

Tuesday, 15 November 2011

(10.15 am)

MR EUGENE SCHVIDLER (continued)

Cross-examination by MR RABINOWITZ (continued)

MRS JUSTICE GLOSTER: Yes, Mr Rabinowitz.

MR RABINOWITZ: Good morning, Mr Shvidler.

A. Good morning.

Q. Mr Shvidler, in the course of your evidence yesterday, you referred to the fact that prior to the Cypriot offshore structure that was used in connection with Mr Abramovich's Sibneft shares, there had been a Liechtenstein arrangement, and you explained that you were the protector on top of that arrangement. And you explained that that arrangement lasted less than a year.

Presumably there would have been documentation relating to the Liechtenstein trust structure, would there?

A. There was documentation definitely.

Q. There would have been a trust deed?

A. I'm sure there was a full package, yes.

Q. A letter of wishes?

A. Most probably, yes.

Q. Correspondence with the trustees?

A. No, I don't think so.

Q. Can you tell us who the trustees were?

- A. I have a question: is it like privileged information or not?
- Q. No, I don't think it would be privileged information but if someone thinks I'm wrong about that they'll tell me.
- A. Okay. Mr Tenenbaum was a trustee, Ms Panchenko was a trustee as well.
- Q. And that would be the case also with the Cyprus trust arrangements, would it?
- A. Yes.
- Q. There would be a trust deed, letter of wishes, correct?
- A. Correct.
- Q. And did you say that the trustees had a discretion about how they exercised their powers in respect of distributions under the trust?
- A. I said exactly the opposite. They did not.
- Q. No discretion at all?
- A. No discretion at all.
- Q. Was this trust arrangement over the whole of Mr Abramovich's holding or only over half of the holding?
- A. Over the whole.
- Q. Over the whole of the holding. Do you know what has happened to these documents, both in relation to the Cypriot trust and the Liechtenstein trust?
- A. Honestly I don't know. Since the company was sold,

I didn't think about it. I don't know.

Q. No one has asked you to look for them?

A. Myself, no.

Q. Did the trust cover just Sibneft or did it also cover Mr Abramovich's Rusal interests?

A. There was a special trust for Sibneft. I don't think Rusal was in there.

Q. And when the Rusal interests were sold, what happened to the proceeds? Did they go into trust?

A. They were used.

Q. They were used, but did they go into a trust or were they just used --

A. To that trust, no, I don't think so.

Q. Can you tell us what did happen with the proceeds?

A. I'm recalling as we speak, though, so it's not that precise. We arranged the funds of hedge funds based on that amount of money, then a piece of it was loaned to somebody. A lot of it was used on football players, a lot, like a big piece.

Q. I'm not going to ask you which ones, presumably some who have never scored a goal, but ...

A. It was before that.

Q. Can you identify the name of the trust? Was the trust given a name, the trust in respect of the Sibneft shares?

A. Sarah Trust, like Abraham's wife.

Q. Okay. Now I want to ask you some questions in relation to Mr Berezovsky and Mr Abramovich's dealings in the mid-1990s and, as I indicated earlier, I'm not going to cover matters that I've already covered with Mr Abramovich but there are some features of your evidence that I do need to ask you about.

Can I begin by asking you, please, to go to paragraph 21 of your third witness statement at E3, tab 10, at page 6 E3/10/6.

Now, at paragraph 21, you say in the third sentence here:

"Through his car trading activities, Mr Berezovsky and Mr Patarkatsishvili also had connections with various people from the Caucasus, including Mr Magomed Ismailov who was known to be one of Mr Berezovsky's partners in LogoVAZ. The Caucasus connection carried connotations of gangsterism..."

You will recall that Mr Abramovich told the court in terms that Mr Ismailov was not a gangster. This is Day 17, page 76. And indeed, as you will recall, we even saw a photo of your wife and child, I think at a child's birthday party, hosted by Mr Ismailov, do you remember that?

A. I do remember that.

Q. So this suggestion or hint in your witness statement of gangster connections on the part of Mr Berezovsky was purely malicious, that's right, isn't it?

A. No, it's not right. Should I illustrate what I was trying to say?

Q. Do you say Mr Ismailov is a gangster?

A. No. Should I --

MRS JUSTICE GLOSTER: Yes, you may elaborate.

A. What I was trying to say here is, if I said that my brother was a boxing champion I don't think he would have messed with me, he would have thought twice. So that's the kind of analogy I was trying to make here.

MR RABINOWITZ: I suggest it goes a little bit further than that because you're not talking about boxing champions here, you're talking about gangsters and you're plainly suggesting that people with links to the Caucasus are people with links to gangsters, Mr Shvidler, and that's not the same as saying your brother is a boxing champion, is it?

A. It's not the same, I give you a different example then. What if I told you that my cousin was John Gotti, and you knew that, then it's closer to this kind of thing.

Q. And if your cousin was a person who had nothing to do with being a gangster but the suggestion that you make is that he was a gangster, again that's going further

than just identifying someone who is a gangster and making it clear that you then need to be respected, which is what you've done here.

A. It's too complex a sentence for me.

Q. All right, well, we've got your evidence on that.

MRS JUSTICE GLOSTER: Could you just explain why you mention Mr Magomed Ismailov here?

A. I was trying to deliver this idea which I was trying to illustrate before. Mr Ismailov I don't think was a gangster, I met him, I knew him, he was my almost immediate neighbour. What I was trying to say, that he was connected to these people which are protecting car business, Logovaz. I'm not saying he was a gangster, I'm saying he knew people.

MRS JUSTICE GLOSTER: Yes, I see.

MR RABINOWITZ: Can I then ask you this, I think you agree that during the spring and early summer of 1995 there was regular contact between Mr Abramovich and Mr Berezovsky?

A. Yes.

Q. And you suggest in your evidence, this is at paragraph 46 of your witness statement, page 13 and on to page 14, you say, last sentence on the page at page 13 E3/10/13:

"It is true that there was regular contact between

Mr Abramovich and Mr Berezovsky during this period ..."

And the period you're talking about is the spring and summer of 1995. You say:

"... but I understood this related to politics, not the issue of having Sibneft included in the loans-for-shares programme."

So your suggestion is that it's politics rather than business that they'd have been talking about.

I suggest, Mr Shvidler, that that cannot be right.

Mr Abramovich told the court that certainly in 1994, going into 1995, he was not yet a politician?

A. What I'm trying to say, he is not what you just said.

It's politics as opposed to discussion of loans-for-shares scheme or privatisation programme. That's what I'm trying to say. As for discussing politics being just a privilege of politicians, I would disagree.

Q. What I suggest to you is that you just wanted to give the impression that Mr Berezovsky and Mr Abramovich did not talk business together at this time, that's right, isn't it? So you came up with this suggestion that they would have been talking about politics?

A. Absolutely not correct. What I'm trying to say here is exactly what I said.

Q. Now, moving on to the question of funding for the

loans-for-shares auction, can I ask you to look at paragraph 65 of this statement, you'll find it at page 20 E3/10/20.

So you're talking here about the funding arrangements and you say:

"It was Mr Abramovich who was able to use his personal relationship with Omsk ... and Noyabrskneftegaz management in order to arrange the trade finance."

Then you say:

"Regarding SBS Bank, Mr Abramovich already knew Mr Smolensky, and I had also met him."

Now, you were in court when Mr Abramovich gave his evidence and you'll know that Mr Abramovich's evidence, I suggest contrary to this, is that it was Mr Berezovsky who introduced Mr Abramovich to Mr Smolensky, in other words that Mr Abramovich did not already know Mr Smolensky. Do you remember that?

A. I remember that. I don't see what I said wrong.

I don't say that it was not Mr Berezovsky who introduced Mr Abramovich to Mr Smolensky. I agree with that.

Q. What was the point here of saying Mr Abramovich already knew Mr Smolensky, what point were you trying to make by that?

A. The point -- one of the points is very simple, that introduction is not -- it's important, it's not

everything. Then Mr Aven should take a credit for introducing Mr Berezovsky to Mr Abramovich.

Q. You see the point, I suggest to you, is that you were trying to suggest that Mr Smolensky already knew Mr Abramovich and vice versa in order to minimise the role that Mr Berezovsky had in a successful loans-for-shares auction. That's the truth, isn't it?

A. No, it's not. Here we're talking about funding, when we -- trying to -- we didn't talk about it. The loans-for-shares auction itself, Mr Berezovsky's role was crucial. No dispute about that. Here we're talking about only funding and what I'm saying is that funding was provided or organised by us.

Q. Now, as for the loans-for-shares auction itself, can I ask you, please, to go to paragraph 68, which is just over the page E3/10/21. You explain at paragraph 68, quite fairly, that unlike Mr Berezovsky and indeed Mr Patarkatsishvili you were not present at the auction.

Can I ask you this then, do you say that at the time of the loans-for-shares auction Mr Berezovsky was chairman of NFK?

A. He was called chairman of NFK, yes. He was not chairman of NFK.

Q. Sorry, you say he was called chairman of NFK but he was not chairman of NFK; are you saying he was or he wasn't

chairman?

A. For the purposes. For the purposes of the auction that was his title.

Q. You say for the purposes of the auction that was his title?

A. That's right.

Q. Can I ask you, please, to go to paragraph 49 of this statement, it's at page 14 E3/10/14. You see the second line, you say:

"Mr Berezovsky was on one occasion called Chairman of NFK solely to justify his position on the board of Sibneft."

Now, Mr Berezovsky was appointed to the board of Sibneft some months after the loans-for-shares auction in late September 1996. That's right?

A. Apologies, twice. Not once, twice. And Mr Patarkatsishvili once.

Q. So now you're changing your evidence again, you're saying he was called the chairman or was the chairman on two occasions, one for the purposes of the auction and two for the purposes of justifying his position on the board of Sibneft. Is that now your evidence?

A. My evidence is that he was called chairman of NFK twice. I thought it was once, sorry.

MRS JUSTICE GLOSTER: Why wasn't he appointed the chairman

of NFK?

- A. There was no board. Okay, it was a Russian company, the director is like COO(?), it's not chairman of the board like here.

MRS JUSTICE GLOSTER: But under the constitution of this particular Russian company there didn't have to be a chairman or there didn't have to be a board? You tell me.

- A. There -- yes, you're right, on constitution of this company. There was a general director and a chief accountant, those were the two persons which had to be there by law and they were there.

So general director was Mr Kulakov and Mr Gubinets(?) was chief accountant.

MRS JUSTICE GLOSTER: Presumably the shareholders could, if they agreed, appoint a board with a chairman?

- A. Russian companies were not constituted like this. There was no board of directors. The general director has all the powers except for second signature, so in other words at the bank there had to be two signatures, but otherwise he had -- the COO, which is called director in Russian, has full power.

MRS JUSTICE GLOSTER: So who takes the chair at shareholders' meetings?

- A. The shareholders.

MRS JUSTICE GLOSTER: So the shareholder with the biggest amount of shares.

A. There were not shareholders' meetings as such. Again, the operation and the constitution of those companies was completely different, not to mention that this one was created just for this particular purpose. When the purpose was served, it disappeared. Just for the auction and for holding the shares afterwards.

MRS JUSTICE GLOSTER: But this was a particular sort of Russian company, was it? I mean, are you telling me that even today Russian companies don't have boards of directors with a chairman?

A. Now the situation is different. This is -- I have to -- okay, in Russian, it's OOO, ZAO, OAO.

MRS JUSTICE GLOSTER: Yes, ZAO or OOO, is it? Oh, three you're telling me?

A. OOO did not exist at the time, it was called ZAO I think, but now I'm not 100 per cent sure but I think that's what it was. So it was not OAO. OAO is what is called Plc here.

MRS JUSTICE GLOSTER: So your evidence is relating to a ZAO at that particular --

A. Right, what's called L -- I guess it's the analogue of LLC, LLC here.

MRS JUSTICE GLOSTER: Right.

MR RABINOWITZ: So Mr Shvidler, having said in your witness statement that he was called chairman of NFK solely to justify his position on the board of Sibneft, you've changed your evidence to say that not only was he called chairman of NFK then, but he was also called chairman of NFK in the context of the loans-for-shares auction, but you are careful to say that he was not in fact chairman of NFK.

A. I agree with you.

Q. Can I ask you, please, to go to bundle H(A)07 and turn to page 34 H(A)07/34. Now, you will recognise this, Mr Shvidler, it's an extract from the Eurobond circular in 1997, and your evidence in your fourth witness statement is that you were closely involved in the supervision of the Eurobond documentation. That's right, isn't it?

A. Right.

Q. We see in this Eurobond circular in the passage that has been underlined in the manuscript that Mr Berezovsky was chairman of NFK when it won the right to manage 51 per cent of Sibneft's shares in the loans-for-shares programme. Do you say you allowed a false statement to be submitted in the Eurobond circular?

A. No.

Q. Can you explain why this statement doesn't say he was

called chairman, it says he was chairman of NFK, which appears to be a point you are being very careful to say is not right.

A. For -- nothing to add here. It's a completely true statement.

Q. What is a completely true statement?

A. What it says here.

Q. That he was chairman of NFK?

A. He was chairman of NFK.

Q. But you've just been telling my Lady that he wasn't in fact chairman of NFK, he was just called the chairman of NFK.

A. Right. If you explain me the difference I'll try to comment.

He had to be called something associated with the company. We thought that the best position would be chairman of the company, which has no legal role by the way, in a company of this constitution.

Q. So you're saying he was chairman?

A. He was honorary chairman, if that helps.

MRS JUSTICE GLOSTER: So, as I understand it, you're saying constitutionally that under the memo and arts of the company, or whatever the organisational document was, there was no actual constitutional position of chairman, but he was de facto chairman, called chairman, treated

as chairman for these purposes?

A. He was not a de facto chairman. He needed to be called something.

MRS JUSTICE GLOSTER: Yes, I see.

A. He's a prominent figure, a distinguished gentleman, so what's the best we could call him? Chairman.

MRS JUSTICE GLOSTER: I see.

MR RABINOWITZ: Now, moving on from the events of 1995, I think you support Mr Abramovich's case by denying ever being present during discussions leading to what Mr Berezovsky says was the 1996 agreement?

A. That's right.

Q. You see, I suggest that Mr Berezovsky agreed to distance himself from the ownership of Sibneft at the request of both Mr Abramovich and yourself, you deny that, do you?

A. I deny that, yes.

Q. Can we turn next, please, to the question of payments supposedly made in 1995 to Mr Berezovsky and Mr Patarkatsishvili. I've already asked Mr Abramovich about most of these, but you mention in paragraph 129 of your third witness statement, this is at page 38 E3/10/38, going on to page 39, the payment on 6 December 1995 for \$1 million paid to Atrium Consolidated Ltd. Do you see that?

A. I see that.

- Q. You assert there that Atrium is an offshore subsidiary of Alfa-Bank, but you do not identify any documentary evidence to support this assertion, do you?
- A. The assertion that Atrium is related to Alfa-Bank?
- Q. Yes.
- A. That's the one? I don't have any documents, but to be absolutely sure when the question arised, because I remember the payment very well, it was part of a bigger payment. About a week before we started here, I called Mr Aven specifically to double and triple check what I was saying here. He confirmed the whole thing and he said he was comfortable for me mentioning it here.
- Q. You see, here you don't say by whom the debt was owed or why, do you?
- A. In my statement?
- Q. In your statement.
- A. I think out of the context of 129 it's clear.
- Q. It's also right, is it not, that you had no memory of this payment during the strike-out application. We know that because Mr Mitchard interviewed you for the purpose of the strike-out application and no mention was made of this payment, indeed no mention was made of any pre-1996 payments in Mr Mitchard's witness statement, that's right, is it not?

- A. It's not right at all. I remember the payment very well, it was the first time Mr Aven, whom I knew from before, was shouting at me for somebody else's debt. And I remember it vividly.
- Q. So the only reference to any payments at all made in the context of Mr Mitchard's statement was in respect of payments made in respect of ORT. You're not suggesting this is a payment made in respect of ORT, are you?
- A. It was Mr Berezovsky debt to Alfa-Bank or to Mr Aven or to the group. Was the money used for ORT? I don't know.
- Q. Can I ask you, please, to go to bundle H(A)03 and turn to page 1 H(A)03/1.
- A. Should I add something about Mr Mitchard and strike-out?
- Q. If you think it will help.
- A. I think it will help. The purpose of the application, as I understand it, was a specific purpose and it was not a full statement.
- Q. Well, the purpose of the application was to stop Mr Berezovsky being able to bring his case to trial, and Mr Mitchard was purporting to set out the facts which he said related to the agreements made between Mr Abramovich and Mr Berezovsky. There would be no reason for him in that context not to tell the full truth about what the payments were for, would there?

A. No reason at all. I think what he did was right.

Q. And what he said in that statement, I'm not going to turn it up, was that the agreement was that payments would be made in relation to ORT. He didn't suggest that there would be any other payments that it was agreed Mr Abramovich would make?

A. Whatever the definition of ORT payments were.

Q. What, you're suggesting there should be a wide definition of ORT payments. "Whatever the definition of ORT payments were", what do you mean by that?

A. I mean what Mr Mitchard understood by ORT payments.

Q. What could he have understood other than that these were payments in respect of funding of ORT?

A. I think whatever Mr Berezovsky says was ORT was ORT.

Q. You have the document at H(A)03, page 1 H(A)03/1, this is a document that Mr Berezovsky disclosed in these proceedings. I suggest that it is obvious that it was only when Mr Berezovsky disclosed this document that you came up with this story about a payment to Atrium Consolidated, that's right, isn't it?

A. Wrong suggestion, and I was trying to explain.

Q. I suggest --

A. And I can say even who Mr Lippitt is -- was, if that will help.

Q. Why don't you say who Mr Lippitt is or was?

- A. He was a manager of that account in that bank, that's why his name is mentioned here. And I agree with Mr Berezovsky that he didn't know who Mr Lippitt was, for that reason.
- Q. You see, I suggest that although you claim you have a recollection of this, what is happening is you are simply reconstructing on the basis of a document that Mr Berezovsky has disclosed.
- A. I could have reconstructed the date of the payment but that's about it. I do remember the payment itself.
- Q. I'd like to, if I may, just go back to the Eurobond circular. It is at, again, H(A)07, I think starting at page 34 H(A)07/34. You tell us that you were closely involved in the supervision of this document. That's right, isn't it?
- A. Yes.
- Q. Mr Abramovich has told the court that the description of his education in this document, and I have in particular the reference on page 38 to him having graduated in 1987 from the Moscow Road Engineering Institute was not accurate, but he suggested that he didn't pick up the error because the circular was prepared in English only. Is it true that this circular was prepared in English only?
- A. As far as I remember, yes.

- Q. So unless someone was an English-speaking person they would not have picked up any errors, that would follow, would it not?
- A. No. If somebody was interested in translation, translation would have been provided.
- Q. So Mr Abramovich didn't ask for a translation?
- A. I guess he did not.
- Q. Well, if he had asked for a translation, then his suggested reason as to why he didn't pick up this error would fall away, wouldn't it?
- A. No, he wouldn't be able to pick it up, and I can explain what happened here.
- Q. All right.
- A. In Soviet system, which was the system at the time, you can graduate with a diploma, so to finish the institute or university, or you can graduate with what's called literally unfinished higher education. In this case you get spravka or certificate of unfinished higher education. It's a little bit like bachelor and masters but not exactly.
- So what Roman got here was this certificate of unfinished higher education. In English, I guess, Cleary's, who was writing this circular, memorandum, didn't find a better word.
- Q. Mr Shvidler, Mr Abramovich's evidence about this was

that he spent four years from 1987 in a part-time course at the Moscow Road Engineering Institute. It doesn't seem to have anything to do with certificates of unfinished education.

A. I think it was lost in translation. If we want to go into his education, we can do it in two minutes. He went to school in Ukhta for a year and a half, so there was two courses. Then after army he came to Moscow, went to this school here, whatever we call it, in Russian it was Madi. And after the fourth year he got the certificate and didn't go back to that school. Years later, when he became governor and he needed to finish his higher education, he took another year and graduated, if you follow me. Or I can repeat it again.

Q. Well, I don't want to spend too much time on this.

A. Right, but whatever is written here, it's true and it just got lost somehow.

Q. Well, it must have got lost. I'm not altogether satisfied that it's been found --

A. We can do it again.

Q. But I'm not going to spend time on that.

A. Okay.

Q. You see, I suggest to you that what has happened here -- can I just ask you this. Again, I don't want to spend too long on this, but are you suggesting that

Mr Abramovich was given a translation of this document at the time that it was being finalised?

A. I don't know.

Q. You don't know. When you talked about things being lost in translation, at what point in time? Are you saying it was lost in translation in court?

A. In court.

Q. Or lost in translation before court?

A. In court, definitely.

Q. You see, I suggest to you that that is an inaccuracy that you did not pick up because it suited you to say Mr Abramovich had this degree when in fact he didn't.

But I'm more interested in another point in this circular. Can you go to page 34 H(A)07/34.

A. So I should leave it unanswered, right?

Q. Well, if you want to add to anything you have already said, please do.

A. I want to add it's not true, about his education.

Whatever is written here is true and there was no reason to put it otherwise.

Q. Can you go to page 34, please, Mr Shvidler.

A. Yes.

Q. At page 34, you allowed a statement to go into the offering circular that:

"Mr Berezovsky does not own or control, or any have

any other interest in any shares in Sibneft, directly or indirectly."

That also was simply untrue, wasn't it?

A. It was absolutely true.

Q. I suggest to you that it wasn't. Can you put that away.

I want to move on to another topic, can you please go to bundle H(A)11 at page 101 H(A)11/101. Now, at H(A)11, page 101, you should have an internal note within Andava SA from a Mr William Ferrero to Mr Berezovsky. It's dated 15 July 1998. It records a visit by Mr Ferrero to see you on 9 July 1998, that's six days earlier than the memo.

Can I ask you, please, to read the memo to yourself.

(Pause)

Now, can you just tell me this, presumably you saw this document before you prepared your witness statements for trial, is that right?

A. I honestly don't remember.

Q. All right. Can I ask you to go to another document at page 113 in the same bundle, it's a further memo from Mr Ferrero H(A)11/113.

A. I'm sorry, which --

Q. Page 113. This time it's a memo from Mr Ferrero to Mr Patarkatsishvili dated 14 August 1998, and it records a meeting again with you of just three days earlier. We

can see that, if you look at point 1:

"I have met Eugene Shvidler on 11 August 1998."

Can I ask you to read the first page and a half of the note, down to -- if you go on to the second page, you'll see point 4 is "Auditors", you don't have to read beyond that. If you want to, you can. (Pause)

A. Mm-hm. Yes.

Q. So we see this in the first -- perhaps I can just check this, presumably you would have seen this document before you prepared your witness statements for trial?

A. No.

Q. You cannot remember?

A. I cannot remember.

Q. We see from the first paragraph of the note that you appear to have instructed Mr Ferrero to cause Andava to make a loan to Runicom Limited in the amount of 20 million Swiss Francs?

A. Yes.

Q. That's right, isn't it?

A. Mm-hm.

Q. This arose out of a proposal by Mr Abramovich to Mr Berezovsky that all of the companies owned by both of them should be brought under your financial supervision, is that right?

A. No, it's not right.

Q. You told Mr Ferrero that you thought Runicom Limited had paid too much to Mr Berezovsky, and so you felt that Mr Berezovsky owed Runicom Limited money and you thought Andava could pay, is that right?

A. No, it's not right. It would be very strange for me to discuss anything like this with Mr Ferrero whom I don't remember what he looks like, I think I saw him twice.

Q. As stated in Mr Ferrero's contemporaneous note, your intention was to use the money to purchase shares in Aeroflot, that's right?

A. Could be, at the request of Badri.

Q. Well, I don't know about that, but it's clear that he says you wanted to buy shares in Aeroflot --

A. That's why I'm trying to comment on what you say.

Q. Can I ask you, please, to go to your witness statement, your third witness statement, at paragraph 149 at page 42 of E3, tab 10 E3/10/42. Can you read, please, paragraphs 149 and 150 to yourself. (Pause)

A. Just those two?

Q. Just those two. You make clear here that your meetings with Mr Ferrero, you say, had nothing to do with Sibneft, and that is borne out by the contemporaneous notes we've just seen. You make no reference, in this description of your dealings, to your request for money, do you?

A. No.

Q. Can we turn to your next witness statement, which is your fourth witness statement, E4, tab 10, and I want to look at paragraph 69 which is at page 183, please E4/10/183. Can I ask you, please, to read paragraph 69 to yourself. (Pause)

You see, Mr Shvidler, whereas previously you'd said that your discussions had nothing to do with Sibneft, now in this paragraph you're saying that the proposal was that they render the same, you're talking about Andava, render the same cash management services for Sibneft as they had done for Aeroflot. Would you care to explain why your story has changed in relation to this?

A. My story hasn't changed. It was the sales pitch for the company to do something for us. Did they want to acquire Sibneft as their so-called client? I'm sure they did but that was about it. There was no discussion of Sibneft, or there was no discussion, period.

Q. I'm afraid I don't understand that. In your earlier statement you went out of your way to say the meeting had nothing to do with Sibneft. In your more recent statement you say that this was a proposal that they render cash management services for Sibneft. So whereas previously you said it had nothing to do with Sibneft,

now you're saying it was in connection with Sibneft.

- A. The meeting was connected to Switzerland, the same way it was connected to Sibneft. Again, they wanted to introduce the company, which they did. Were they interested in Sibneft being a client? I'm sure they did. That's it, Sibneft had nothing to do with it, Sibneft itself.
- Q. You say nothing to do with Sibneft or any future business proposal, but it's plain that there was a business proposal being made to you there, and indeed it had to do with Sibneft. That's what you said in your first statement and that's plainly wrong, according to your second statement.
- A. If you start playing with words, you win.
- Q. You see, you also suggest that your request for money, which you didn't mention in your previous statement, so I'm talking about your later statement, you said that the request for money was possibly suggested in a light-hearted way.
- A. That's right.
- Q. We can see from the contemporaneous note that that does not appear to be right, Mr Shvidler. It seemed to be a serious instruction, seriously received and seriously considered.
- MRS JUSTICE GLOSTER: What transfer is this?

MR RABINOWITZ: If my Ladyship goes back to the note.

MRS JUSTICE GLOSTER: Yes, which one?

MR RABINOWITZ: Which one were you talking about here,
Mr Shvidler?

You say:

"I was not at all interested in their proposed services and I do recall thinking that we had our own financial expertise. It is therefore quite possible that I suggested in a light hearted way that Andava should transfer monies to Runicom Limited..."

In the note there are two references to a transfer, one is the 20 million Swiss francs transfer, and then, if you look at point 2 -- you don't have it anymore -- there's a reference to \$33.8 million of Swiss francs being transferred.

MRS JUSTICE GLOSTER: Swiss francs?

MR RABINOWITZ: CHF.

Which of these transfers do you suggest was made in a light-hearted way?

A. I think I'll explain the situation maybe in two words and all the questions will fall out hopefully.

I visited the company at the request of Mr Berezovsky, or Mr Patarkatsishvili, I'm not sure which one. The company, Andava, and I think Andava and Forus was basically the same group of people, they made

a pitch for us to -- they explained who they are, what they did, and I'm sure what Mr Ferrero is saying here about the presentation is correct.

I told him -- them that we're not interested and instead we can manage this money. That was the light-hearted part.

Another thing was that Badri and Mr Fomichev, they were trying to buy shares of Aeroflot at around that time. So this money could be used for those shares. That's the second part of the story.

And the main part of the story is this, that this group of people, they had business, apparently good life, they didn't want to lose it, and that's what Mr Ferrero is trying to explain here, that if -- he got scared a little bit because he didn't understand what's going on in Moscow, and he was scared, I guess, that all the money would be gone and that's what he's trying to explain in these two memos, referring to auditors, to other shareholders and so on.

Q. Mr Shvidler, while we have these Andava documents open --

A. I don't have it open.

Q. Can he have back -- I'm not sure you need it. Actually can you bring it back, please. H(A)11.

MRS JUSTICE GLOSTER: Page?

MR RABINOWITZ: It's page 113 H(A)11/113.

I want to ask you about something in your witness statement but you may want to refer back to that and that's why you should have it available.

In your fourth witness statement, can you go in your fourth witness statement, E4, tab 10, page 184, at paragraph 73 E4/10/184, you see that you're responding to the suggestion that Mr Abramovich may have caused Mr Glushkov's legal troubles relating to Aeroflot. In connection with this, at paragraph 73, you say the following in the third line:

"My recollection is that Laren Trading, a company controlled by Mr Abramovich, did acquire a small (approximately 2 per cent) shareholding in Aeroflot from Consolidated Bank in late 1997. I recall that Mr Fomichev, who had acquired the interest on behalf of Consolidated Bank at the request of Mr Patarkatsishvili, asked us to buy it from Consolidated Bank because Mr Patarkatsishvili had not provided him funds for the purchase."

Then you go on to say:

"Only much later, I recall in 2001, did we become interested in Aeroflot and acquired a more significant stake by buying shares in the market."

That's not quite right, is it, Mr Shvidler? As

we've seen, already in 1998 you were planning to spend 20 million Swiss francs on shares in Aeroflot?

- A. It's absolutely right, and these two things have nothing to do with each other. In 1997, Mr Abramovich bought the shares for himself and this situation is described here. 20 million was Badri's money, or Badri's and his partners', whoever they were, money. They were trying to buy shares for themselves. They didn't do it, by the way.

In 2001, Mr Abramovich bought -- I mean, I did it for him -- shares from the market, and that's a completely different situation. So this 20 million was a use of their money for themselves.

I don't know if I'm --

MRS JUSTICE GLOSTER: The 20 million Swiss francs?

- A. Yes, potentially, but again it was not done. They understood that they have 20 million or whatever, 33, whatever the number is here, in Andava. They wanted to use the money.

MR RABINOWITZ: Mr Shvidler, one of the things you say here is that Consolidated Bank, Mr Abramovich acquired 2 per cent of shares in Aeroflot from Consolidated Bank in late 1997. Mr Glushkov told the court that Consolidated Bank only had 0.107 per cent of Aeroflot in 1997; that's right, isn't it?

A. That he said so? I guess it's right if --

Q. Or both that he said so and that what he said was right.

A. I don't have a knowledge about that. What I'm saying here, that Consolidated Bank was an agent basically who bought the shares, didn't have the money, and Mr Abramovich paid for it and took the shares.

As for the extra shareholding of Consolidated Bank itself, I have no knowledge.

Q. So you seem to be suggesting here that Mr Abramovich acquired shares from Consolidated Bank, that's to say that Consolidated Bank had 2 per cent and that Mr Abramovich bought its 2 per cent. Consolidated Bank never did have 2 per cent, Mr Shvidler.

A. Again, they did buy the shares, didn't have the money to pay. That's why we took it off their hands.

Q. So you're saying they had 2 per cent of the shares?

A. As an agent for us if you want to be technically correct.

MR RABINOWITZ: My Lady, that may be a convenient moment.

MRS JUSTICE GLOSTER: Well, I'm not sure I'm understanding this.

Could you go back, please, Mr Shvidler, to H(A)11, page 113 H(A)11/113, which is Mr Ferrero's memo of 14 August, referring to a meeting with you on 11 August. Do you have that?

A. Yes.

MRS JUSTICE GLOSTER: Mr Ferrero is reporting about a proposal or an instruction that he says you've given him to make a loan of 20 million Swiss francs to Runicom.

A. Mm-hm.

MRS JUSTICE GLOSTER: And I don't quite understand what this was about. Why was money being lent from Andava to Runicom?

A. With a little possibility of being repaid afterwards.

MRS JUSTICE GLOSTER: Yes. What was this all about? Just tell me now.

A. Okay, I was trying to explain.

I couldn't give him instructions, who am I to him?

Where do I start? Mr Ferrero was, as I understand, the main manager of this Andava enterprise, Andava business, which held --

MRS JUSTICE GLOSTER: Yes, he was trying to sell you Andava as a service provider.

A. Right.

MRS JUSTICE GLOSTER: But what I don't understand --

I understand that because you've told me that already.

A. Right.

MRS JUSTICE GLOSTER: What I don't understand is the proposal that he seems to be reporting to

Mr Patarkatsishvili here that Andava is going to be lending 20 million Swiss francs to Runicom.

- A. Okay. When I got back to Moscow, I guess, or on the phone, I'm not sure about that, I explained to Mr Patarkatsishvili that: we're not interested but they have the money which you should use, you, Mr Patarkatsishvili, should use.

At the time they were interested in buying shares in Aeroflot.

MRS JUSTICE GLOSTER: Badri was?

- A. Badri, maybe Mr Berezovsky but Badri.

So I guess he asked how much money that was, and here Mr Ferrero is saying that it was this amount of money.

MRS JUSTICE GLOSTER: So why is it going anywhere near Runicom if Mr Patarkatsishvili wants to buy shares in Aeroflot?

- A. Then -- it's difficult to explain the mechanics.

MRS JUSTICE GLOSTER: Well, have a go.

- A. Right, he would tell me: why don't you buy the shares? Because he didn't have hands, one of the hands was Mr Fomichev who could physically do it, go buy it. It's not like to go buy potatoes in the store, you have to be broker and stuff like that. So Runicom was one of the possibilities. He treated me in the same way more or

less. So he asked me to buy it.

MRS JUSTICE GLOSTER: The shares in Aeroflot?

A. Right.

MRS JUSTICE GLOSTER: Through Runicom, yes, I see.

A. He didn't care through what. So he and Mr Ferrero got scared and he's writing back to Badri that: this is all our money, if you are saying you have to do it we'll do it, but this will destroy our business, and all these people will not be happy, auditors and shareholders --

MRS JUSTICE GLOSTER: Yes, I see all that.

A. I understand it's hard to follow but --

MRS JUSTICE GLOSTER: No, I follow now.

So the proposal was that you, as a nominee, would buy shares for Mr Patarkatsishvili--

A. Not even nominee, as a broker, just hands, that's all.

That's why I'm saying that we'll never repay because we're just --

MRS JUSTICE GLOSTER: I see.

A. The same is true for the situation we discussed like a minute ago, when Obedinyonniy Bank, which was bank presumably with the money, bought the shares of Aeroflot on the same instructions but didn't have funds.

MRS JUSTICE GLOSTER: Yes.

A. So we had to take them off the hands. Years later, I mean three or four years later, when the situation

changed in the market, and also -- I mean, I saw on our balance, or whatever you call it, that we had those shares, this idea came to increase our stake.

MRS JUSTICE GLOSTER: Yes, thank you.

Right. I'll take a ten minute break.

(11.23 am)

(A short break)

(11.43 am)

MRS JUSTICE GLOSTER: Yes, Mr Rabinowitz.

MR RABINOWITZ: Mr Shvidler, I'd like to move on to the 2001 sale of Mr Berezovsky and Mr Patarkatsishvili's interests in Sibneft. You explained fairly in your witness statements that you were not present at the key meeting so there is little which I need to ask you about.

Can I ask you please to go to paragraph 203 of your third witness statement, E3, tab 10, page 58 E3/10/58.

You say at paragraph 203, or what you seem to suggest, is that you thought that the figure of \$1.3 billion was, if anything, an excessive amount to pay Mr Berezovsky and Mr Patarkatsishvili because, so you say, \$1.3 billion was close to 100 per cent of the value of Sibneft market capitalisation as at January 2001. Okay?

Is it seriously your evidence, Mr Shvidler, that the

value of Sibneft in May 2001 can be accurately ascertained simply by scaling up the market price of the 12 per cent or so of Sibneft which was then free-floating?

A. Can we start from the beginning of your statement?

Q. Well, do you want to -- if you need to, in order to answer my question, you can start wherever you like.

A. Right, okay, we'll start from the end.

Yes, I can seriously say so. One of the approaches to valuation would be to take market price of the shares traded. That is to answer the second part of your question.

As for why this whole thing about valuation is even here in this paragraph, it's not because what I was telling Roman at the time. I'm trying to say it now.

Q. Well, I want to ask you about your suggestion that 1.3 billion was close to 100 per cent of the value of the Sibneft market capitalisation and that you can seriously suggest there's a valuation method that you can scale up the market price of 12 per cent or so of Sibneft, which was free-floating, in order to reach that valuation, because I suggest to you that was a ridiculous position for you to adopt. Do you dispute that?

A. I dispute that.

- Q. Would you accept that the 88 per cent of the shares held by Mr Abramovich would have had an enormous premium for a majority control compared to the stock market price for the minority of shares in free-float?
- A. All theoretical conversation. In other words, if there was a willing buyer and a willing seller the price could be anything. What I'm trying to say here is the willing buyers and willing sellers were only with reference to the free-float, and the free-float was what it was and the start price was what it was. So that's the only market indication at the time.
- Q. You were trying to suggest that \$1.3 billion would be a ridiculous figure because it was close to 100 per cent of the value of Sibneft.
- A. Correct.
- Q. Is it not right that just a couple of months later Sibneft decided to distribute dividends totalling some \$612 million?
- A. Timing-wise I'm not sure, but probably, yes.
- Q. Let me show you --
- A. I agree with you, let's save time.
- Q. So on 17 August 2001 Sibneft distribute dividends of \$612 million, and your suggestion, is it, is that the company which can pay out a dividend at that level could be worth only \$1.3 billion a couple of months earlier?

A. That's right. We're talking about the first major dividend out of the whole Russian industry, not just oil industry. Was it sustainable? Who knew? And continue longer.

MRS JUSTICE GLOSTER: I don't understand. When you say:

"We're talking about the first major dividend out of the whole Russian industry, not just oil industry."

You're saying there that this was the first major dividend declared anywhere across Russia?

A. That's right.

MRS JUSTICE GLOSTER: As against any industry?

A. Correct.

MR RABINOWITZ: Not only did it declare a dividend which is approximately half what you say is the value of the company in one year, it's also right, isn't it, that just ten months or so later you were announcing the sale of 1 per cent of the company for \$100 million, giving the company an implied value in excess of \$10 billion?

A. That's right, and I think we covered it yesterday. We were trying to sell it at this price, we wanted to sell at this price. That was our intention. That's one thing.

The second thing is that it was later. And at that time every half a year did count.

Q. You see, Mr Shvidler, I suggest to you that the evidence

that you give at paragraph 203 of your witness statement is a good example of how you're willing to give wholly unrealistic evidence if you think it will help Mr Abramovich to win the case; that is right, isn't it?

A. It's not right at all.

Q. Now, I'd like to ask you next a few questions about Rusal, if I may.

MRS JUSTICE GLOSTER: Just before we leave paragraph 203, the last sentence before the parenthetical:

"US\$1.3 billion ... was close to 100%...", et cetera.

Is that something that entered your mind at the time, that comparison?

A. I don't remember. I think so. I mean, I was -- following(?) capitalisation of Sibneft, I did. To answer you right now, I don't remember.

MRS JUSTICE GLOSTER: I think you said earlier that wasn't something you discussed with Mr Abramovich?

A. Was not or was?

MRS JUSTICE GLOSTER: Well, you tell me?

A. Did we discuss the number? Absolutely we did discuss the number, and it was a staggering number, just in cash terms. I saw an article recently with an illustration, "What could have been bought using this amount of money". You could buy the whole Sberbank, which is the

Russian bank. You could buy, I forgot, 10 per cent of Gazprom. It was the amount which was held by Russian pension fund, 100 per cent of it, and so on. And what that would have been in today's dollars, if this money was invested in different Russian shares.

MRS JUSTICE GLOSTER: But when you discussed with Mr Abramovich your views that you thought the figure was crazy, did you make a comparison at that time with the market cap value as at January 2001, in your discussions with him?

A. I don't think so. The physical amount of money, that was the shock.

MRS JUSTICE GLOSTER: Yes, I see.

A. And that was the key thing.

MRS JUSTICE GLOSTER: Thank you.

Yes, Mr Rabinowitz.

MR RABINOWITZ: Now, I want to ask you about Rusal, if I may, Mr Shvidler. Before I do, can I ask you this: do you agree that it is wrong to put one's name to a false document?

A. Yes, I agree with that.

Q. And can we take it that you do not generally execute contracts which contain statements which you know to be untrue?

A. Yes.

Q. Can we just look at some of the contractual documents that you executed, Mr Shvidler. Can you begin, please, by going to bundle H(A)17, and go to page 33 H(A)17/33.

A. Mm-hm.

Q. I don't know, do you prefer the English or the Russian?

A. Russian.

Q. All right, there's a Russian version at page 38

H(A)17/38.

Now, as you see, this is the master agreement of 10 February 2000 in accordance with which the aluminium assets were acquired which were subsequently merged with Mr Deripaska's aluminium assets to form Rusal, correct?

Can you say "yes" rather than nod if you agree.

A. Yes.

Q. Thank you. If you can just look at the end of the Russian version, page 43 H(A)17/43.

A. Mm-hm.

Q. That's before you get to 38T. Can you confirm that it's you who have signed this document?

A. Yes.

Q. And that it's your signature which appears as the second signature under party 1 --

A. That's right.

Q. -- on that page.

Just turning back, still in the Russian version, to page 38, you can see that someone has penned the initials "ES" on the bottom of each page, and can you confirm that those initials and the handwriting is yours?

A. That's right.

Q. Can you confirm that the reason you were initialling each page of this contract was to indicate your agreement to the terms recorded on each page?

A. Correct.

Q. Now, I take it you would have read this contract before you signed it, Mr Shvidler?

A. I did.

Q. You see clauses 4 and 5, which is page 33 in the English H(A)17/33.

A. Yes.

Q. So "Parties 1 shall acquire from parties 2 and 3 all their shares and interests in business of Bratsk of 300 additional units".

Clause 5:

"Party 1 shall acquire from Parties 2, 3, 4 and 5 all their shares and interests in business of KrAZ and other Siberian Complex industries for 250 [conditional units] ..."

So according to this document, Mr Shvidler, party 1

is the purchase of the aluminium assets, that's right,
isn't it?

A. A small comment.

Q. Sorry?

A. A small comment: in English translation, "party", it's better translated as "side", it says "storona odin, storona dva" and so on. It's "side". It's a subtle difference but still there is a difference.

Q. But can you confirm that party 1, or side 1 if you prefer, is the purchaser of the aluminium assets according to this agreement?

A. That's right.

Q. And parties 2 to 5 are the sellers, are they not?

A. They are.

Q. And if you go back up to the top of page 33, do you see party 1, or side 1, is defined:

"Roman Abramovich, Evgeniy Shvidler,
Badri Patarkatsishvili and companies represented by them
(hereinafter, 'Party 1') ..."

So you would agree with this, I take it, that on the face of this document, which you have signed and initialled, you are described as one of the purchasers of the aluminium assets, aren't you, Mr Shvidler?

A. I'm described as a representative of the side which bought the assets, that's correct.

Q. Well, you're described as one of the parties who bought the assets.

A. As a representative. I don't want to argue but it's really a difference.

Q. You see, what the document says on its face, Mr Shvidler, is that you are part of party 1, and party 1 is the group that have bought these assets.

A. Correct.

Q. Is that statement true or is it false?

A. The statement is true.

Q. Okay. So can I then ask you to have a look at paragraph 158 of your third witness statement, page 45 of E3, tab 10 E3/10/45. You see at paragraph 158, you say:

"Mr Patarkatsishvili signed the 10 February agreement along with Mr Abramovich and me. Neither Mr Patarkatsishvili nor I were the actual purchasers."

Can you explain, in light of that, why you say the contract, which suggests that you were the purchaser along with Mr Patarkatsishvili and Mr Abramovich, was true?

A. By definition that it was not false.

Q. That's your answer, is it?

A. No, and now we can go into details, if the court is interested.

MRS JUSTICE GLOSTER: Yes, go on.

A. Okay. Three of us represented the purchasing side. The other gentleman here represented the sellers. Not all of them were actual sellers. I mean, they were sellers but not all of them had the assets. I'm referring to Mr Bosov. This is an agreement between the people sitting round the table. Whatever these people, this group of people wanted to put on paper, they did, and it was true and clear for all the parties, what was going on, and what we wanted to put on paper and perform. And it was -- all that was done in the future.

I don't know if I make myself clear.

MR RABINOWITZ: So you are saying not only were all the people identified as purchasers, purchasers, but not all the people identified as sellers were sellers?

A. All the people identified here had something to do and a lot to do with the situation described in this agreement. So none of this is false. I mean, whatever we wanted to say and whatever we wanted to put on paper is here, and we can go line by line.

Q. So where it says in the contract about Mr Bosov, who you said was not a seller, that he controls about 25 per cent of the shares and interests in the Siberian Complex, are you saying that is false?

A. I didn't say he was not a seller. He was a seller but

he didn't have those assets.

Q. So you're saying he was a seller now?

A. And before as well. He was a seller, he didn't have the assets. His assets were part owned -- he was a partial owner but the assets owned by party 4 -- no -- whatever. By Trans-World Group.

Q. You see, I had thought that you'd said that not all the people who were identified as sellers were sellers, but I think you're now saying that they are all sellers, is that right?

If that's always been your evidence, just say so, I'm not trying to catch you out, Mr Shvidler.

A. That's the impression I have.

Q. I really am not. I had understood that that's what your evidence was.

So all the sellers were sellers, but you're saying that the people identified as purchasers were not all purchasers?

A. The people who were identified as purchasers were not all purchasers. The people who are identified here as sellers are all sellers, but the assets, for example, held by each one of them are not necessarily owned by them.

MRS JUSTICE GLOSTER: Are you saying there's a contractual obligation on anybody identified as a seller to sell,

irrespective of whether they actually own the particular shares?

A. I would say yes.

Can you go to court with this paper? I have no opinion about that.

MRS JUSTICE GLOSTER: Right.

A. But did each one of the present people feel responsible for performing? Yes.

MRS JUSTICE GLOSTER: Right.

MR RABINOWITZ: Now, in your witness statement, in your third witness statement, you say that the reason that you wanted Mr Patarkatsishvili to sign a contract was because, you say:

"... it was a signal to the market that this was 'his' deal."

This is at paragraph 158 of your statement E3/10/45.

A. Mm-hm.

Q. So:

"... it was a signal to the market that this was 'his' deal. He was the 'enabler' and everyone needed to know that he was protecting the assets."

When you talk about the market, who are you talking about here?

A. The small group of people present and people around them

who were in immediate vicinity.

Q. Why would it have been necessary for these people to know that Mr Patarkatsishvili was involved with the deal by him signing the contract, Mr Shvidler? All of these people were already well aware that Mr Patarkatsishvili was, if you want to put it this way, your man.

A. Mm-hm.

Q. That's right, isn't it?

A. That's right, and that's exactly why, if he was sitting there and all of a sudden didn't sign or refused to sign, that would be a very bad signal, and would look strange.

Q. You see, I suggest to you there was no need for these people to be told that Mr Patarkatsishvili was your man. Everyone knew that already, did they not?

A. Again, they knew it. I thought the question was why did he actually sign? Everybody present signed.

Q. And why was it necessary for you to sign the contract, Mr Shvidler?

A. Same reason basically. I was the one negotiating with all this -- I mean, I was the one almost done -- who almost done all the talking. So if all of a sudden I said, "And now I'm not signing", that would have been very bad.

Q. As long as Mr Abramovich signed it that wouldn't have

mattered?

A. It would have.

Q. So the signal, you say, you were trying to send to the market by your signing this was to say that this agreement which Mr Abramovich could have signed was one that you agreed with as well?

A. You are mixing up two different situations.

Q. Okay.

A. We're sitting around the table, the document is prepared as we discussed it, and it was prepared right away or almost right away, and all of a sudden I refused to sign, that's one situation. It would have been very bad for people across the table.

If we're talking about the market, wider market, if I didn't sign it, it wouldn't matter. You're right.

Q. But both you and Mr Patarkatsishvili could have signed the contract without being described as buyers under the contract; that would have made it clear that you supported what was contained in the contract, would it not?

A. You might be right, but we have chosen this particular way of putting it on paper.

Q. You've chosen a way which suggests that you and Mr Patarkatsishvili were purchasers, that's right, isn't it?

- A. We've chosen the way which was suitable at the moment.
And I don't think it was any misunderstanding on anybody's part what we were doing.
- Q. You see, I suggest to you that the reason that you and Mr Patarkatsishvili have signed, or have been described as purchasers in this contract, is that is precisely what the position was. You were partners with Mr Abramovich in this deal, together with Mr Berezovsky, and that is right, is it not?
- A. Mr Berezovsky?
- Q. Correct.
- A. No, it's not correct. Neither Mr Patarkatsishvili nor myself paid anything for those assets. We're talking about buy and sell contract basically. We didn't pay anything, we didn't participate in the deal.
- Q. Let's look at another contract that you have executed, Mr Shvidler. You can put bundle H(A)17 away for the moment. Can you go, please, to bundle H(A)16 and go to page 47T H(A)16/47T. Now, you should have at page 47T an English translation of the preliminary agreement. If you would prefer to look at the Russian version, it's at page 47.
- A. I got it.
- Q. You're okay with that, thank you.

Although this is an agreement, as we can see from

the front page, between Mr Abramovich and Mr Deripaska, if you look at the signature on the Russian version at page 50 --

A. It's my signature.

Q. It's your signature. Can you help the court then with this, Mr Shvidler: why did you execute this preliminary agreement if you were not a party to it?

A. A couple of words on this. It was basically the first time we've met and had a major deal with Mr Deripaska and Mr Bulygin. We never dealt with them. There was no trust between us and I would say they were more suspicious than we were. But the situation had to be resolved very quickly because Roman was trying to explain the assets were in a very bad shape. We sat down for the whole night and part of the day so this is the fruit of these negotiations.

Roman was a member of the Duma, of the Parliament at the time, and when he was about to sign it, I don't remember which one, or maybe both of them, Mr Deripaska and Mr Bulygin, they asked me to sign it, because they thought, as they explained later, that if Roman signs it, it would have been illegal and it would have been a way for us to get out of this agreement. If I'm making it clear.

So in other words, they thought that it could have

been a way out for us, out of this agreement, if we did not -- if we didn't want to perform it. So I signed with no problem.

Q. Sorry, I didn't want to interrupt. Are you finished?

A. Yes.

Q. The agreement is still one which says it's between Mr Abramovich and Mr Deripaska.

A. That's right.

Q. But you're suggesting that it was thought that if someone other than Mr Abramovich signed it, that would in some way prevent an illegality which might otherwise be there, is that right?

A. No, not illegality. That our colleagues were satisfied that my signature was as good as his and it didn't have this negative property of him being a member of the Parliament.

Q. The reason they thought your signature was as good as his is because they understood, did they not, that you were one of his business partners?

A. They could, yes. We didn't discuss that.

Q. You didn't discuss it, but do you think they thought you were one of his business partners?

A. I'm sure they thought I was important, if I was there.

And again, during these negotiations, I think I did majority of the talking on our side.

Q. You see, Mr Bulygin, who drew up this document and has also signed it, says that he assumed you were Mr Abramovich's partner on this merger deal. Are you aware of that?

A. Yes.

Q. For my Ladyship's note, the reference is to Mr Bulygin's evidence at paragraph 13, at E4, tab 1, page 7 E4/01/7.

Mr Bulygin was right about that, wasn't he, Mr Shvidler?

A. No, he --

Q. You were one of the purchasers of the original aluminium assets, and you were one of Mr Abramovich's partners on the merger deal with Mr Deripaska?

A. No, he was not right.

Q. And that is the reason that they were comfortable with you signing rather than Mr Abramovich. That's right, isn't it?

A. No, it's not correct.

Q. Now, just looking at the preliminary agreement which you hopefully still have open, page 16, presumably you read the agreement through before you signed it?

A. Yes.

Q. Can I ask you to look at clause 4.1, Mr Shvidler, it's page 48T.

A. Mm-hm.

Q. And by this clause, both Mr Abramovich and Mr Deripaska warranted that they owned the aluminium assets that would be merged:

"... together with their partners (not including TWG or any other companies and/or individuals related thereto or affiliated therewith), they own the assets and that the stated assets have not been pledged as security for the obligations of parties 1 and 2 and are not subject to any third party rights, disputes or attachments."

Clause 4.2, just look at that:

"Party 1 ..."

That's you, Mr Abramovich:

"... warrants its and its partners' concerted will to sign the agreement [and you're talking about the agreement to be entered into] on the terms determined herein, and shall be fully liable to Party 2 for any action (omission) by its partners associated with the performance hereof."

How can these clauses be reconciled with your evidence, Mr Shvidler, that Mr Abramovich and Mr Abramovich alone was the party to this contract and therefore the only person who was a partner in relation to the aluminium business?

A. He was party 1, that's for starters, not party 2.

Q. Sorry, I said "the party to" rather than "the party 2".

A. My English, sorry.

Q. Don't worry, but can you answer my question.

A. Yes. Mr Abramovich was the only person who was party 1 and Mr Deripaska was the only person who was party 2.

I think during his evidence he was trying to explain to the court that the assets being sold and brought into this partnership or situation, the company was not registered yet, were not owned solely by Mr Abramovich nor by Mr Deripaska.

On top of that, there were other parties or sides or stakeholders, as Mr Deripaska called them, which had some interest in the situation.

In order to describe all of them, and in order to fulfil the purpose of this agreement, we put these two clauses in the contract, in the agreement.

As an example, I think Roman gave you the example of NkAZ, which is one of the assets being brought into this agreement or into this merger. NkAZ was -- we just had an agreement with NkAZ owners which was not fulfilled at the moment.

Just one example.

Q. All right, but the way that would have been fulfilled, presumably, is that NkAZ, or whatever it is, were going

to be selling the assets to Mr Abramovich, correct?

A. Correct.

Q. And Mr Abramovich would then be putting the assets into the merged entity, correct?

A. Correct.

Q. But it then doesn't make sense, Mr Shvidler, if you look at clause 4.2, for Mr Abramovich to be warranting its partners' concerted will to sign the agreement.

The agreement was a merger agreement, was it not?

A. Sale and purchase, yes.

Q. Right. You see, NkAZ wouldn't be a party to that contract, would they?

A. NkAZ owners, you mean?

Q. Yes.

A. Of course they wouldn't be. That's why they are not mentioned here. What it says here is it's Roman's responsibility to make sure that the deal is not dependent on them. That's basically what it says. Or anybody else. That he takes responsibility on himself to do whatever needs to be done to perform under this agreement.

It's the same Mr Deripaska.

Q. This is talking about it being Mr Abramovich's partners':

"... concerted will to sign the agreement ... on the

terms determined herein ..."

A. Right.

Q. We're not talking about a party who is not going to be a party to the agreement, that is to say the sale and purchase or merger agreement. That is not what clause 4.2 is relating to.

A. Again I'm confused in what you're saying. What I'm trying to say is these two clauses, the whole point 4 actually, describe this exactly situation, that we don't want to know what Mr Deripaska has to do in order to fulfil his part of the agreement. He doesn't want to know what our problems are. The only thing he insisted on, that Trans-World Group is out of the picture as of the date of this agreement. In other words, he doesn't want to see them later holding this deal or participating in the deal in any form or shape.

Q. You see, I suggest to you, Mr Shvidler, that the truth is a lot simpler than that. The partners that you were being referred to at clauses 4.1, 4.2 of the preliminary agreement included the names that we've already seen on the 10 February master agreement, namely yourself and Mr Patarkatsishvili together with Mr Berezovsky.

You deny that, do you?

A. I deny this completely.

Q. You see, I suggest that that is why, within a few days

of signing this preliminary agreement and shortly before executing the formal share purchase and sale agreement of 15 March 2000, you all met up at the Dorchester Hotel. Do you recall who was present on that occasion?

A. Do I recall who was present?

Q. At the Dorchester Hotel meeting.

A. Do I recall who was present at the meeting?

Q. Yes.

A. Yes, I do recall who was present at the meeting.

Q. Who do you say was present?

A. Mr Berezovsky, Mr Patarkatsishvili, Mr Deripaska, Mr Abramovich and myself.

Q. The reason why you all got together at the Dorchester Hotel on 13 March was so that Mr Deripaska could meet with all of his new partners in Rusal, namely yourself, Mr Abramovich, Mr Berezovsky and Mr Patarkatsishvili. That's the truth of it, isn't it?

A. I was told not to make jokes, but if Mr Deripaska understood that he is meeting his future partners he would have a heart attack, seriously. So the answer is it's not correct.

Q. Now, you tell us, Mr Shvidler, that you don't recall much about the Dorchester Hotel meeting itself. Can we look at paragraph 177 of your third witness statement, it's page 50 E3/10/50.

You say here, this is just over the page on to page 51, remind yourself of the whole paragraph if you would like:

"All of the conversations, naturally, were in the Russian language. I stayed there throughout. I do not recall much about the meeting itself as it was all about status and not a meeting of substance but I would expect that we discussed in general the impact that the merger would have on the aluminium industry. I believe that there was also an element of Mr Abramovich wanting to show Mr Berezovsky that he had achieved something which might be regarded as historic, namely ending the aluminium wars. Mr Abramovich was not and is not someone who ever brags about his achievements but I believe he was proud to be able to show Mr Berezovsky, who in some ways, was a father like figure for Mr Abramovich, that he continued to be successful."

So you're saying here that you do not recall much about the meeting itself, and you're indicating that you're doing your best to reconstruct what might have happened when you say:

"... I would expect that we discussed in general the impact that the merger would have on the aluminium industry."

Is that right?

A. No, it's not right. What I'm saying, I don't remember much about the meeting. I mean, there was -- I was trying politely to say that there was nothing to remember.

As for the second part, it's my impression, so Roman didn't tell me that he thought Mr Berezovsky, and so on, was his father.

Q. Mr Shvidler, you say here that this isn't reconstruction and it's not a question of you not remembering about the meeting, you're just trying to say politely there was nothing to remember. That's not what you say. You say:

"I stayed there throughout. I do not recall much about the meeting itself ..."

You also say:

"... I would expect that we discussed ..."

Now, if you remembered what it was you did and didn't discuss, that is the way you would have put it.

A. Again, don't blame lawyers, but those are -- some of those words are not my words. "I would have", I never say "I would have", but what I'm trying to say here is exactly what I'm saying now.

The meeting had basically no substance. That's point number 1. Do I remember that Oleg wanted his money back? Of course I do remember it. Do I remember where Mr Berezovsky came from? I do remember that. Do

I remember the plane? Of course I do. I remember --

MRS JUSTICE GLOSTER: What, Mr Patarkatsishvili's plane?

A. That's right.

I do remember what the room looked like, the suite I mean. And what more details can I provide?

Business-wise there was nothing to discuss.

MR RABINOWITZ: You see, Mr Shvidler, I suggest to you that given what you say at paragraph 177 about not recalling much about the meeting, and the way you put it about what you would expect that you discussed, how can you be so emphatic about the matters that you identify at paragraphs 181 and 182 as things that you didn't discuss at the meeting?

A. Should I read them?

Q. Please do. (Pause)

A. I've read it.

Q. You see, just looking at the last line of paragraph 180 you say, about the agreement that was made as to the arrangements in respect of Rusal:

"There was no such discussion or agreement reached at the meeting or in my presence at any other time."

If you were being candid and accurate in your evidence, the most you could say is "I do not recall any such discussion". Wouldn't that have been a fairer way of putting it?

A. No. If I heard anything like that, like what I'm trying to describe here, British law trust or stuff like that, coming out of any of these people present, I would remember it for sure. That's what I'm trying to say here.

Q. I suggest to you that the details of the Rusal merger were discussed at the Dorchester Hotel, indeed Mr Abramovich tells us that on 12 March 2000, Mr Patarkatsishvili had phoned him and called him for the meeting so that Mr Berezovsky could hear from Mr Abramovich directly about the merger.

A. I heard what he was saying, yes -- I mean, what Mr Abramovich was saying.

Q. So the whole purpose, so far as Mr Patarkatsishvili and Mr Abramovich were concerned, was so that Mr Berezovsky could hear about the merger. But your evidence is, is it, that it wasn't discussed?

A. I'm saying that no details were discussed, no negotiations took place, no deal, nothing of that kind. Was the end of aluminium wars mentioned? Yes, it was.

Q. You are saying that no details were discussed. You fly all the way over with Mr Deripaska, because Mr Berezovsky wants to hear about the merger, and your evidence is that they simply didn't discuss any details to do with the merger?

A. Correct, and it wouldn't be the first time I flew with Mr Berezovsky or to see Mr Berezovsky with no substance to this flight at all.

I can give you examples if the court is interested.

Q. You say [in the draft]:

"... it would have been the first time I flew ..."

A. It would not be.

MRS JUSTICE GLOSTER: There was a mistranscription.

MR RABINOWITZ: You see, I suggest that's an extraordinary story that you're telling here.

A. It was extraordinary time, extraordinary people, and from perspective of today and this audience, some of it looks strange.

MRS JUSTICE GLOSTER: Just tell me in your own words why Mr -- and I've read what you said here. Just tell me in your own words, rather than in lawyer's words, why Mr Abramovich would have bothered to have flown back from Moscow to England to involve Mr Berezovsky in the party, as it were, in relation to the Rusal merger?

A. It will sound strange, but he always did, and Badri insisted that Boris wanted to see him. As you know, we were there day before for the whole week, and Mr Berezovsky was there as well, I mean there, here, in London. We were all here, and if he did want to see him, or either one wanted to see each other and thought

it was relevant, why didn't they?

When Mr Berezovsky heard about this merger from Mr Patarkatsishvili, who was told by Mr Abramovich, he decided that the meeting was necessary and Mr Abramovich went along.

MRS JUSTICE GLOSTER: But why was it necessary in relation to Mr Berezovsky's future role or future expectation?

A. Mr Berezovsky liked to be associated with big deals and small deals as well. So what was the motive from his side? I guess that nothing --

MRS JUSTICE GLOSTER: Well, what did you perceive to be the motive at that time?

A. What did I think?

MRS JUSTICE GLOSTER: Yes.

A. I didn't think anything, and it was usual thing, and Roman just asked me to go. It was no problem.

I'll give you an example: Mr Berezovsky asked me to go with him to see Mr Soros -- I'm trying to, I did put(?) it here. It was not the only example. That was in the evening. He said "In the morning we're going to New York to see Mr Soros, you'll stick around, you might help me." I didn't think for a second, I just went with him. What was the purpose for me? Zero.

I mean, the same thing happened. Badri said "Boris is going to see Mr Kuchma," who was the president of

Ukraine, "you come along, stick around." I did. Did I see Mr Kuchma? No, I didn't. Why did I go there? I don't know. Just to be on hand.

That's the kind of relationship we had, yes.

MRS JUSTICE GLOSTER: I see. Thank you.

MR RABINOWITZ: Mr Shvidler, you said in your evidence a moment ago, "It will sound strange", but Mr Abramovich -- I think you were saying he would have bothered to fly back. You say:

"As you know, we were there day before for the whole week, and Mr Berezovsky was there as well, I mean there, here, in London."

You flew back on 12 March, correct?

A. Back?

Q. From London to Moscow.

A. From London to Moscow. Can I take it from you? I will agree.

Q. Mr Berezovsky only arrived in Moscow on 12 March so he wasn't there -- sorry, in London, I'm sorry.

Mr Berezovsky only arrived in London on 12 March and therefore he was not there in the week that you were there with Mr Deripaska's people.

A. That was my understanding. I thought he was -- as I remember from that time, that he was going to this court hearing against Forbes, same Forbes, same hearing,

and that's why he had to spend time there. Did he arrive on that day or we missed each other? I don't know.

Q. You see, I suggest you are just making this up as you go along, Mr Shvidler.

A. (inaudible).

Q. Because the truth is that you did fly to the Dorchester meeting on the 13th in order that Mr Deripaska could meet Mr Berezovsky and Mr Patarkatsishvili who were Mr Abramovich's partners in the Rusal deal. That's right, isn't it?

A. Not right at all.

Q. Now, Mr Berezovsky's case is that, on 13 March 2000, he was at a hearing in the House of Lords, and you've just commented on that, and that he was there in the morning. So he would have come to this meeting from the House of Lords.

The meeting was in Mr Patarkatsishvili's suite at the Dorchester Hotel. That's right, isn't it?

A. I think so, yes.

Q. We've made enquiries and we understand from the Dorchester Hotel that there is no record of Mr Berezovsky having had a room at the hotel on that day.

What is your recollection of how Mr Berezovsky was

attired? Do you say he returned from the House of Lords in a dressing gown?

A. You asked for it. He didn't come to the room from outside, he was in this suite already and he came from the other room, from inside, and he was attired exactly like Roman described him. So he was there already.

Q. I suggest to you that that is simply untrue, Mr Shvidler.

A. It is true and --

MRS JUSTICE GLOSTER: What, with a dressing gown over his shirt and trousers, or a dressing gown with nothing on underneath? What are you saying?

A. Closer to the second one.

MRS JUSTICE GLOSTER: Right.

MR RABINOWITZ: Now, you tell us -- I just want to move on to the Rusal sales beginning in September 2003. You tell us that you were not involved with the details of the sale of Mr Abramovich's 50 per cent share of Rusal to Mr Deripaska in September 2003, is that correct?

A. Yes.

Q. And you also tell us that the arrangement was that Mr Deripaska would buy the entire 50 per cent stake in Rusal for more than \$2 billion but that he did not have the cash available to do the purchase in a single transaction, is that right?

A. Correct.

Q. And you tell us therefore that Mr Deripaska formally agreed to buy the first 25 per cent tranche with a right of first refusal for the second tranche, correct?

A. Yes.

Q. We've already seen that Mr Deripaska's recollection of this is rather different. Mr Deripaska's recollection set out in a formal witness statement sworn in court proceedings in England, in February 2008, was that he made an offer for the full 50 per cent of Rusal in 2003 but was told that only 25 per cent was available.

I've explored that with Mr Abramovich, we've looked at the legal documents that were in fact executed around that time which support Mr Deripaska's recollection and which I would suggest are inconsistent with your and Mr Abramovich's version of events.

I don't propose going through all that again with you, particularly as you say you weren't involved in the details of the sale, but can I just ask you this: do you accept that your recollection of these matters now in 2011 may be wrong and that Mr Deripaska's recollection of these matters back in 2008 is more likely to be right?

A. No, both of us remember the same thing, and both of us are saying the same thing.

Q. Can you explain why you say you're saying the same thing as Mr Deripaska then?

A. When he's saying that not the whole -- whatever he's saying -- not the whole stake was available, the reason is because he didn't have money to buy it, otherwise it was available.

Q. I suggest to you that that is not what he was saying but I'm not going to go through that with you.

A. Okay.

MR RABINOWITZ: Thank you very much, Mr Shvidler. No more questions.

MRS JUSTICE GLOSTER: Mr Malek?

MR MALEK: No questions, my Lady.

MRS JUSTICE GLOSTER: Mr Adkin?

MR ADKIN: My Lady, no.

MRS JUSTICE GLOSTER: Mr Sumption?

MR SUMPTION: My Lady, I have no re-examination.

May I however draw your Ladyship's attention to the fact that the question of the translation of Mr Abramovich's evidence about his graduation from the engineering institute has been taken up with the translators. At the moment there is a backlog of translation queries which is before them, one of those relates to this question of the certificate of unfinished higher education. That, as the Russian

speakers behind me say, was in fact referred to by Mr Abramovich in his evidence, and we have, about a week ago, invited the translators to verify that from the tape.

MRS JUSTICE GLOSTER: Right. Well, I'll wait and see what submissions are made to me about that.

MR SUMPTION: I don't think it's going to be a matter of critical importance, but the matter having been taken up with this witness and this not being an aspect of things that he would know about, I thought I should tell your Ladyship that.

MRS JUSTICE GLOSTER: Thank you.

Yes, thank you very much indeed, Mr Shvidler.

A. Thank you.

MRS JUSTICE GLOSTER: I have no further questions. Thank you for coming to give your evidence.

(The witness withdrew)

MR SUMPTION: My Lady, I call Mr Sponring.

MRS JUSTICE GLOSTER: Yes.

MR CHRISTIAN SPONRING (affirmed)

MRS JUSTICE GLOSTER: Please sit down.

THE WITNESS: Thank you.

Examination-in-chief by MR SUMPTION

MR SUMPTION: Mr Sponring, you are the first witness to give evidence who has not been specifically asked by my

instructing solicitors whether you have any mobile phones or other electronic apparatus on you so I'm going to ask you now. Do you?

A. No, I don't.

Q. Thank you. Could you please take bundle E1, flag 2 E1/02/27.

A. Thank you.

Q. Is this your first and only witness statement in these proceedings, Mr Sponring?

A. That is correct.

Q. And is that your signature at the end of the statement on page 30 of the bundle?

A. That is right.

Q. Is this statement true?

A. Yes, it is.

MR SUMPTION: Thank you.

Cross-examination by MR GILLIS

MR GILLIS: Mr Sponring, good morning.

A. Good morning, Mr Gillis.

Q. Your statement indicates that you began to work for Mr Abramovich in December 1997, is that right?

A. Correct.

Q. And I think at that time you were aged 25?

A. Correct.

Q. And could I just ask you this: before that, what were

you doing?

A. I worked as a professional chef, well, trained in Austria, and then worked for ten years in the best restaurants in Austria, London and various places.

Q. Now, you're Austrian and I assume you speak German?

A. I do indeed.

Q. And you obviously speak very good English.

A. Thank you.

Q. But you don't have a Russian background, do you?

A. Not at all. Not since I started to work for Mr Abramovich.

Q. And do you speak any Russian?

A. Yes, I do. Very basic but I am able to communicate.

Q. So looking at the position in 2001, what was the standard of your Russian then?

A. Almost non-existing, completely non-Russian.

Q. So would you have difficulty following a conversation between Russians?

A. Yes, of course. I wouldn't understand.

Q. Between 1997 and 2005 or thereabouts, you describe yourself as working for Mr Abramovich as his private personal live-in chef, that's your evidence?

A. That's correct.

Q. And throughout that period of eight years, you say that you constantly travelled with Mr Abramovich and his

family providing your services as a private chef? Is that correct?

A. Correct.

Q. So you went with them, did you, when they stayed in French villas?

A. Yes, I did.

Q. And you went to stay with them on yachts?

A. Only later but also on yachts, yes.

Q. And accompanying them on their skiing holidays?

A. Yes, correct.

Q. Do you recall where they spent the summer in 1998?

A. 1998, it was the Clocher de la Garoupe in Antibes. I was there.

Q. In 1998 you say that, do you?

A. Yes, correct. Must be, because that's the following summer, when I started to work for them in the winter, following summer I was there in south of France.

Q. Are you sure it wasn't on a yacht called the Southern Cross?

A. Not at all. Not at all.

Q. And in the summer of 2000, do you recall where the Abramovich family stayed during the summer?

A. Also in the south of France, in a villa in -- just tell(?) you I don't -- '98 it was at Clocher, '99 it was at a villa in Saint-Jean-Cap-Ferrat.

Q. Can you recall specifically where that was?

A. I would believe it was a villa called Villa Serena, I think. Yes, correct. In Cap Ferrat.

Q. Now, as Mr Abramovich's private personal live-in chef, would it be right to assume that you provided all of your services at Mr Abramovich's homes or at the yachts and the villas and the chalets where he and his family were staying?

A. That is correct. Although there was a period of time when I mainly worked in Moscow, at the Moscow offices, and I didn't -- and really only for Mr Abramovich rather than for his family. If they went somewhere else then there were also different chefs.

Q. Now, you say, and I think this is paragraph 9 of your statement, that you knew Mr Berezovsky and Mr Patarkatsishvili, and you're talking about the position in January 2001. You say --

A. That is correct.

Q. You say you knew them from the previous time that you had -- the previous occasions when they had spent time with Mr Abramovich. Is that correct?

A. That is right.

Q. Now, can you recall when and where you saw them together?

A. Well, definitely at '98, summer, which was the Clocher

de la Garoupe, next to Mr Berezovsky's chateau in Cap d'Antibes. And Mr Badri Patarkatsishvili -- sorry for that -- I definitely saw in the Moscow offices. I wouldn't remember exactly which time it was.

Q. So in relation to Mr Berezovsky, you saw him, is this right, when he came to visit Mr Abramovich at the homes and the yachts and the villas where Mr Abramovich was staying?

A. It wasn't that many times. It was particular in '98, and also I believe in the Moscow house for Mr Abramovich.

Q. And on the occasions you saw Mr Abramovich with Mr Berezovsky and Mr Patarkatsishvili, I think you indicate that from what you saw you regarded their relationship as being a friendly one, is that correct?

A. Yes, a very polite friendly one, as someone would expect.

Q. Thank you. Now, you also indicate in your statement that from 2005 or thereabouts you started to act as project manager and personal assistant for Mr Abramovich, is that correct?

A. That is correct.

Q. Could you identify the sorts of projects that you have been managing for Mr Abramovich?

A. Project, I mean this is obviously a very wide

description, but it can be from several events which appear, or whether it's party arrangements. Anything which involves food obviously would be my responsibility, as well as all staff matters, and everything amongst the houses I'm involved and in charge as well.

Q. You give your address as being in Austria, in your witness statement.

A. That is correct.

Q. Where do you spend most of your working time?

A. Alongside Mr Abramovich.

Q. So you spend a long time travelling with Mr Abramovich?

A. Yes, I do, sir, indeed.

Q. As his project manager and his personal assistant --

MRS JUSTICE GLOSTER: I'm not sure it is personal, it says "personnel assistant", if you look at paragraph 2 of your witness statement.

A. That may be a mistake in my English spelling, could be, I'm not sure.

MRS JUSTICE GLOSTER: If it's personnel assistant, does that mean you're assisting in the arrangements for his staff and his employees, or does it mean you're his personal assistant in the sense of secretary --

A. I would say both of it. This is completely right.

MRS JUSTICE GLOSTER: So you do organise his personnel to

a certain --

A. Yes, I do. Since then, definitely yes.

MR GILLIS: And as his project manager, and assisting

Mr Abramovich in this way, would you accept that you are somebody who is greatly trusted by Mr Abramovich?

A. I would hope so.

Q. And in return you're loyal to him?

A. Yes, I've been working for him for a long time. I would consider myself loyal to him.

Q. In fact I think you've now been working for him for about 14 years, haven't you?

A. That is just about, if December is coming.

Q. Would you agree with this, that you would be concerned to do anything that might imperil your 14-year relationship with Mr Abramovich?

A. No, I wouldn't know what you mean by that but I don't think so.

Q. You would not be concerned to give evidence which would damage his claim in this action, are you suggesting that you would not be concerned to do that?

A. Not at all, I wouldn't be concerned. I have not much to say but I know what I'm giving evidence for and that's what happened.

Q. All right. Now, as his personal assistant, you have been aware of this litigation for some time, have you?

A. That is correct.

Q. And have you read the defence which was pleaded on Mr Abramovich's behalf?

A. Only bits and pieces, parts of it.

Q. So when -- can you recall when you first read the defence that had been served on his behalf?

A. Completely. I read it after I was asked if I remember what happened in 2001, and after that I've read -- I think Mr Abramovich's witness statements I read in full but that's about it.

Q. So did you read the defence before you had signed your witness statement?

A. No, I didn't.

Q. All right. Can I just ask you about the evidence that you have prepared to give in this case. You discussed your evidence regarding the alleged Megeve meeting with Mr Abramovich, that's correct, isn't it?

A. Well, I wouldn't say discussed. We obviously spoke about it, it came out of a conversation coincidentally rather than on purpose.

Q. And did Mr Abramovich discuss with you what he remembered about the Megeve meeting?

A. Well, again, only afterwards I found out that this was different from what I've remembered.

Q. When do you think you first had these discussions?

A. Well, knowing that my witness statement was signed on 29 May this year, it must have been a week before only.

Q. And having had these discussions, would you accept that it is difficult to differentiate between what you actually remember as opposed to what Mr Abramovich may have told you he recalled?

A. Could you repeat your word, what you mentioned, because I didn't really understand what the difference is, or differentiate, what do you mean by that? Sorry for that.

Q. Would you accept, since you discussed what you thought you recalled and what Mr Abramovich thought he recalled, that there is a risk of confusion and that what he recalled infects your memory and what you say you recall infects Mr Abramovich's memory?

A. No, I wouldn't think so and I wouldn't say so at all. It was, I mean, fairly -- almost the same, it's just that the location has been different.

Q. You say the recollection was almost the same, do you?

A. I would believe so. This is what I've read of his side, yes.

Q. All right. And were you in court when Mr Abramovich gave his evidence in relation to the Megeve meeting?

A. Yes, I was in court.

Q. And would you accept that that further increases the

difficulty of differentiating what you actually remember as opposed to what you have heard others saying about the meeting?

A. No, I don't think so at all. Again, I know what I remember, I know what happened there, and that -- it's not changeable, I could say, and that's what happened.

Q. Now, when you first discussed the Megeve meeting with Mr Abramovich, is it your recollection that Mr Abramovich remembered that Mr Berezovsky had attended the meeting?

A. Yes, definitely. I mean, it was more that I refreshed his memory rather the other way around. It was -- coincidentally again, as I mentioned before, it turned out that I have been at the meeting which all other people didn't know or didn't remember about, and I said -- and then I said: well, this happened, and this, we flew from Courcheval to Megeve and (inaudible). So Mr Abramovich was listening but, again, I -- it came even clearer to his mind what actually was.

Q. Mr Sponring, what I suggest to you is that when you first talked to Mr Abramovich about the Megeve meeting he had no recollection of Mr Berezovsky being there. And that's right, isn't it?

A. I wouldn't know such detail.

Q. Well, with respect, you would because you spoke to

Mr Abramovich, as you've indicated, and what I'm putting to you is that when you first began to discuss the Megeve meeting with Mr Abramovich he had no recollection of Mr Berezovsky having attended that meeting.

A. Well, I -- as I said, I didn't know about this. I only said that I was at this meeting or I was at this helicopter flight, described it, where we landed, described how long we stayed there, (inaudible), and it was clear that Mr Abramovich, well, confirmed, "Ah, yes, that's exactly what it was." He was rather surprised that I was there.

Q. So are you willing to accept that what you said prompted a memory --

MRS JUSTICE GLOSTER: Well, that's a matter for me, isn't it, Mr Gillis? I'm not sure that he can speculate on that.

MR GILLIS: All right.

Mr Sponring, is it fair to say that over the eight years that you were constantly travelling with Mr Abramovich and his family you have been to many remarkable and memorable places?

A. Definitely.

Q. In that sense, in a sense, you've almost lived the oligarch's lifestyle of seeing many wonderful and remarkable places?

- A. I have seen incredible places and had fantastic trips with Mr Abramovich, that's correct.
- Q. Do you really suggest that you are able to remember who attended meetings 11 years ago even if they were in memorable settings?
- A. Definitely. I mean, this was a very clear recollection I have, that's the only one I have, and yes, definitely, I can suggest it.
- Q. Mr Sponring, I suggest to you that you may well have a vivid memory of a particular place or an event but still have very great difficulty in remembering who actually attended on those occasions. Would you agree with that?
- A. No, I wouldn't agree with that. Why? I know exactly who was there, and that was at the -- I mean, that's what happened.
- Q. All right. Can I move on to the meeting which you claim you recall in Megeve.
- It's right, is it not, that you had previously been with the Abramovich family in Courcheval on their skiing holiday?
- A. That is correct.
- Q. Can you recall where the Abramovich family stayed in Courcheval?
- A. Are we talking about now in the first year they stayed

there or the second year?

Q. I should have been clear, in 2001.

A. In 2001 it was a villa called, a chalet called Chalet Seban(?).

Q. As their live-in chef, did you live-in at the villa as well?

A. At this particular year I did live in the house as well. I know that Mr Abramovich said I didn't, but I lived in this year because it was -- every year it was different, either there was too much staff, nannies, teachers, whoever travelled, and guests, and then it was always somehow allocated who stayed where.

Q. So you think Mr Abramovich's memory in that respect is wrong?

A. Well, I don't know, but in this respect, that he said I didn't stay in the house, is not right because I stayed in the house.

Q. Now, were you aware -- I'm still in January 2001 -- were you aware whether or not Mr Abramovich had met Mr Patarkatsishvili when he was in Courchevel?

A. No, I was not aware. I was spending a lot of time in the kitchen.

Q. Understandably so.

Can you recall whether Mr Abramovich had any security guards with him in Courchevel?

A. There was rather drivers, but security guards, I wouldn't recall. Drivers, there were two drivers, as well as -- they are considering them security or drivers, but there were -- two gentlemen from the south of France were also in Courchevel.

Q. Would it be usual for Mr Abramovich at that time when he was in Europe to have security guards with him?

A. It depended on the different location. It depended where he went. But in general I think at that time in Europe, no, there wasn't security round him.

Q. Focusing then on the helicopter flight from Courchevel to Megeve, to the best of your recollection, who was on that helicopter flight?

A. Well, Mr Abramovich; his wife Irina; I think one or two kids, I really can't remember that, definitely one of the kids; and myself.

Q. So no one else?

A. No. The pilot, I believe.

Q. Obviously.

When you took off from the heliport in Courchevel, did you know that you were stopping in Megeve?

A. I think I did because even then I was informed before, where are we going, what is happening and I would also pass this information on to -- with flight arrangements

or travel arrangement, when is the car meeting, where, those information, that kind of thing, to Mr Abramovich as well.

MRS JUSTICE GLOSTER: Were you in charge of making the car --

A. No, I wasn't in charge at all of this arrangement. I was just -- I would get a phone call, they would tell me "This and this is happening, we go from there to Megeve and then further to Moscow". Because also I would have been informed that, when I arrive in Moscow, who is going to meet me, who is going to bring me, in Moscow I stayed in a flat in the centre of town so that I -- that, well, those proceedings are all in place.

Q. Had you been told that Mr Abramovich was planning a meeting in Megeve?

A. No, I wouldn't have been told that.

Q. Now, when you got to the Megeve heliport I understand you did not sit at the same table as Mr Abramovich and whoever he was meeting, is that right?

A. That is correct.

Q. And I think you indicate that you sat with Mr Abramovich's family at another table?

A. That is correct.

Q. And I think you've also indicated that at that time you

did not understand Russian conversation?

A. No. I wouldn't have understood the Russian conversation at all, no.

Q. So is this the case, that you are unaware of what was being discussed between Mr Abramovich and whoever he was speaking to?

A. Yes, that's correct. And it was also too far away. I couldn't even hear what they were talking about.

Q. So how far away was he?

A. I would think like Mr Berezovsky sits now to me, in this distance I would say.

Q. But you were able to observe the meeting taking place?

A. Yes, of course, that was the purpose we landed there.

Q. Would Irina Abramovich also have been able to have seen the meeting taking place?

A. Yes, definitely.

Q. And do you know why she is not giving evidence in relation to this meeting?

A. That I don't know.

Q. Could I ask you to look at Mr Abramovich's third witness statement and that's bundle E1 at tab 3. If I could ask you to go to paragraph 271 E1/03/117, and I assume you're familiar with these paragraphs, are you?

A. Well, not entirely but I have certainly read them at one time.

Q. Could I just ask you to read to yourself the first two sentences in paragraph 271?

A. Yes. (Pause)

I've read this.

Q. Can I ask, does that accord with your recollection of the meeting?

A. Well, it here says:

"[We had] a short meeting ..."

I know that I've indicated it must have been up to an hour. Well, that's...

Q. And the second sentence where he indicates that he does not recall Mr Berezovsky saying anything. Does that accord with your recollection of the meeting?

A. Well, I wouldn't know that and I wouldn't have noticed that. How much or who spoke at the meeting, I would not know that.

Q. So you say that you were not even looking across to see who was speaking?

A. I might have been looking across but I was not staring at them and not -- for sure, I wouldn't know who was part and leading the conversation and what was part of the conversation, not at all.

Q. So are you able to assist whether, so far as you are concerned, Mr Berezovsky was saying anything?

A. No, I'm not able to assist on that.

- Q. Now, Mr Sponring, by the time of the Megeve meeting, you'd been working with Mr Abramovich for over three years, is that right?
- A. That is correct.
- Q. And over that time, you must have seen numerous Russian men hugging and embracing each other when they say goodbye, is that correct?
- A. Well, I've seen it, yes, several times.
- Q. And I suggest to you that that would have been, for you, something that would be relatively commonplace, to see Russian men linking arms when they talk or by hugging each other when they greet or when they depart, would you agree?
- A. Well, I wouldn't agree because it doesn't happen all the time. It rather indicates if someone know each other very well or not. It's -- for Mr Abramovich, for example, he doesn't do it to so many people.
- Q. Mr Sponring, what I suggest to you is that at paragraph 11 of your witness statement, when you say that you particularly remember --
- MRS JUSTICE GLOSTER: It's tab 2.
- MR GILLIS: That's tab 2. Where you say that you particularly remember Mr Abramovich and Mr Berezovsky saying goodbye to each other because they hugged each other, I suggest to you that's simply not credible.

- A. I don't know why you think it's not credible but that's definitely what happened there.
- Q. What I would suggest to you is that, having worked for Mr Abramovich for over three years, I suggest hugging and embracing when people leave would not be something that would be memorable at all.
- A. Well, I may remind you that I wasn't there all the time when Mr Abramovich greeted people or said goodbye to people. I was -- again, I was in the kitchen so there was not that I've seen that all the time but definitely, until today, it is not something he will do to a lot of people.
- Q. But having lived in Russia for three years and being with Mr Abramovich, I put to you it would be commonplace.
- A. I've lived in Russia, I travelled back and forth but it's -- yes, even now, I think out of Mr Abramovich's friends, I know them very well, there are two people who would maybe do that, to myself even, and I find it rather extraordinary than something, well, common.
- Q. Mr Sponring, I suggest to you that your evidence as regards Mr Berezovsky's alleged presence at the Megeve heliport is based either on false recollection or misplaced loyalty and that, 11 years after the event, you have no real memory of Mr Berezovsky being there,

because he wasn't.

A. That is completely not correct.

MR GILLIS: Thank you. I have no further questions.

MRS JUSTICE GLOSTER: Well timed, Mr Gillis.

Do you have any re-examination?

MR MALEK: No, my Lady.

MRS JUSTICE GLOSTER: Sorry, any further cross-examination?

MR ADKIN: No.

MRS JUSTICE GLOSTER: Any re-examination?

MR SUMPTION: No, my Lady.

MRS JUSTICE GLOSTER: Thank you very much indeed ,

Mr Sponring, for coming to give your evidence. You may
be released.

THE WITNESS: Thank you.

(The witness withdrew)

MRS JUSTICE GLOSTER: Very well. 2.05.

(1.03 pm)

(The short adjournment)

(2.05 pm)

MRS JUSTICE GLOSTER: Yes, Mr Sumption.

MR SUMPTION: Before the next witness is called, can I just
give your Ladyship an update on forthcoming witnesses.

Mr Smolensky is a witness who we have decided is too
marginal to warrant pulling him out of retirement to
come over here so we will not be calling him. Given

that that is our decision, the appropriate course is I think for us to withdraw his statement rather than seek to rely on it as hearsay evidence.

MRS JUSTICE GLOSTER: Right.

MR SUMPTION: So I would invite your Ladyship to treat that as withdrawn.

MRS JUSTICE GLOSTER: Can you just tell me where it is?

MR SUMPTION: It is at E8, flag 11 E8/11/142.

MRS JUSTICE GLOSTER: It's easier if I simply, as it were, cross it out so that I know.

Right.

MR SUMPTION: Secondly, Ms Popenkova gave evidence primarily about the position of PK-Trast. We have been told by my learned friends that they do not need to cross-examine her so the position is that her witness statement goes in as unchallenged evidence.

MRS JUSTICE GLOSTER: Yes.

MR SUMPTION: Thirdly, Mr Deripaska, we are at the moment uncertain whether we will be able to have him here in person, which we would prefer, or --

MRS JUSTICE GLOSTER: Because he's the subject of a hearsay notice?

MR SUMPTION: Well, no -- or else by video-link. Your Ladyship has made a video order in relation to him. If he has to give evidence by video-link, we propose that

that should be done at 2.00 pm on Friday. He's in New York and that therefore allows for the time difference and gives a fixed date.

MRS JUSTICE GLOSTER: Yes. Yes, I see. Right. So is Ms Goncharova unchallenged?

MR SUMPTION: No, it's Ms Popenkova. She is unchallenged.

MRS JUSTICE GLOSTER: She is unchallenged. Right. Thank you.

MR SUMPTION: Ms Davies will be calling the next witness.

MR RABINOWITZ: My Lady, before Ms Davies does call the next witness, there is one other witness whose status, certainly so far as we're concerned, is uncertain and that's Mr Bulygin. As I understand it, we have written to find out whether -- my understanding is Mr Bulygin was at some point ill and we didn't know whether he was coming or not. We've written to find out whether he is coming.

MR SUMPTION: We are trying to find out. I'm not yet in a position to give your Ladyship accurate information.

MS DAVIES: My Lady, then I call Ms Panchenko.

MRS JUSTICE GLOSTER: Right.

MS IRINA PANCHENKO (affirmed)

MRS JUSTICE GLOSTER: Please sit down.

Examination-in-chief by MS DAVIES

MS DAVIES: Ms Panchenko, can you be given bundles E2 and

E4, please. If you could take bundle E2 at flag 7 E2/07/160, do you see your second witness statement in these proceedings, which starts in the Russian version at page 202 E2/07/202?

A. Yes, I can see that.

Q. Could you turn to page 240 in the Russian version. Is that your signature?

A. Yes, it is my signature.

Q. I understand there are two corrections you wish to make to this witness statement which should be on a separate sheet of paper, firstly at paragraph 55, and secondly at paragraph 91.

Does my Lady --

MRS JUSTICE GLOSTER: Yes, I've got the corrections.

MS DAVIES: -- have those?

Are those the two corrections you wish to make to your second witness statement, Ms Panchenko?

A. Yes, that is correct.

Q. Then if you could go in bundle E4 to tab 3 E4/03/31, you should find your third witness statement in these proceedings starting in the Russian version at page 36 E4/03/36. Do you have that?

A. Yes, I can, yes.

Q. If you look at page 39 in the Russian version, is that your signature?

A. Yes, this is my signature.

Q. Paragraph 8 of this witness statement clarifies one matter in the English version of your second witness statement, is that correct?

A. Yes.

Q. Subject to those corrections and that clarification, is the evidence in your second and third witness statements true?

A. Yes, they are indeed.

MS DAVIES: Thank you very much. There will be some questions for you, Ms Panchenko.

Cross-examination by MR RABINOWITZ

MR RABINOWITZ: Good afternoon, Ms Panchenko.

Ms Panchenko, you worked for Mr Abramovich since December 1996, that's right, isn't it?

A. Yes, that is correct.

Q. Initially you supervised the accounts of Mr Abramovich's companies, is that correct?

A. Yes.

Q. And this included Runicom SA, the Swiss company, and Runicom Limited, the Gibraltar company?

A. Yes, that is correct.

Q. And you also supervised the accounts of Mr Abramovich's Russian trading companies, is that right?

A. Not right away. In a staged manner, little by little.

Yes, that's correct.

Q. And then in January 1997, you were appointed chief accountant of Sibneft, is that right?

A. Yes.

Q. And you rose to the position of vice president for finance at Sibneft in July 1999?

A. Yes, that is correct.

Q. And then you left Sibneft in March 2001 in order to take up the position of deputy governor of Chukotka for financial and economic issues, you were also head of the department for finance, economy and property relations of Chukotka, is that right?

A. Yes, that is correct.

Q. But you say that you continued to supervise Sibneft and OAO Russkiy Alyuminiy Management, which is not Rusal, until Mr Abramovich sold his interests in them, is that right?

A. Yes, that is correct.

Q. And since the beginning of July 2008, you've been the financial director of Millhouse LLC?

A. Yes, and I still occupy this position, yes.

Q. So is this right: having begun work for Mr Abramovich in December 1996, you've worked for him in a succession of very senior positions for nearly 15 years?

THE INTERPRETER: My apologies, it's the interpreter's

mistake, I said Berezovsky, and Mrs Panchenko corrected me. It is definitely Mr Abramovich.

A. I worked with him for 15 years, that's correct.

THE INTERPRETER: My apologies, my Lady.

MR RABINOWITZ: Mr Abramovich told the court that he trusts and relies upon you, would you agree with that?

A. Yes, I agree with that.

Q. And you are a friend of Mr Abramovich's?

A. Yes, I am indeed.

Q. And you have helped and advised Mr Abramovich in relation to a range of matters over the years, is that right?

A. Yes, that is correct.

Q. And are you a partner with Mr Abramovich in any of his businesses?

A. I think I am. The very same deal with Pharmstandard and Highland Gold.

Q. So you're a partner with him in two companies, is that right, or two ventures? Or are there more?

A. I think it was those two.

Q. Do you not know what ventures you're a partner with Mr Abramovich in?

A. For the time being it's only Highland Gold. I was just trying to recall what happened in the past.

Q. Are you saying that in the past you have been a partner

with him in other ventures?

A. My share was so insignificant. But for the time being, as of the time of speaking, I think it's Highland Gold and Pharmstandard.

Q. You say your share was so insignificant, your share in which companies was so insignificant?

A. Both in Highland Gold and in Pharmstandard.

Q. Are you saying that those are the only companies in which you had a share?

A. Yes, that is the case.

Q. Would it be fair to say that you feel a great sense of loyalty to Mr Abramovich?

A. Yes, I do feel loyalty to him in my capacity as one of his employees.

Q. You are, I think, or have been also a trustee of some of Mr Abramovich's trusts, is that right?

A. Yes. That is correct.

Q. And in relation to which trusts?

Let me be more specific. Were you a trustee in relation to the trust which was set up with regard to Sibneft shares?

A. I am the trustee in one trust.

Q. Well, is that the trust in respect of the shares held in Sibneft or is that another trust?

A. It is the trust that used to have Sibneft shares.

- Q. And was that a trust which was set up above the Cypriot companies? Or was that the trust which was set up above the Liechtenstein companies? Or was it the same trust?
- A. I am the trust -- trustee in a Cyprus trust. There are many different companies from many different jurisdictions there.
- Q. Can you recall whether this trust was a discretionary trust?
- A. Well, for me, this is a rather complex legal concept and if you would care to explain this to me.
- Q. Were you entitled in relation to -- let me try this a different way. Where decisions had to be made about trust assets, were you yourself able to make those decisions or were you told what decisions you had to make?
- A. I think that there were meetings of trustees, and in our capacity as trustee we adopted those decisions ourselves.
- Q. Now, before you made your witness statement, did you discuss the evidence you were going to give with any other witness?
- A. We recollected for a long time the events that occurred ten years ago, so I did spend a considerable amount of time to recollect that and I reviewed documentation and I communicated with those people who took part in those

events.

Q. You say:

"We recollected for a long time the events that occurred ten years ago ..."

With whom did you try and recollect those events?

A. Would you like me to give you a list?

Q. I would like to know of the witnesses who Mr Abramovich is calling, I don't want to know about lawyers involved, but of the witnesses who Mr Abramovich is calling, with whom you say you together recollected -- tried to recollect the events that occurred?

A. With Mr Abramovich himself, with Mr Tenenbaum, with Mr De Cort, Mrs Khudyk, Mr Gorodilov, Mr Shvidler. Someone else there?

Q. I don't know, it's your evidence. I can't tell you who you discussed your evidence with, Ms Panchenko. If those are the only ones, then just say so.

A. I think that Mr Streshinsky was also there.

Q. And did you compare recollections?

A. When you discuss things, everyone has his own view of what happened ten years ago and sometimes they are the same, sometimes there are differences. So everyone has his own evidence.

Q. And what happens when they were different?

A. Everyone decides for themselves. What I do is I record

my recollections.

Q. Now, can I just go back to the question of trustees.

You said you were a trustee and you talked about meetings at which your fellow trustees made decisions.

Can you tell us who else were trustees?

A. Do I have to answer that question?

Q. Well, I'd appreciate it if you would.

MRS JUSTICE GLOSTER: Well, in the absence of any objection from counsel I don't see why she shouldn't answer that question.

MS DAVIES: My Lady, the concern is obviously that many of these arrangements are extremely confidential and I'm sure that's what Ms Panchenko is worried about. It's very difficult also to see how the identity of the trustees for the trust could be relevant to issues in this dispute.

MRS JUSTICE GLOSTER: Well, Ms Davies, as I see it, the relevance of this is to whether, if there are trusts above the shares in the relevant companies, or in certain of the Cypriot companies, what are the beneficial provisions in those trusts? It's whether or not they recognise the possibility of the claimant being potentially a beneficiary.

MS DAVIES: Well, my Lady, if that's the issue, that's of course not affected by who are the trustees of the

trust, which was the question --

MRS JUSTICE GLOSTER: Well, it may or may not be. The problem is we know there are trusts above the various shares through various companies, and in the absence of a trust deed which contemplates the possibility, let us assume, of additional people being added to the beneficiary pool it's a bit difficult for one to make any conclusions about what the ultimate -- well, a bit difficult -- it could be said that in the absence of the trust deeds the court could possibly take the view that there was a potential for an additional beneficiary, whether the claimant or someone else, to be added to the pool.

We've all seen these sort of trust deeds where the protector has power to add beneficiaries or doesn't, or where the beneficiary pool is defined so widely as to include pretty well anyone.

MS DAVIES: My Lady, that, as it were, is a separate issue about the trust deeds which are not in the court bundle. Ms Panchenko is being asked about the identity of the trustees and details about the trusts and obviously feels some difficulty in dealing with matters that are very confidential to Mr Abramovich.

MRS JUSTICE GLOSTER: Are these current trustees or past trustees?

MS DAVIES: Well, I obviously can't answer for Ms Panchenko
in terms of --

MRS JUSTICE GLOSTER: No. Well, I think the question was
probably directed at past trustees.

MR RABINOWITZ: It was.

MRS JUSTICE GLOSTER: I think one needs to take it in steps,
or Mr Rabinowitz may need to take it in steps. If
there's any problem about confidentiality, the witness
can simply write down the necessary name and I can make
an appropriate order to ensure that the name does not
become public beyond counsel.

MS DAVIES: Well, that may make it easier for Ms Panchenko
to answer.

MRS JUSTICE GLOSTER: Right.

Mr Rabinowitz, first of all, explain to me what you
say the relevance of knowing the names of the trustees
is. Make it clear to me what you say the relevance is
in relation to the current position where --

MR RABINOWITZ: I'm not interested in the current position.

MRS JUSTICE GLOSTER: -- where I can't see that, speaking
for myself, you need to know anything about it.

MR RABINOWITZ: I'm not interested in the current position,
my Lady. My question was: who are the other trustees?

MRS JUSTICE GLOSTER: Then I think you need to identify
which trusts you are referring to and up to what period

in time.

MR RABINOWITZ: It would be the trusts which sat above the Sibneft holdings.

Now, we know the Sibneft holdings were sold in 2003, I have no idea what happened to the proceeds of that --

MR SUMPTION: 2005.

MRS JUSTICE GLOSTER: 2005.

MR RABINOWITZ: 2005, sorry. But what I'm interested in is the position certainly up to 2001. We know that the Cypriot structure was put in place in 1999.

I'm interested, at least in part, my Lady, because we have other witnesses who may also be trustees and who I may also be able to ask questions of in order to try and ascertain precisely what it is that was in these trust deeds.

Now, it may be that the way to deal with this is to identify, insofar as another trustee is a witness, that could be stated publicly. Insofar as Ms Panchenko has a problem with someone who is not a witness, I don't mind if that's written down and not said publicly.

MRS JUSTICE GLOSTER: Well, let's take it in stages. Ask your question in relation to the trusts above the Cypriot companies in relation to holdings exclusively of Sibneft shares up until 2001.

MR RABINOWITZ: Very well.

Ms Panchenko, in terms of the trusts which sat above the Cypriot companies, which sat above the holdings of Sibneft shares up to 2001, can you say who of the other trustees are or have been witnesses in this case for Mr Abramovich?

A. I was appointed a trustee in March 2001. Prior to that I do not know the structure of the trust.

MRS JUSTICE GLOSTER: And that was a trust which sat above the Sibneft shares?

A. The Cyprus trust.

MRS JUSTICE GLOSTER: Through Cypriot companies.

A. So it was Russia, Cyprus companies, then some other jurisdictions and the Cyprus trust.

MR RABINOWITZ: Well, can you tell us in March 2001 which of the other trustees are witnesses being called by Mr Abramovich?

A. Mr Tenenbaum.

Q. Prior to March 2001 can you tell us who the trustees were, insofar as there are witnesses?

MRS JUSTICE GLOSTER: She said she can't say who the trustees were prior to 2001, I think.

Oh, she said she didn't know about the structure.

A. I do not know.

MR RABINOWITZ: And what was it that prompted your appointment in March 2001 as a trustee? Was there

anything which occurred which led to this?

A. Why I was elected?

Q. In March 2001, did something happen in the period leading up to March 2001 that prompted your appointment as a trustee?

A. I do not have any ideas on this. A new trust was put in place, it was necessary to have a certain number of trustees and one of the candidates was myself. I was one of the candidates.

MRS JUSTICE GLOSTER: Were there any other trustees apart from Mr Tenenbaum in the period up until 2001 that you know the names of?

A. Not from amongst the trustees. I don't know what the structure of the previous trust was.

MRS JUSTICE GLOSTER: Right. But of the trustees, apart from people who are giving evidence on behalf of Mr Abramovich, were there other trustees whose names you know in the period up until 2001?

A. Even the previous trust, in the previous trust?

MRS JUSTICE GLOSTER: No, in the Cyprus trust.

A. The Cyprus trust was established in March 2001.

MRS JUSTICE GLOSTER: Right.

A. And I immediately became the trustee, together with Mr Tenenbaum, as of the time of the establishment, of the setting-up of the trust.

MRS JUSTICE GLOSTER: In 2001, after its establishment,
apart from Mr Tenenbaum was there another trustee?

A. Yes. There were three trustees in the trust.

MRS JUSTICE GLOSTER: And do you have any issues of
confidentiality in giving the name of the third trustee?

A. I don't know what his wish is. He has nothing to do
with these proceedings, so if you tell me that I need to
do this -- but I'd rather write it down.

MRS JUSTICE GLOSTER: Right. Well, write it down in the
first instance and show it to me, please.

A. Would that be in Russian?

MRS JUSTICE GLOSTER: I can't read Russian, I'm afraid.

MR RABINOWITZ: It will have to be translated, I suppose.

MRS JUSTICE GLOSTER: Perhaps the translator could write it
in English for me.

MS DAVIES: You need to be careful because the microphone is
picking...

(Handed)

MRS JUSTICE GLOSTER: Right, what I'm going to do is I'm
going to pass it to Ms Davies. It doesn't seem to me
that there's any objection but, if there is, she can
take instructions on it. (Handed)

MS DAVIES: My Lady, there's no objection.

MRS JUSTICE GLOSTER: Right. You can pass it back to the
witness. (Handed)

MR RABINOWITZ: I just want to be clear, does that mean
I can ask the name?

MRS JUSTICE GLOSTER: Yes.

Could you read out the name, please, Ms Panchenko,
now? Read out the name, yes. Say the same in open
court.

MR RABINOWITZ: What is the name you've written down,
please?

A. Dimitrius Ionidis.

Q. Ms Panchenko, can you tell us about the trust deed. Who
were the beneficiaries of the trust?

A. Roman Abramovich.

Q. And Mr Abramovich alone?

A. And later on his children.

Q. Can you tell us whether there was a provision in the
trust deed -- I think it probably follows from what
you've said. There was a provision in this trust deed,
was there, which enabled further beneficiaries to be
added?

A. I apologise, I'm not a lawyer and it was Mr Tenenbaum
who was much more in charge of this.

So far as I can recall originally, the trust was
created only to encompass Mr Abramovich and then his
children were added. Now, whether that was done with
the agreement of the protector, I cannot tell you with

certainty. I realise that at some point in time Mr Abramovich's children were added.

Q. And who was the protector of the trust, please?

A. It was Mr Shvidler.

Q. And does it follow from your previous answer that beneficiaries could be added either by the trustees alone or with the permission of the protector, Mr Shvidler?

A. I cannot answer this question with certainty. Maybe the children were added in case something happened to Mr Abramovich. I mean, I am not sure about the sequence. In case he disappears, then...

Q. I'm not so much interested in the reasons why they were added, I'm interested in the ability to add beneficiaries, and does it follow from your previous answer that additional beneficiaries could either be added by decision of the trustees alone or with the consent of the protector?

A. I'm not sure that I -- the information that I'm imparting to you is correct because, as a rule, this was handled by Mr Tenenbaum who agreed with me on those things. Now, what the legal procedure was I will not be able, unfortunately, to give you that information with certainty.

Q. Very well. Perhaps we'll ask Mr Tenenbaum.

MRS JUSTICE GLOSTER: When did you cease to be a trustee of the Cypriot trust, or are you still a trustee of the Cypriot trust?

A. Yes, I still am.

MR RABINOWITZ: Does that mean there are still documents relating to this trust which are available?

A. Yes, there are.

Q. Have you been asked to produce these documents for the purpose of this litigation?

MR SUMPTION: My Lady, can I, I hope genuinely to help my learned friend --

MRS JUSTICE GLOSTER: Yes, please do.

MR SUMPTION: -- say something about this.

As a matter of principle the decision was made some time ago that these trust documents were irrelevant. In light of the point that your Ladyship has made in the course of this --

MRS JUSTICE GLOSTER: That was just my impression,

Mr Sumption, I haven't heard submissions about the point, it just struck me that it might --

MR SUMPTION: Well obviously my learned friend regards them as relevant. At any rate, I have asked my instructing solicitors to check what the position is about their availability and we will try and ensure that information in some shape or form is available as soon as possible,

ideally before Mr Tenenbaum gives evidence.

MRS JUSTICE GLOSTER: Can I make it clear that it doesn't seem to me, on the basis of my present view, that the current arrangements have any relevance at all. But I can see that it's arguable that what the position was in the period 2000 to 2005 or even earlier might be relevant.

MR SUMPTION: Yes. Well, it's the same trust, as I understand it, and we will look into the position, and bearing in mind that only part of the chronological period is relevant we will ensure that the court is as well informed as it can be.

MRS JUSTICE GLOSTER: Okay. That might also apply in the light of the allegations in the claim in relation to the Liechtenstein trust.

MR SUMPTION: Yes. I will need to check the precise period of time covered by that. The evidence was that it wasn't in existence for very long.

MR RABINOWITZ: The evidence was that it was in existence for a year.

MR SUMPTION: That it was not in existence for very long.

MR RABINOWITZ: I think for a year between 1998 and 1999.

MR SUMPTION: Yes.

MRS JUSTICE GLOSTER: The only point is if one has one of those sweep-up trusts --

MR SUMPTION: I understand the point and we will, in the light of that point having arisen, make sure that if there are further documents to be disclosed they will be disclosed, and we will make sure that that happens before Mr Tenenbaum gives evidence.

MR RABINOWITZ: Sorry, before we leave documents and disclosure, insofar as there were trusts relating to the Rusal interests as well, we would be grateful if someone could look out for those as well.

MR SUMPTION: My Lady, I quite understand that. My present understanding is that in fact it's the same trust but I will have to check that.

MRS JUSTICE GLOSTER: Well, let's take it in stages. Very well. Thank you.

MR RABINOWITZ: Ms Panchenko, I want to go back to an answer you gave earlier about the people with whom you had jointly sought to establish your recollections, and one of the people you mentioned was a Mr Streshinsky. Is that right?

A. Yes, that is correct.

Q. Now, Mr Streshinsky is a witness who is being called by the family defendants in this litigation.

MS DAVIES: Anisimov defendants.

MR RABINOWITZ: Sorry, the Anisimov defendants, I apologise. Did you meet to discuss recollections with any other

witnesses who were, in a sense, not Abramovich witnesses? Mr Anisimov, for example?

A. I've met here with Mr Anisimov, Mr Anisimov himself, and I spoke with Mr Streshinsky over the phone. I did not have a meeting with him.

Q. I'm not interested in whether you have ever met these people in court, what I'm interested in is the people with whom you discussed your evidence before you made your witness statement.

A. I wrote the witness statement on 30 May and I communicated with Mr Streshinsky I think after that.

Q. But you had no conversation with him before you made your witness statement?

A. Most probably not, not before that. Once again I do not recall the date, the exact date, when I was communicating with him but that did not have any impact on my witness statement, that's for sure.

Q. Because in evidence you gave earlier, this is I think at [draft] page 98, line 22, you mention Mr Streshinsky also being present where the evidence was discussed?

A. Sorry, which page is that?

Q. Well, you won't have it, but on the transcript.

A. Sorry, you asked me whom I was trying to recollect the events that happened ten years ago, and I listed Mr Streshinsky as one of the people with whom I did

discuss that.

Q. Yes, that's at [draft] page 98, line 16 to 18. Sorry, just below that.

So was he a person with whom you sought to discuss recollections before you produced your evidence?

A. I'm not sure that it was prior to 30 May, most probably it was some time in June. I do not recall exactly.

Q. So perhaps between witness statements, because you've produced more than one witness statement, haven't you?

A. One could say that it happened in between.

Q. I think your first --

A. Between the second and the third statement.

Q. That's right, because your second statement is on 30 May and your third statement is on 4 July. Okay.

Now, one matter which you cover at length in your evidence, Ms Panchenko, is the question of payments made to Mr Berezovsky and Mr Patarkatsishvili. You make clear, though, that you had limited personal involvement in the making of these payments, is that right?

A. Well, define limited. I did not make decisions with respect to those payments so it's hard to be more specific. Could you specify your question, please?

Q. Let me ask you this. The one exception that you make to being personally involved or not being personally involved in this relates to payments to the account of

Tiberius Limited and Pennand Limited.

If you go to paragraph 35 of your second witness statement, it's page 212 in the Russian E2/07/212, and page 171 in the English E2/07/171.

A. Yes, I can see that.

Q. You see, the reason I suggested to you that you didn't have personal involvement in payments apart from this one is because you begin paragraph 35 by saying:

"Apart from the payments made to the accounts of Tiberius Limited ... and Pennand Inc ... I believe that all [the] other payments in the Fomichev table were handled by Ms Nickoulina as directed by Mr Shvidler."

Then you go on to deal with Pennand and Tiberius and the payments to them. Okay?

A. Mrs Goncharova was also handling part of those payments.

Q. Now, from paragraph 36 and onwards you explain how, in broad terms, promissory notes were used to effect the payment or the payments to Tiberius and Pennand. Can we just look at what you say about the payments to Tiberius and Pennand at paragraph 39 of this statement which should be just over the page you're on.

You say about these payments:

"... it was agreed that companies identified by Mr Fomichev would purchase promissory notes of Sibneft from the companies we specified for the lowest possible

price (virtually at zero price), with subsequent repurchases for full value by companies associated with the banks with which we worked."

Just turning back to paragraph 36, you identify two documents in the footnotes, footnotes 5 and 6, which support your recollection, and these are the agreements of the 2 October 2000 and 29 September 2000, do you see that?

A. Yes, I can see that.

Q. If I'm going too fast, just tell me too slow down.

A. (Not interpreted) No, it's okay.

Q. Can I ask you to please be given bundle J2/2 and open at tab 18, please J2/2.18/238.

So you recognise this, this is your first --

A. This is my first witness statement.

Q. Correct.

And in this very short statement, you confirmed that you had read a Russian translation of the signed third witness statement of Mr Mitchard QC dated 19 June 2009, and you confirmed that insofar as that statement referred to matters that were within your knowledge and to the best of your knowledge and belief, that that statement contained an accurate account of affairs.

Was that true? Did you read the Russian translation of Mr Mitchard's statement at the time?

A. I -- to be honest, I do not recall if I read the Russian translation, but what Mr Mitchard wrote, he understood that from me, and this is something that I can confirm.

Q. But when it says here that you have read a Russian translation of the statement --

A. Yes, then my apologies, then I did read the Russian translation.

Q. Thank you. In the same bundle, can you please go to tab 11 which is earlier in the bundle where you will find the third witness statement of Mr Mitchard J2/2.11/171. I don't know if there is a Russian version that has been included. Has it?

MS DAVIES: It's in my bundle at page 172R, if that assists J2/2.11/172R.

MR RABINOWITZ: You may want to go to the Russian version of that, I don't seem to have it in my bundle.

At paragraph 9 of that statement, page 173 of the bundle in English, and I have a reference to say it's at 175R for the Russian.

Mr Mitchard says:

"I have personally interviewed Mr Abramovich, Mr Shvidler, Mr Tenenbaum, Ms Goncharova, Mr De Cort, Ms Panchenko and Ms Khudyk. The references below to their evidence are to information I was given during those interviews and subsequently confirmed to me by

them."

Can I then ask you, please, to go in the Russian version to page 187R J2/2.11/187R, in the English version page 182 J2/2.11/182, and to look at paragraph 18, please. You see at paragraph 18 Mr Mitchard is saying that Mr Shvidler had confirmed to him that:

"... credit agreements were also used at one stage in order to fund cashflow payments to ORT as part of the funding agreement referred to above."

Then in footnote 30, it says:

"Mr Shvidler and Ms Panchenko have confirmed to me that Bournemouth and Laren (as well as Runicom Limited) ... were Abramovich group companies. No one I have interviewed has, however, any knowledge of the use of Sibneft promissory notes to equivalent effect."

Just carrying on with the footnote:

"Mr Shvidler and Ms Panchenko confirm that Sibneft actively issued promissory notes for very substantial sums of money in its business activities, which were then traded in the market, in accordance with what had become usual for Russian companies at a time when barter had become normal practice."

Then it's this sentence I'm particularly interested in:

"But they are not aware of the use of promissory notes as an additional means of providing funding for ORT in accordance with Mr Abramovich's agreement with Mr Berezovsky ..."

It appears from this, Ms Panchenko, that you had told Mr Mitchard that you had no knowledge at all about the use of promissory notes in this way, is that right?

- A. At that time I indeed did not know about the use of promissory notes -- I did not know about the use of promissory notes, promissory notes as a mechanism to make settlements between Mr Abramovich and Mr Berezovsky.
- Q. Perhaps we can just see the evidence to which you were responding here. If you go in the same bundle to tab 9, please, which is where you'll find the statement that Mr Marino made on behalf of Mr Berezovsky, and turn to page 83 within tab 9 J2/2.09/83.

Between paragraphs -- do you have the right page?

- A. Yes, in English, yes.
- Q. I'm not sure that there is a Russian version, but between paragraphs 212 and 214 of this statement, Mr Marino specifically alleged in this evidence that Mr Fomichev had discussed with you the use of Pennand and Tiberius to receive funds. And it was also specifically alleged here that the agreement had been

that Sibneft would issue promissory notes which would be sold for less than their commercial value and then bought back by companies controlled by Mr Abramovich at a higher price.

If you look at footnote 131 on page 84, you see -- if you need a translator for this then tell me -- Mr Marino is in fact identifying the documents which support his evidence about how promissory notes were used, and those are in fact the same documents that you have referred to in your witness statement at footnotes 5 and 6 to paragraph 6. Is that right?

A. Could I explain to you how that happened?

MRS JUSTICE GLOSTER: Yes, please do.

MS DAVIES: My Lady, I believe there is a Russian version of this which it's being attempted to hand to the witness which might assist.

MR RABINOWITZ: Thank you very much.

Do have a look at footnote 131, Ms Panchenko.

A. Yes, I can see that.

Q. Those are the same contracts, I think, that you have subsequently referred to in your witness statement, aren't they, footnote 131?

A. Now I do understand that most probably those were the same, the very same contracts. However, at that time, when Mr Mitchard showed me the contracts with the names

of Tiberius and Pennand, and the sale and purchase of promissory notes, they did not say to me that somehow it was related to Mr Berezovsky or with the mutual settlements with Mr Abramovich.

I could perhaps clarify why I now remember this, why -- or it's rather a reconstruction on my part.

Q. Can we just take this in stages because the first stage is this: having been shown what was being said on behalf of Mr Berezovsky in the witness statement that Mr Marino made, it appears that -- and indeed having been shown the contracts -- it appears that you told Mr Mitchard that you had no knowledge at all about these matters. Is that right? It seems to be the effect of what he says at footnote 30.

A. I am not sure that I actually read Mr Marino's witness statement, but I did see the promissory note sale and purchase contract, that is true, just by way of example.

Q. Whether you read it or not, Mr Mitchard must have put to you what it was that Mr Marino was saying had been agreed between yourself and Mr Fomichev in relation to these payments?

A. I think that Mr Mitchard was asking me whether promissory notes had been used or were being used as a mechanism for mutual settlements between Mr Abramovich and Mr Berezovsky.

When I was reviewing those specific promissory notes on purchase agreements the names of the companies did not mean anything to me, neither Tiberius nor Pennand, or any other companies, Broad... something.

Q. But it goes further than that, Ms Panchenko, because the name Mr Fomichev would have meant something to you, correct?

A. Yes, Mr Fomichev's name was known to me at that time.

Q. And the process of selling Sibneft's promissory notes for near zero and then arranging for them to be bought back at a very much more substantial amount would have meant something to you, correct?

A. It was not cast in stone: buy for this and sell for this, or the whole list. These were bits and pieces of sale and purchase agreements which were very -- it was very hard to collate them between themselves from what was made available.

Q. Do you recall, Ms Panchenko, that at the time this witness statement was made by Mr Mitchard it was Mr Abramovich's case that the only payments he had agreed to make to Mr Berezovsky and Mr Patarkatsishvili related to the funding of the cash requirements of ORT? Shall I show you something to remind you of that?

A. Would you mind showing this to me? Thank you.

Q. In the English version of Mr Mitchard's statement it's

at paragraph 12(b) on page 177 J2/2.11/177. You see he says -- he's disputing Mr Berezovsky's version of what was agreed in 1995, and what he says in fact Mr Abramovich says, that his agreement with Mr Berezovsky was that in exchange for the political assistance:

"... Mr Berezovsky had provided in respect of the creation of Sibneft, Mr Abramovich would fund certain ... cash requirements of ... ORT ..."

Do you see that?

A. Yes, I can see that.

Q. But the promissory notes were not, or certainly not necessarily, to fund the cash requirements of ORT, were they?

A. Most probably that is the case. They were not necessarily needed for that specific purpose.

Q. And you knew, didn't you, that payments had been made to Mr Berezovsky and Mr Patarkatsishvili, or other payments had been made to Mr Berezovsky and Mr Patarkatsishvili, that also did not appear to be payments to ORT; that's right, isn't it?

Shall I give you an example, would that help?

A. To be honest, I did not care about the nature of those relationships. When Paul Mitchard was giving his evidence he was speaking with different people, and

obviously I paid attention to the information which he received from me, and if Mr Abramovich thought that that was the case well, then, this is what he thought.

- Q. You see, other payments that you knew about which had been made to Mr Berezovsky, which couldn't have related to ORT, were the credit card payments with Most Bank that had been paid in early 1999.

Isn't it right that you liaised with Mr Pavel Ivlev in relation to payment of Mr Berezovsky's credit card bills with Most Bank?

- A. I did liaise with Mr Ivlev but I wrote in my statement that I do not recall what the outcome of that was, whether real payments had been actually made. Having reviewed the documents, I recall that there had been discussions at some point in time. You see, I handle finances and there were quite a lot of payment documents that go through my hands, and if I look at the documents then I can tell exactly whether I had seen them or I had not seen them.

Now, once -- immediately after I saw the documents with respect to the individual debt to Most Bank on the part of various individuals, members of Mr Berezovsky's family, I do not recall whether we paid those debts for them or not, I do not remember that, but what I do recall is that, in order to make a payment on behalf of

a Russian citizen, in order to pay his debt, you need a contract. So you need to have some grounds to be able to make that payment, so that individual must have had some relationship with the payor, and you definitely need a contract for that.

Q. I suggest that you were aware in 2009, when Mr Mitchard was making his statement, that there were payments made to Mr Berezovsky which would show that the suggestion that the agreement was only in respect of funding to ORT could not be right. And that is why you were not willing to say at that stage that you were aware of the promissory notes discounting scheme that you had agreed with Mr Fomichev. That's right, isn't it?

A. I'm afraid it was too long, I'm not sure I understood the sequence of your reasoning.

Whether I knew about the payments that were made to Mr Berezovsky by that time? Yes, I did know about that. Whether I paid attention to what Paul Mitchard said about the fact that it was only ORT exclusively? Well, the answer is most probably not because once again I'd like to clarify, if I may, that after the lawyer interviewed several people he then makes one general statement. I was mainly looking at the information that he'd received from me, that was the focus of my attention.

- Q. I thought you had actually made a witness statement in which you confirmed that you had read his statement in a Russian translation.
- A. Yes, that is true, and I know how to read and now I'm much better at that. You need some experience to draw distinctions between "I can" or "I may", but you really need some time to develop a knack for that.
- Q. And when you saw that Mr Mitchard was saying that Mr Abramovich's case was that the agreement simply involved payments of funding for ORT, you would have known that that was incorrect, wouldn't you, given what you knew about payments?
- A. I can only speak as of today. As of today, I know it was not the case, I just did not pay attention, to be honest with you I did not pay attention at that time to the limited nature of this.

MR RABINOWITZ: My Lady, that may be a convenient moment.

MRS JUSTICE GLOSTER: Right.

Don't talk to anybody about your evidence.

Right, ten minutes.

(3.15 pm)

(A short break)

(3.33 pm)

MRS JUSTICE GLOSTER: Yes, Mr Rabinowitz.

MR RABINOWITZ: Ms Panchenko, I would like to ask you next

some questions about the bolshoi balance. You say in your evidence at paragraph 31 E2/07/170 that the bolshoi balance:

"... contains details of all the payments made to Mr Berezovsky and/or Mr Patarkatsishvili in 2000."

It's the second sentence of paragraph 31. You also say at paragraph 28 that the bolshoi balance was prepared by:

"... employees of Mr Abramovich's companies who were subordinates of yours."

Is that right?

A. Yes, this is correct.

Q. In fact, we had a look at the metadata for the file which shows that the author is "Irina P", which must be you, is that right?

A. Most likely it would be me.

Q. So is the position that you perhaps created the structure of the spreadsheet and then asked the subordinate to enter the relevant data, or did they pass you the relevant data and you entered it?

A. I think that most likely I was trying to create the structure. It's quite an unusual form. It does not correspond with accounting standards, and that form was created only following request from Mr Shvidler, and possibly in order to explain to the employees what they

have to do I could have created the form as I think, and then would fill it with content -- they would fill it with the facts.

Q. Did you look at the bolshoi balance when first assisting Mr Abramovich with the strike-out application?

A. No, I didn't look at it. The Excel spreadsheet that is called "Bolshoi Balance" was found as a result of electronic search for documents and the search was organised by the lawyers in November of last year.

Q. The search was organised in November last year, so that's November 2010 and, what, it was produced -- what, discovered in November of last year?

A. Yes. This Excel spreadsheet, this table was found as a result of electronic search done by the lawyers. We have received it and we started looking at it, and only after having seen in the table the name "FOM", which I think means Fomichev, I saw the names of companies Tiberius and Pennand and only then I put these facts together.

Q. You see, Ms Panchenko, this document was only disclosed in these proceedings on 27 May 2011, just three days before you signed this witness statement. Are you aware of that?

A. I do not know when specifically the document was disclosed, but our discussion, the disclosure of this

document, has taken a fairly long while as far as I recall.

Q. So you say you discussed this document for a fairly long while after it was discovered. Are you able to assist us as to why it was only disclosed it looks like six months after you discovered this document?

A. Why did it take a long while?

Q. Six months.

A. Okay, I can hear that.

To start, we have received electronic information, volume of information, and then after a while the lawyers sent us this document. That took a while as well. That is, first they sent the translation because they're English-speaking lawyers and they had to understand -- it had to be translated for them in English and they had to understand whether it was relevant for the case or not.

And then we received that document, we looked at it, we were trying to recall and to reflect properly whether this is pertinent to the case or not. It contains a lot of information that is not pertinent to the case and it took us quite a fair while and discussion as to whether to present -- in what form to present it, to redact something or not to redact it, and, in the end, we have decided to produce it, to provide it just the way it is

now. And it's quite a lengthy process and one has to take this into account, never mind the holidays, the New Year, et cetera, and work between Moscow and London.

I don't know.

Q. It's fairly obvious, Ms Panchenko, that you spent a lot of time looking at this document for the purposes of preparing your witness statement since your witness statement is full of references to this document.

That's right, isn't it, you spent a lot of time looking at this document for the purposes of your witness statement?

A. For the most part, I looked at the "FOM" table, at the Fomichev table, and I was trying to recollect, and I recollected that this is to do with mutual settlements with Mr Berezovsky and/or Mr Badri. And I was trying to recollect why there was a special table below that is breaking the payments down, including the Tiberius and Pennand promissory notes, 100 million, 207 million. And the reconstruction took some time.

Q. Well, it would have been obvious to you, and indeed to everyone, when you were working on the Fomichev -- on this table for the purpose of your witness statement, that it was a document which needed to be disclosed, Ms Panchenko. That's obvious, isn't it?

A. Whether we knew about the existence of this document,

about the found document, I can assure you we did not. That is, that document indeed was found during the electronic search, and then it was only CD Rom, it was discovered at Natalia Khudyk's computer, he (sic) was working using one Russian disc, and those who know about computers, who deal with the computer without her knowledge, they created another copy on another hard drive. I don't recall the name of it.

And on the result of information search, we saw that that information was preserved, that survives. That is, the lawyers discovered that information has survived. And, for us, I would say that was quite unusual, quite unexpected.

Q. But that was six months before it was disclosed.

A. I don't know when exactly the document was disclosed. I can only take your word for it.

Q. It was disclosed three days before you produced your second witness statement -- three days before you signed your witness statement on 27 May 2011.

You say it was discovered on Ms Khudyk's computer?

A. Yes, this is correct.

Q. And Ms Khudyk would have been using that computer, would she, I take it?

A. This is her computer. You may like -- you would like to ask her. As I understand, she didn't use a hard drive

and she didn't know about the existence of an archive copy of the old documents.

Q. No one had previously searched the archives of her computer prior to November 2010, or can you not help us with that?

A. I am not able to answer that. I understood from Natalia that she worked with a different hard drive and she didn't know about the existence of this archive copy, and that was done without her knowledge within the period when she was on leave by the department that is responsible for IT or computers, for computer support.

Q. We'll come back to the bolshoi balance. Can I first --

MRS JUSTICE GLOSTER: When you're referring to the bolshoi balance, you mean the entire spreadsheets? I mean, there are a number of spreadsheets.

MR RABINOWITZ: Indeed.

MRS JUSTICE GLOSTER: For 2000 and 2001 or just for 2000?

MR RABINOWITZ: I'm referring to what was disclosed to us as the bolshoi balance that your Ladyship has I think on your computer separately, not part of Magnum.

MRS JUSTICE GLOSTER: Yes, I'm looking at it, but in paragraph 28 of Ms Panchenko's statement E2/07/170 she refers to:

"... a cash flow spreadsheet (the '2000 Bolshoi Balance') ..."

MR RABINOWITZ: I understand that to be the whole of this document.

MRS JUSTICE GLOSTER: Well, I don't understand that, because if you look at the tabs in the bottom of the document it refers to 2001. And what I'm not clear about is whether all the sheets are the bolshoi balance or just --

MR RABINOWITZ: Perhaps I can ask Ms Panchenko what she understands by that.

MRS JUSTICE GLOSTER: Yes.

MR RABINOWITZ: Ms Panchenko, when you refer to the bolshoi balance, you say:

"... a cash flow spreadsheet ... was prepared by employees of Mr Abramovich's companies who were my subordinates."

You see at paragraph 29 E2/07/170, between paragraphs 29 and 31 you then describe it. In paragraph 31 you refer to that part of it which is called the Fomichev table.

When you are referring to the bolshoi balance, are you referring to the whole of this document? That's to say, more than just what are called the Fomichev tables?

MRS JUSTICE GLOSTER: Perhaps it would be easier if she had the Russian version of the tables up on the screen, of the Excel tables up on the screen.

MR RABINOWITZ: I think we have that up on the screen.

MR SUMPTION: Right. Does she have it in Russian?

A. Yes, thank you very much, I have it.

MRS JUSTICE GLOSTER: If you look at the bottom -- that's in the Russian -- if you look at the bottom I can click any tab and, running along the bottom, starting with "2000 total", then going along to "total" and then we have "2001 total" and then we have "FOM" and then we have "distribution".

Can you just identify for me what 2001 is dealing with and whether I need to look at that.

A. In this file I have looked only at the main -- at the first tab and the total. Usually it's only the total and the "FOM" table, the rest of them are auxiliary, and the year 2001 is not complete, these are some work in progress tables done by employees, ie they're not complete, they do not encompass the whole year, they were ongoing.

The first one -- sorry, I can't operate the screen.

MRS JUSTICE GLOSTER: I don't think you can do it.

If I look at the first one, "2000 total, cash incl., annual", is that of any relevance to payments made to Mr Berezovsky or Mr Patarkatsishvili or their companies?

A. Below that table, if I could scroll down, if someone could help me to the total.

MRS JUSTICE GLOSTER: What, the "ORT cash"?

A. "ORT cash", it's already -- Mr Berezovsky 461, the abbreviation of "BRB" (sic) and "BRBR" (sic), the same part is highlighted in the "FOM" table, this is purely copied in the "FOM" table, these two lines, these two sections.

MRS JUSTICE GLOSTER: So I can work from the "FOM" table, can I, as the total of payments made to Mr Berezovsky or Mr Patarkatsishvili or their companies?

A. Yes, that's correct.

MS DAVIES: My Lady, the transcript just picked up "BRB" when I believe it should be "PRB".

THE INTERPRETER: Sorry, the interpreter apologises because I haven't got the document in front of me and I might have misheard.

MS DAVIES: The two relevant entries are "PRB" and "PRBR" and they came up on the transcript as "BRB" and "BRBR".

MRS JUSTICE GLOSTER: Then for 2001, are any of the spreadsheets relevant so far as payments to Mr Berezovsky or Mr Patarkatsishvili or their companies are concerned?

A. Not in this file, no. I think so, I think they're not relevant. That is, they are the payments for year 2000, and where "Fomichev" is reflecting the total amount of payments made.

MRS JUSTICE GLOSTER: If you could flag up "distribution" in

the bottom tab, after "FOM", are "PRB" or "PRBR" entries there relevant to Mr Berezovsky?

A. I think they are partial -- parts of the total table.

Usually the employees are collating a large file together and I usually only look at the totals, at the totals in the tables.

MRS JUSTICE GLOSTER: Yes. Thank you very much.

MR RABINOWITZ: Can I just follow my Lady's question on that.

There are, are there not, totals in the tables for PRB and PRBR?

MRS JUSTICE GLOSTER: Well, I think you should make it clear, Mr Rabinowitz, which year you're referring to because there are sheets dealing with different years.

MR RABINOWITZ: Doesn't it stop before you get to 2001, Ms Panchenko? Does this stop before it gets to 2001, the table that you're looking at at the moment?

MRS JUSTICE GLOSTER: "FOM" does but we're not looking at "FOM". I was looking at "2001 total".

MR RABINOWITZ: We'll come back to that insofar as I need to ask you questions about it.

MRS JUSTICE GLOSTER: Right. It's just I need to be clear, and if I've got Ms Panchenko here, she's the one who can explain it to me.

MR RABINOWITZ: My Lady, if there's anything else you'd like

Ms Panchenko to explain to you about this it's certainly not for me to tell your Ladyship not to ask questions about it.

MRS JUSTICE GLOSTER: Right. Well, Ms Panchenko, can we have up the "2001 total" tab, please. It's a bit difficult for me to check that the right one is on the screen. Yes, that's the right one on the screen now.

Do any of these payments relate to payments to Mr Berezovsky or Mr Patarkatsishvili in the year 2001?

A. I do apologise, it's hard for me without being able to scroll up or down to view the whole table. I think is --

MS DAVIES: My Lady, perhaps it might help if lines 120 and below were on the screen for Ms Panchenko.

MRS JUSTICE GLOSTER: Yes, lines 120 and below, which refer to PRB and PRBR in relation to 2001. Can we have those there at the bottom?

A. Yes, I think that these payments are relevant to the mutual settlement with Mr Berezovsky, but I beg for your attention that this is only including August, up to August, it does not include the whole year. So, so to speak, one cannot conclude that these are annual payments, payments for the whole year.

MRS JUSTICE GLOSTER: Okay, thank you very much indeed.

Yes, thank you.

MR RABINOWITZ: We will come back to that later, but for the moment can I just ask you this, Ms Panchenko. I want to ask you about the meeting between Mr Patarkatsishvili and Mr Abramovich at Cologne airport which was probably on 29 May 2001. You refer to this at paragraph 91 of your statement, that's page 187 in the English E2/07/187, 229 in the Russian E2/07/229.

As I understand your evidence, it is that you attended part of this meeting to present the payment options to Mr Patarkatsishvili and Mr Abramovich. Is that correct? It seems to be what you say at paragraph 92.

A. Yes, this is correct.

Q. And after you had presented those payment options to Mr Patarkatsishvili and Mr Abramovich, Mr Patarkatsishvili and Mr Abramovich -- I think something went wrong with the channels there.

THE INTERPRETER: Interpreter apologises, switched channels.

MR RABINOWITZ: Shall we take that again?

After you had presented the payment options to Mr Patarkatsishvili and Mr Abramovich, Mr Patarkatsishvili and Mr Abramovich then carried on their discussion in private. That's right, isn't it?

A. Yes, this is correct. I wasn't present for the whole of the meeting.

- Q. So after they had that private discussion Mr Abramovich told you how much it was agreed should be paid, and also what had been agreed in terms of the payment mechanics, is that right?
- A. They returned together. Ruslan Fomichev and myself were there and it was discussed, it was told to us that, yes, it will be done, and the mechanism was the only mechanism. The whole question was whether we pay in cash or whether we ought to buy securities and pay their remuneration in securities. And they returned together and told us about the decision, that the payment will be made in cash, and the first payment -- and it has to be started ASAP, basically tomorrow, almost tomorrow.
- Q. You don't, I think, claim to have a very good recollection of this meeting. You say:
- "I do not remember all the details of the meeting."
- Is that right?
- A. I remember why I was present there, why I was present in that meeting. I remember that Mr Fomichev and I, having discussed between ourselves, we needed the decision, we ourselves could not decide anything else other than receive confirmation from the principals. I recall that we were not in the territory, ie were flying en route somewhere, I remember that was Germany. Therefore in the first witness statement Mr Berezovsky said it was

Munich Airport. For me, since we didn't leave the airport and go to town, and it was a business lounge for private flights where one could hold negotiations, for me it wasn't of high importance what city it was because we didn't leave and see the city.

I remember it was somewhere en route to another country.

- Q. That's very well, Ms Panchenko, but other than those details -- that there was this meeting, where you were on your way to, who was there -- you don't have a very clear recollection of all the details of the meeting. That's right, isn't it?
- A. Depending on which details, do you mean?
- Q. Well, let me be very clear. You say -- one of the things you say you do recall is that Mr Patarkatsishvili was very happy, and I suggest to you that you don't actually have any clear recollection of that at all.
- A. Mr Badri was quite a character, an unusual figure, and I didn't have much communication with him, and I would rather, probably, remember if he were not happy.
- Q. When you say here you have a recollection of him being happy, is this your conclusion from the fact that you don't remember him being not happy?
- MRS JUSTICE GLOSTER: I think --
- A. It's quite difficult to judge the emotions of another

person, but the fact that everyone parted on friendly terms, and we all understood that we have to continue work, and parties have come to an understanding that everything was quite friendly, that was for sure.

MR RABINOWITZ: You see, I suggest to you that the evidence that you give at paragraph 93, where you say Mr Patarkatsishvili was happy, is not really a recollection at all and this is just you trying to assist Mr Abramovich's case, is it not?

A. I am relaying my feelings and then I'm afraid this is your call.

Q. Now, at paragraph 49 of your witness statement, Ms Panchenko, you're dealing with aluminium assets. You'll find this at page 216 in the Russian E2/07/216, page 175 in the English E2/07/175. You are dealing here with aluminium assets, and you say here that at some point you received:

"... instructions from Mr Abramovich to prepare the necessary documentation to pay Mr Patarkatsishvili his commission for [assisting in the aluminium acquisitions]."

Now, we've looked at these commission agreements already with Mr Abramovich, Ms Panchenko, and I wasn't proposing to go through them once again with you. Presumably you don't dispute Mr Abramovich's evidence

that those were produced, I think he said on
15 March 2000?

A. No. My feeling is that they were produced
in February 2000. Yes, February 2000.

Q. So when Mr Abramovich said that he has a clear
recollection of them being produced in -- sorry, you're
quite right, in February 2000. I think Mr Abramovich's
evidence was that they were produced on
15 February 2000, and that's your evidence as well, is
it? That's to say after the master agreement was
concluded?

A. I do not recall the exact date, I indeed have no
recollection of the exact date, it's not linked to
anything, but the fact that that was produced
immediately after concluding the main agreement, ie on
14 February, we have known the final price in the
additional agreement. And if to look at the commission,
the formula of calculating the commission was produced
by me and Natalie Khudyk, my employee, at my
instruction.

So basically then you can work it back to the date.

Q. So at the time you produced these agreements, you knew
the final price of the acquisition of these aluminium
assets, is that right?

A. Yes, I did know the final price. The final price was in

the memorandum of 14 February, in the appendix.

Q. Can you explain why you say these commission agreements were produced in a way which suggested that the final price was not known at the time these agreements were drawn up?

A. Even to make a bank transfer on that commission agreement, one cannot just write down: I, Mr So-and-so, or a company, I owe to a private individual \$115 million.

Basically not a single bank would execute such a bank transfer. There was a specific deal.

Mr Abramovich explained to me that this is commission under the deal, and I called my employee Natalie Khudyk and we attempted to put that in writing, the subject of their agreement. And the objective was to pay, pay commission under these contracts, under these agreements.

Q. But those commission agreements, Ms Panchenko, contained provisions which were intended to give the impression, and did give the impression, that at the time those agreements were made you didn't know what the final price for the aluminium assets would be. That's right, isn't it?

A. There are such provisions in the agreements. I cannot say, for sure, whether I've met with Badri. That was

the subject of my agreement with him, these complicated provisions. I think it's at the 4th -- sorry, I haven't got the document in front of me, I think it's the 4th and the 5th where he was -- he had to compensate the losses, if these are the ones you mean, the provisions you mean.

That was agreed with Badri but it was simply complicating the formula of the commission agreement.

Q. Why would you do that? Why was it necessary to do any of that given that you actually knew what the price was?

A. It wasn't for us, it was for him. He wanted it.

Q. Now, you tell us that you do not recall being told by Mr Abramovich or Mr Shvidler about the meeting at the Dorchester Hotel on 13 March 2000. Is that right?

A. I do not recall that meeting, only within the framework of this agreement. Now I know about it.

Q. I think it's common ground that you were not present at the Dorchester Hotel meeting yourself, that's right, isn't it?

A. Yes, that's correct. I was not present there.

Q. So you're not in a position to give any evidence really as to what happened at the Dorchester Hotel meeting, are you, Ms Panchenko?

A. No, I cannot give any evidence about the Dorchester meeting.

Q. At paragraph 63 of your witness statement E2/07/179, you say that it has been pointed out to you that some of the agreements under which the share transfers took place for the purposes of the merger with Mr Deripaska were governed by English law. And you tell us that you did not pay attention to applicable law, and that this was not the kind of provision that you would normally pay attention to. You say that this is the sort of matter you normally left to Mr Tenenbaum.

Can I just ask you to confirm this, Ms Panchenko. It's right, isn't it, that in the autumn of 1999, both you and Mr Tenenbaum travelled to Cyprus to discuss matters regarding the creation of an offshore structure and indeed trusts to hold Mr Abramovich's ownership interests in Sibneft?

A. Yes, this is correct. In autumn of 1999 we went to Cyprus with Mr Tenenbaum.

Q. You say:

"... we went to Cyprus with Mr Tenenbaum."

Who went to Cyprus with Mr Tenenbaum?

A. It was myself and Mr Tenenbaum.

Q. Right. We can see from documents that have been disclosed that shortly after that trip, in the autumn of 1999, the Sibneft shareholding was restructured so it was held by six offshore Cypriot companies, do you

recall that, Ms Panchenko?

A. Yes, I remember that. I remember that there were
Cyprriot companies.

Q. We've also seen from the documents that the
restructuring was carried out by way of a number of
contracts, I think there were 12, with six offshore
Cyprriot companies, each of which was expressly governed
by English law. Is that something that you recall being
involved with, Ms Panchenko?

A. I was involved with this because a decision was made in
the capacity -- because a decision was made to transfer
shares into Cyprriot companies. Whether I paid any
attention to English law? To be honest, I did not.

Q. Is that something that Mr Tenenbaum would have been more
closely involved with than yourself?

A. Yes, Mr Tenenbaum dealt with lawyers more. Whether he
dealt with this specifically, you could ask him perhaps.

Q. Now, it's common ground that two matters that were
agreed at the Dorchester Hotel meeting were that
Mr Abramovich would buy a plane for Mr Patarkatsishvili
and that he would also arrange for the discharge of the
\$16 million or so debt that Mr Berezovsky owed to
Mr Deripaska.

Just on this, can I ask you, please, to go back to
the bolshoi balance and, in particular, the "FOM" table.

If someone could get it onscreen for you.

A. Okay.

Q. On this table, if you have it, under the month of June we can see towards the bottom of the table that a payment of \$25 million appears to have been made. Do you see that?

A. Yes, I can see this.

Q. And if you look across to the left-hand column you can see that this is identified as "program F-ev". Would that be programme Fomichev, Ms Panchenko?

A. I could only make a guess, a supposition. That looks like -- the first letter looks like an F, and that's the first letter of the Fomichev name, and the two final letters of the same name. And I would not be able to assert this.

Q. But you see that it is -- that payment is coded as "PRB(A1)".

MRS JUSTICE GLOSTER: What line are you on, please?

MR RABINOWITZ: Your Ladyship sees -- does your Ladyship have June, going down, June at the top, if your Ladyship goes down to below --

MRS JUSTICE GLOSTER: I see, I've got it.

MR RABINOWITZ: I'm told it's cell 21. I'm looking at it in hard copy.

MRS JUSTICE GLOSTER: Yes, I've got it.

MR RABINOWITZ: Do you see that it's coded as "PRB(Al)",

Ms Panchenko?

A. Yes, I can see that.

Q. So it would appear that the payment had something to do with aluminium, is that right?

A. Maybe. All these payments that were not clear to me, all the abbreviations, I usually discussed with Mr Shvidler and he was abbreviating this. I would not be able to clarify what these letters would mean. I could only hazard a guess that it was for the plane but I cannot confirm this.

Q. Would you accept that it is at least reasonably likely that where it says "Al", that is because it's to do with aluminium?

A. One could make such a supposition.

Q. And I think you have accepted that it's certainly possible that this payment was related to the plane for Mr Patarkatsishvili, is that right?

A. That could have had a relation to payment for the plane but I cannot assert with 100 per cent certainty having seen this information. This information is not sufficient.

Q. I follow.

I can tell you that it would appear from documents that have been disclosed that this did indeed relate to

the acquisition by Mr Patarkatsishvili, through a company called Bili SA, of a plane from a company called TAG Aviation. I'm not going to take you through the documents relating to that, but you can, I think, see from the Fomichev table that we were looking at, if you go to the box at the bottom right-hand corner, cell R42, you see a reference there to a Bili plane?

A. Mm-hm.

Q. And that may assist on that.

Now, whilst we have this open, Ms Panchenko, do you see that on the Fomichev table there's another payment here that has a reference to "Al", aluminium, against it, and that's the entry for May 2000.

If you go down just before the green line representing the balance for PRB, so it's in cell number 17 below "May". Do you see that, \$16,271,000, or 16.2 million?

A. Yes, I can see that.

Q. You tell us in your evidence that this payment was to discharge a debt owed by a Mr Berezovsky to Mr Deripaska. That's right, isn't it?

A. Yes, this is correct.

Q. And if we follow -- if you follow that line to the extreme left-hand side, do you see that it says "Payments set off against Al", do you see that,

Ms Panchenko?

Let me see it, cell A17. Can we get someone to scroll across? We need to get to A rather than C, to the left.

A. Yes, to the left. It starts from C on my screen, if someone could possibly scroll it to the left, if you could, please.

MAGNUM OPERATOR: It starts from C on ours also.

MR RABINOWITZ: That's because we need to scroll it across.

A. Okay.

Q. "Payments set off against A1".

A. Yes, I can see the Russian letters A1 and, as far as I recall, I looked at the table and it's quite likely the first sheet where mutual settlements with Mr Deripaska are discussed one can see the same amount. But he will not pay us that amount under the deal towards the mutual settlements.

Q. You're suggesting that the set-off here was a set-off in respect of amounts that Mr Deripaska would pay you?

A. Yes, that is correct.

Q. Can I suggest to you, Ms Panchenko, that this may be a payment that you're setting off against amounts that you would otherwise be paying to Mr Berezovsky?

A. Sorry, I did not understand the question, I beg your pardon.

Q. Isn't the Fomichev table intended to represent payments to and from, or at least to, Mr Berezovsky and Mr Patarkatsishvili?

A. Yes, this is the mutual settlement with them, settlements with them.

Q. And where you have the 16.271 item, which you say is going to be set off against A1, isn't that in fact a reference to the fact that you are going to set off against what you would otherwise pay Mr Berezovsky the sum of \$16 million that you had paid to Mr Deripaska?

A. Mr Deripaska owed us money under a deal. Mr Deripaska paid less under the deal and this is the amount that was the shortfall because these expenses were pertaining to Mr Berezovsky, therefore they got into this table.

So, as one can see from these proceedings, Mr Berezovsky owed Mr Deripaska and, therefore, Mr Deripaska got his -- the money he was owed, he got the money he was owed back, the money that was owed to him by Mr Berezovsky.

MR RABINOWITZ: My Lady, that may be a convenient moment.

MRS JUSTICE GLOSTER: Very well. Do you want to start tomorrow at 10.15?

MR RABINOWITZ: I'm very happy to start at 10.15.

MRS JUSTICE GLOSTER: Is that all right for you, Mr Sumption?

MR SUMPTION: Entirely.

MRS JUSTICE GLOSTER: Ms Panchenko, do you understand you mustn't talk about the case or your evidence with anybody, do you understand that?

A. Yes, I do.

MRS JUSTICE GLOSTER: Very well. 10.15.

(4.20 pm)

(The hearing adjourned until
Wednesday, 16 November 2011 at 10.15 am)

INDEX

MR EUGENE SCHVIDLER (continued)	1
Cross-examination by MR RABINOWITZ	1
(continued)	
MR CHRISTIAN SPONRING (affirmed)	71
Examination-in-chief by MR SUMPTION	71
Cross-examination by MR GILLIS	72
MS IRINA PANCHENKO (affirmed)	93
Examination-in-chief by MS DAVIES	93
Cross-examination by MR RABINOWITZ	95