I mean against what Mr Berezovsky and Mr Patarkatsishvili are suggesting. So that when you get to box 490 E6/01/169, you see Mr Berezovsky asking you directly:

"What do you have against this?"

Do you see that?

A. Yes, I can see that.

Q. And your response to this, the idea of Mr Berezovsky and Mr Patarkatsishvili using a western bank as a nominee shareholder for their shareholding, you can see at box 491. You say:

"Bor', come on, I don't have enough of a feel for the situation to be able to tell you whether this is good or bad. An agreement from me -- that's the easiest thing. You get it, don't you?"

So your response is that you consider it easier for Mr Berezovsky and Mr Patarkatsishvili to have an agreement with you than it would be to satisfy a western bank that they're entitled to a share of Sibneft; that's what you seem to be saying there, isn't it?

A. No, what I'm saying is the reverse. I'm happy to help them so far as I can and by doing as much as I can, except that I have no knowledge about this.

MR RABINOWITZ: My Lady, this may be the right time to

break.

MRS JUSTICE GLOSTER: Very well. Ten minutes.

(3.14 pm)

(A short break)

(3.34 pm)

MRS JUSTICE GLOSTER: Yes, Mr Rabinowitz.

MR RABINOWITZ: Mr Abramovich, we were dealing with box 491 E6/01/169, where you respond to Mr Berezovsky and Mr Patarkatsishvili's proposal to use a western bank as a nominee shareholder, where you say in effect that it is easier for Mr Berezovsky and Mr Patarkatsishvili to have an agreement with you than to satisfy a western bank that they are entitled to a share of Sibneft. Do you see that?

A. That's not quite like that. What I'm saying is that I have nothing against it.

Q. That's not all you say. You say the easiest thing is to have an agreement from you.

A. So what I mean is that -- okay, let me read it again, sorry. So I'm saying that I can't advise him, that I cannot give him a piece of advice.

Q. What Mr Berezovsky says in response makes it clear that he doesn't think you're addressing the issue which is of concern to him, and you see that if you go to box 495 E6/01/170, where he says:

"But this does not mean my legalisation, and this is the heart of the problem."

He says:

"I agree with you."

So it's clear that Mr Berezovsky wanted his state to be legally, formally recognised, is it not?

A. No, that's not right. He wanted to receive the money that could have been legally put in a western bank, the legal origin of which could have been proved to the western bank. And then I say that if he insists to become a visible shareholder, for money to go legally to him, then I have nothing to do with Sibneft because then Sibneft will have no future.

Q. I was just about to ask you about that. That's at box 496 E6/01/171 and this is your response to Mr Berezovsky wanting his state to be legally formally recognised. You say:

"Right, but if legalisation takes place, Sibneft company kills Sibneft company. And this is the way [that] it is..."

And what you are saying is that if Mr Berezovsky became formally entitled to ownership in Sibneft, then Sibneft could be destroyed by the Russian State. Do you accept that this was the implication of what you were saying?

- A. No, I don't agree. If we read the sentence just like that, it becomes total nonsense. But I am trying to comment, to an extent that I can. May I?
- Q. Well, we can see your commentary on this, if I may, just by looking at the commentary box because what I suggest is that what you say there reflects what I put to you about the Sibneft being destroyed by the Russian State. You say:
- "I respond by saying that if the shares are registered in Mr Berezovsky's name, Sibneft would be 'destroyed'. As I explain in my Third Witness Statement... the very last thing I needed right then was an official registration of Mr Berezovsky's association with Sibneft. If he were to become a shareholder in Sibneft at that time, when he was such a politically controversial figure and under criminal investigation, I thought that it could well destroy the future prospects of Sibneft altogether."
- A. In my comments it does say that Sibneft will not have a future. I say that investors will want nothing to do with a company whose shareholder is such a politically scandalous figure as Mr Berezovsky.
- Q. But again, Mr Abramovich, there was in fact no need at all for Mr Berezovsky and Mr Patarkatsishvili's formally recorded stake to be brought to the attention of the

Russian authorities, provided it was done through offshore companies or using western banks as nominees, which is precisely what you had done with your holding. That's right, isn't it?

- A. I am not arguing that it couldn't have been done. At that time I didn't know it, there were no grounds for it, and I didn't quite understand how it could have been demonstrated to a western bank that Berezovsky had no shares, then suddenly these shares appeared and they were legal. Perhaps today, with the knowledge I have now, I would have acted differently; but at that time I did not understand it.

And we were discussing what should be done. If he were visible as a shareholder, then the company is finished, it has no future. That's what we were discussing. So to use the company to simply legalise your income, I didn't agree with that -- didn't agree to that.

- Q. I suggest you were just making up excuses for not putting Mr Berezovsky and Mr Patarkatsishvili's interest on a formal footing when you were aware of available alternative structures. Do you agree with that?

A. No.

- Q. Then, just going back to the commentary, between boxes 497 and 517 you're dealing with aluminium and the

payment of dividends in respect of aluminium, and we looked briefly at that I think yesterday and we may need to come back to it next week. If you very quickly glance at it.

The next box I want to focus on is box 518 E6/01/177, which is where you come back to Sibneft. Can I ask you to read the transcript of what was said in box 518 to yourself. (Pause)

A. Yes.

Q. And you and Mr Berezovsky are, I think, in broad agreement as to what you are saying here. You are saying that if Mr Berezovsky insists on you forming an interest in Sibneft and becoming visible, you would respond by selling out of Sibneft because the company would then have, as you say, no prospects. That's right, isn't it?

A. On the whole I agree; with some amendments, but I agree.

Q. But, as we have seen, there was plainly a way to do this without them becoming visible, in the way that was concerning you, because Mr Berezovsky and Mr Patarkatsishvili could hold a stake anonymously through offshore companies or through nominee western banks in exactly the same way as you had. That is right, is it not?

A. Is this a statement or a question?

Q. It's a question.

A. I beg your pardon then, can you repeat it? Because I don't understand at which point this has become a question. Are you asking me whether it would have been possible to arrange it all through a nominal holding structure like I did?

Q. Yes.

THE INTERPRETER: It was a tiny technical glitch. It's all running again, sorry.

A. So technically it perhaps could have been done; I couldn't have done it. Perhaps it was illegal and at that time I had no knowledge of it. So I was not trying to deceive anyone; I just didn't understand how it could have been done. But I was happy to help in any way.

MR RABINOWITZ: Again, I have to suggest to you that what you were doing here was denying Mr Berezovsky and Mr Patarkatsishvili their right to have their interest in Sibneft formalised and doing so for a reason which was simply not valid. I take it that you do not accept that? That's a question.

A. I do not agree with this.

Q. Can we look next at box 519, please. It's on the following page E6/01/178. You see, looking at box 519, that Mr Patarkatsishvili moves the conversation on to ask you how much they might expect to receive in

terms of dividends in 2001. Do you see that?

A. Yes.

Q. And you say in your commentary that:

"... in this particular case, what Mr Patarkatsishvili means by 'dividends' are actually the 'krysha' payments."

But that is plainly not what he says, is it?

A. From what he is saying, it is impossible to make a conclusion either way. I am just trying to recall what he meant at that time.

Q. Well, you say it's impossible to draw a conclusion either way. We can see there is only one conclusion about what he is saying: he is talking about dividends. There is no dispute that this is an accurate translation of this, Mr Abramovich.

A. The translation is not contested. However, the meaning of the word "dividends" is contested.

Q. Well, can you just go back to box 458, please, at page -- in the English, page 160 E6/01/160. You see at 458 -- this is only a little earlier in the conversation -- you had been explaining that from 2001 payments from Sibneft would be through dividends.

I suggest that this is precisely what Mr Patarkatsishvili is referring to in box 519 when he asks you about the likely value of the dividends. Do

you disagree with that?

A. No, I don't agree. I think 20 minutes might have passed between what we discussed earlier and what we're discussing here. But you may be right; I can't say.

Q. So we have Mr Patarkatsishvili asking in box 519 on page 178 E6/01/178 about what would be the amount of the dividend to be received. Could you please read to yourself boxes 520 to 528, where the conversation about what dividend would be received continues. Just read 520 to 528 to yourself, please. (Pause)

A. I've read it.

Q. I suggest to you, Mr Abramovich, that there is only one interpretation that can be sensibly put on this discussion: namely that Mr Patarkatsishvili and Mr Berezovsky are asking about how much they will be paid by reference to the quantum of Sibneft dividends because it is the money that you will be making from these dividends which will decide their entitlement to funds. Do you disagree with that?

A. I'm sorry, I've sort of lost the thread as to what I need to agree or disagree with. The question was very, very long.

Q. Do you agree that this conversation was about Mr Patarkatsishvili and Mr Berezovsky asking how much they would be paid by reference to the quantum of

Sibneft dividends which would be distributed in the following year?

A. I agree to that, but that is not what we mean. Badri is asking, in my assessment, how much will Sibneft pay by way of dividend, because prior to that I explained that that was the only way of deriving revenue as of next year, only through dividends. So then he is asking: so how much dividend will be declared by Sibneft or will be received by Sibneft?

Q. The reason he is asking about the amount of Sibneft dividends is because that will determine how much they will receive as well in that year, will it not?

A. Well, to some extent, yes. One could say that they can't demand from me more than the company can make. To some extent, yes, you can make this conclusion, because I've already mentioned that that was the only remaining way of receiving profit, only through dividend. Everything else was forbidden.

Q. What they were trying to ascertain was what their share of that profit would be. Do you agree?

A. No. They were trying to understand how much I would be able to earn or how much the company will be able to earn.

Q. Can you look, please, at box 524 E6/01/179. It's clear from this that you and Mr Patarkatsishvili have

discussed how much money was generated from dealing with Sibneft in the previous year on an earlier occasion; do you agree?

A. It's not quite right. We had discussed it previously: when we were discussing \$300 million, we were discussing where the money would come from and I was telling him, "I can get it from here but there is no possibility of getting it from here". I said, "We may earn so much from here and we could earn so much from there", so as to pay him this cushion or this rainy-day money. So by this time, of course, he already had some idea of the income.

Q. The number he gives there, "in the order of 900 million", was not limited, was it, to Sibneft's own profits looked at in isolation?

A. This figure was given by him as an example. I don't quite understand where he got this figure from but he just voiced his guess. I can't comment on that. If we're talking about 900 million, right?

Q. But he seems to be responding to you saying:

"What does it depend on? I've told you... (How much have) have we earned this year? How much have we made this year?"

And he says:

"... in the order of 900 million."

And that suggests that there had been a previous conversation between the two of you as to how much profit would be generated.

A. So is the question whether we had a previous conversation?

Q. Indeed, in which the figure of 900 million had been mentioned.

A. I don't think so. No.

Q. 900 million could refer to how much money you had generated from your ownership and control of Sibneft in 2000; do you agree?

A. It's hard for me to say because Badri has suggested this figure and on the basis of this figure I explained why it's impossible to estimate beforehand what kind of income we'll have. And then I'm explaining: because if they tax us 600 from 900, we'll have one amount of revenue; if they tax us 70 from 900, we'll have another income. Just as an example I'm showing that. I don't think that there's a link with something specific.

Q. Is it not your own evidence that Mr Berezovsky and Mr Patarkatsishvili were paid in the order of around \$460 million in 2000?

A. If I remember correctly, 490 we might have discussed, but I cannot be very exact.

MRS JUSTICE GLOSTER: Is that \$460 million each or

\$460 million between them, Mr Rabinowitz?

MR RABINOWITZ: Between them.

You see, Mr Abramovich, just assume the \$460 million for the moment: that is roughly half of the \$900 million figure that you were talking about with Mr Patarkatsishvili.

A. Well, if we -- with amendments like this, 490 is also almost half. But this figure, 900 million, is not linked to anything; it's just a figure.

Q. Can we briefly go back to the bolshoi balance and look on it, if we may, at something called the Fomichev table or "FOM" table, I think about three pages from the end.

Now, I know you're not familiar with this table and if you're not following what I'm saying, just say so and we can raise it with someone else. But if you have that table, you will see that the balance -- let's just look at this slowly. It's divided into two sections, "PRB" and "PRBR". Do you see that? You can see the green line, "PRB" and then "PRBR".

A. I have already mentioned that I had never seen it before but I am willing to continue on this basis.

Q. Thank you very much. And I want to look at this but ignore some Rusal-related payments because at the moment you were talking to Mr Patarkatsishvili about Sibneft and so we can leave out the Rusal payments here.

If you look at the section above "PRB", that's the upper section, do you see that there is a \$7 million payment to Bili by way of a loan in October and then a \$614,000 loan to Bili in December?

A. Yes, I can see that.

Q. And those payments were to the Bili company, which had been set up for Mr Patarkatsishvili's aircraft, so we can take those out because they relate to Rusal.

Do you also see a \$16.27 million payment from May, which was the repayment of a loan made by Deripaska? Again, that was agreed at the Dorchester Hotel meeting and Mr Berezovsky's evidence is that that was to be set off against his profits from Rusal. Do you follow? That is what he says.

Do you follow? You don't have to agree with me, but do you follow?

A. Yes, I can hear and I follow.

Q. Thank you.

And if you then just take those two payments out, the PRB balance payments would total \$437 million approximately; it's 437,481,929 but let's just work with the \$437 million.

Then if you look at the PRBR balance, you see a \$25 million payment for a plane for Mr Patarkatsishvili. Do you see the \$25,348 "PRB(A1)"

reference?

A. Yes.

Q. And that just leaves \$3.8 million in payments under the PRBR section and that would suggest that the total non-related Rusal payments, using your own spreadsheets, is around \$441 million. Sorry, non-Rusal related payments was \$441 million.

I suggest to you that that is very close to half of the approximately \$900 million which you and Mr Berezovsky and Mr Patarkatsishvili were discussing as being the expected profits to be made from Sibneft in that year. Do you disagree with that?

A. I don't understand. Which year: 2000 or 2001? When you say "this year", you mean 2000 or 2001?

Q. This is for the year 2000.

A. So why is it then to do with expectation or estimation? Because we're in December. I don't understand what you asked me. Why "expected profit"?

Q. Because you're in December; you weren't right at the end of December. At box 524 you are saying, "How much have we made this year?" and Mr Patarkatsishvili says, "900 million". What I suggest to you is that that ties in -- 50 per cent of that ties in very closely with what your own evidence suggests was being distributed to Mr Berezovsky and Mr Patarkatsishvili for that year.

A. It's difficult for me to comment. I don't understand the table very well, therefore I can't really say much. But 441, whether it's close to 450, it's also close to 490 but it's all very approximate. But I can't tell you anything else. I know for sure that 900 was an approximate figure that Badri threw out and on the basis of that we were looking at possible tax payments or rather we were discussing possible tax payments.

MRS JUSTICE GLOSTER: Mr Rabinowitz, could you help me. I'm on the Excel spreadsheet but there are a number of different spreadsheets. Looking at the bottom, which one should I be on? "2000 total cash incl[uding] annual", "accrued", "payments", "summary payments", "total".

MR RABINOWITZ: Does your Ladyship have -- I think it's the third to last document in the bolshoi balance series. So it should look like this (indicating).

MRS JUSTICE GLOSTER: I don't have the bolshoi balance. I was told to look at it on the Excel spreadsheet.

MR SUMPTION: My Lady, it's the "FOM" tab at the bottom.

MRS JUSTICE GLOSTER: Thank you very much. That's what I needed to know. Thank you, yes, I'm there. And that's called the bolshoi balance, is it?

MR RABINOWITZ: The whole series of documents is called the bolshoi balance. This is called "FOM", Fomichev table.

MRS JUSTICE GLOSTER: Right, thank you. Yes, thank you very much.

MR RABINOWITZ: Now, just going back to the Le Bourget transcripts, can you just look at box 526 E6/01/179, Mr Abramovich, because the figure of \$900 million comes up again there:

"So, let's assume that next year we shall once again make 900 million..."

Now, how is that consistent with the answer you gave earlier that this \$900 million was just, in a sense, made up, an assumption, having nothing to do with what Sibneft had actually achieved in 2000?

A. You have to read the whole sentence, everything, and not just this box. I'm asking: how much do you think we earned? He says: 900. So on the basis of this 900, I'm giving him this breakdown and saying: look, if they tax us at 600, we'll have a certain amount of dividend; if they tax us differently, we'll have a different amount of dividend; if taxes remain as they are, then it will -- the figure will be the same as it is. That's all it means.

Q. Can I ask you next, please, to go to box 529 E6/01/180. Now, Mr Patarkatsishvili is asking why Sibneft has been managed so that it can no longer make money in the manner in which it had done historically.

Do you see that?

- A. Yes, I can see it, but it's not quite like that. It's not exactly what he's asking me, in my view.

MRS JUSTICE GLOSTER: What is he asking you?

- A. He's asking me: why is it that we're doing everything that I'm describing? Why is it we're drilling first, et cetera, and then I pay him? Why can't we do it vice versa? Why can't he count on a larger amount of money? Instead of making all these investments, why can't we just sort of surrender this money, give up this money? And I'm explaining that it's not possible.

MR RABINOWITZ: When he asks you this question about managing the company in this way, he asks it using "we".

He says:

"... why have we taken this decision, to work in this way?"

Do you see that?

- A. Yes, I can see that. Badri's Russian wasn't native, it was his second language, and he did mix up sometimes his grammar. Sometimes he says, "Why do you work like this?"; sometimes he asked me, "Why do we work like that?"

- Q. I suggest to you the reason he says, "Why have we taken this decision?" is because you all three know that he and Mr Berezovsky are part of Sibneft, because they're

your partners in Sibneft. That's right, isn't it?

A. No, that's not right. If we look at 155, you'll see that he's asking me: "Why did you" -- in singular, "you" -- "decide to do that?" It's just his Russian, the way he spoke it.

Q. Can we just look at your response to Mr -- can I just pause there.

You see, Mr Abramovich, you try and write off Mr Patarkatsishvili referring to "we" when he's referring to Sibneft but you also refer to "we" when you refer to Sibneft. It's not just Mr Patarkatsishvili's bad Russian; the three of you continually refer to Sibneft as though it is something in which all three of you have an interest, and that is why you both use the word "we".

A. Two boxes above, I am telling him that simultaneously we are drilling out many new fields, and he's asking me, "Why did we take such decision?" It's all to do with Russian grammar, Russian language. He is repeating my sentence. The correct way would have been to say, "Why did you take this decision?"

Q. That would only be the correct way, Mr Abramovich, if Mr Patarkatsishvili did not consider that he also had an interest in Sibneft so that it was his company as well.

A. No, that is not right.

Q. You, in response to him, say:

"There was no other for us... Everyone is doing it."

And then, going on to box 532 E6/01/181, you say this:

"No, of course, one could steal by fiddling with equipment, pretending that it is expensive, but acquiring it cheaply. Well, if we are ready to sink that low, then it is... We had put all that behind us. That's why..."

And then it becomes unclear.

Now, usually when someone says, "I have put that behind me", he means, "I used to do that, but I don't do that anymore". Is that what you meant: that you used to misstate asset values and fiddle the books?

A. We have never done it. When we acquired Sibneft, then all the contracts for equipment supply, they all had inflated -- raw materials, material contracts, they all had inflated values. As soon as the company became ours, we immediately put an end to that. I think we even went to court on that matter.

Q. Just going back to an earlier answer you gave, trying to explain away Mr Patarkatsishvili's use of "we", you said that he wasn't very good at Russian. Mr Sumption, when he opened the case, explained that Mr Patarkatsishvili's Russian was excellent; that was at Day 1, page 115.

Are you now suggesting that he was wrong about that?

A. I am not suggesting that. I'm not stating that he spoke Russian badly. He had a Georgian accent. He studied in a Georgian school, not in a Russian school, and he did mix up things like "I" and "we" and things like that. There were a lot of mix-ups there.

MR RABINOWITZ: My Lady, I'm not sure how long you want to go on.

MRS JUSTICE GLOSTER: I was going to rise at 4.15. Is that a convenient moment?

MR RABINOWITZ: This would be a convenient moment.

MRS JUSTICE GLOSTER: Very well.

Thank you very much, Mr Abramovich. You mustn't speak about your evidence or the case with anyone over the weekend. Do you understand that?

THE WITNESS: (Nods)

MRS JUSTICE GLOSTER: Very well.

Discussion re housekeeping

MRS JUSTICE GLOSTER: Mr Rabinowitz, is there anything we need to discuss now?

MR RABINOWITZ: No, my Lady. The only thing I wanted to raise at some point, and it may assist your Ladyship if I raise it now, is the possibility of not sitting next Friday. The reason I raise it with your Ladyship now is obviously in case your Ladyship has plans that you would

want to make. We are broadly, I think, on track and certainly those at this side of the court could use Friday off.

I understand my learned friend Mr Sumption, at least, has no objection to that. But if your Ladyship --

MR SUMPTION: I've made it clear to my learned friend that if he says that he needs Friday in order to be able to conduct the cross-examinations properly, I don't think I can properly object to that. We would be dismayed if Fridays started regularly disappearing from the timetable but, on the basis that it happens once or twice, I don't think I can reasonably object.

MRS JUSTICE GLOSTER: Right. So just looking at your timetable, Mr Rabinowitz, that you handed up last week, it looks as though we'll have -- well, Pompadur is one of your witnesses, isn't he?

MR RABINOWITZ: Yes, he is.

MRS JUSTICE GLOSTER: And Gorodilov and Mr Shvidler is perhaps starting on the Thursday.

And then we wouldn't sit on Friday the 11th; is that right?

MR RABINOWITZ: That is what I'm raising with your Ladyship. If your Ladyship doesn't want to take a decision on that now, I'm content to leave it over until next week to see

how we're getting on.

MRS JUSTICE GLOSTER: Right, okay. I mean, if you need time, well, provided we're up to speed on the general timetable, which we appear to be, and on the basis that only the defendant's closing submissions will be put in before Christmas --

MR RABINOWITZ: That is the basis upon which we would proceed.

MRS JUSTICE GLOSTER: Well, shall we see how we go, Mr Sumption and Mr Rabinowitz?

MR RABINOWITZ: Indeed.

MRS JUSTICE GLOSTER: But I've no objection to not sitting in this matter on Friday if that's your wish.

MR RABINOWITZ: I would prefer to see how it goes, but the only reason I want to raise it now is in case your Ladyship needs a lot of advance notice.

MRS JUSTICE GLOSTER: No, well, the person who needs advance notice is the person who, on the defence team, is arranging for the attendance of witnesses.

MR SUMPTION: Yes. I mean --

MRS JUSTICE GLOSTER: That's the only reason why I should decide now rather than next week.

MR SUMPTION: Yes. The real question is, in particular, Mr Mamut: we want to know whether he is going to be required on Friday or on Monday because he has to make

travel arrangements and so on.

MR RABINOWITZ: Well, I can tell my learned friend that now if he needs the best estimate: Mr Mamut should come on Monday and not Friday. I've discussed this with Ms Davies, I think.

MR SUMPTION: Well, on the footing that Mr Mamut is coming on Monday in any event, then there's no reason why your Ladyship should decide about Friday right now.

MRS JUSTICE GLOSTER: Because Mr Sponring and Mr Shvidler are around and it's not a problem?

MR SUMPTION: Yes.

MRS JUSTICE GLOSTER: Very well. Well, I've leave over the decision but in principle I've no objection to not sitting on the Friday, if that's what the parties want.

Very well. 10.15 on Monday.

MR RABINOWITZ: Yes.

MRS JUSTICE GLOSTER: 10.15.

(4.16 pm)

(The hearing adjourned until
Monday, 7 November 2011 at 10.15 am)

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