

STOCKHOLM DISTRICT COURT
Department 4

DEFAULT JUDGMENT
9 November 2011
Rendered
in Stockholm

Case No.
T24891-07

PARTIES

CLAIMANT

The Russian Federation
c/o his Excellency the Minister of Foreign Affairs
32/34 Smolenskaya Sennaya Pl
121200 Moscow G-200
Russia

Counsel: Advokat Bo G. H. Nilsson
Advokatfirman Lindahl
P.O. Box 1065
101 39 Stockholm

Counsel: Advokat Jesper Tiberg
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P.O. Box 1065
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RESPONDENT

RosInvestCo UK Ltd
6-8 Underwood St.
London NI7JQ
United Kingdom

Representative: Mr. Elliot Greenberg
P.O. Box 309 GT Ugland House
Georgetown KY1-1104
Cayman Islands

JUDGMENT

1. The District Court declares that the arbitration agreement, which has arisen by RosInvestCo UK Ltd's request for arbitration of 28 October 2005, with the Russian Federation as counterparty pertaining to the monetary liability of the Russian Federation as against RosInvestCo UK Ltd, does not grant the arbitrators the jurisdiction to try whether the Russian Federation has undertaken measures of expropriation against RosInvestCo UK Ltd.

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2. RosInvestCo UK Ltd is ordered to compensate the Russian Federation its litigation costs in the amount of SEK 2,047,875, comprising of costs for legal counsel from RydinCarlsten advokatbyrå and from Advokatfirman Lindahl, as well as USD 195,770 or the equivalent in SEK on the date of payment, comprising of costs for legal counsel from Cleary Gottlieb Steen & Hamilton LLP. Interest under Section 6 of the Swedish Interest Act (SFS 1975:635) is due on all amounts from the date hereof until the day of payment.

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MOTIONS ETC.

The case was initiated before the District Court by way of the Russian Federation's application for a summons against RosInvestCo UK Ltd (RosInvest) of 27 December 2007.

The Russian Federation moved, as finally determined, that the District Court shall declare that the arbitration agreement that has arisen through RosInvest's request for arbitration of 28 October 2005 against the Russian Federation pertaining to the monetary liability of the Russian Federation does not grant jurisdiction to the arbitrators to try whether the Russian Federation has taken measures of expropriation against RosInvest.

In support of its motion, the Russian Federation referenced the following circumstances. RosInvest initiated arbitration proceedings at the Arbitration Institute of the Stockholm Chamber of Commerce against the Russian Federation on 28 October 2005 based on the bilateral investment treaty between the Russian Federation and the United Kingdom of Great Britain and Northern Ireland. Against the objections of the Russian Federation, the arbitral tribunal held in its decision of 5 October 2007 that it had jurisdiction to try whether the Russian Federation had taken measures of expropriation against RosInvest. The arbitral tribunal based its decision on Section 3 (2) of the bilateral investment treaty entered into between the Russian Federation and the United Kingdom of Great Britain and Northern Ireland in conjunction with Section 8 of the bilateral investment treaty entered into between the Russian Federation and Denmark. This has caused an uncertainty that is detrimental to the Russian Federation, which consequently is entitled to a declaratory judgment clarifying the scope of the arbitration agreement.

RosInvest disputed the motion of the Russian Federation.

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RosInvest has been served notice of a preparatory hearing before the Stockholm District Court at 1.30 pm on 9 November 2011 on pain of having a default judgment rendered. Despite this, RosInvest failed to attend the hearing.

The Russian Federation has now moved that the District Court shall render a default judgment granting the application for a summons, and has also claimed compensation for its litigation costs.

GROUND

The application for a summons, of which RosInvest has been served, thoroughly recounts the background of the case, see Appendix 1. The background does not contradict anything which is generally known and does not lack legal grounds. From the information provided it cannot be inferred that the claim is obviously without grounds.

Thus, the preconditions for a default judgment in this matter are at hand. The claimed compensation is deemed reasonable.

HOW TO APPEAL (the Russian Federation) **AND HOW TO MOVE FOR REOPENING OF THE CASE** (RosInvest), see Appendix 2 (DV 410).

Appeal, addressed to Svea Court of Appeal, must have been received by the District Court by 30 November 2011. Leave for appeal is required. Motion for reopening of the case must have been received by the District Court by 9 December 2011.

[SIGNATURE]

H.C.