

Professor Thomas Clay nominated as Arbitrator in Mr. Sergei Pugachev vs Russian Federation Investment Treaty Arbitration Claim with Damages estimated in excess of US\$ 12 Billion

PARIS, France, June 17, 2016

Today Mr. Sergei Pugachev nominated Prof. Thomas Clay as his arbitrator in the International Investment Treaty Arbitration claim against the Russian Federation registered September 21, 2015 with the Permanent Court of Arbitration, Hague Netherlands. This announcement is made against the backdrop of the 2016 St Petersburg International Economic Forum (SPIEF) intended to showcase investment in Russia and attract foreign investment. The international treaty claims of Mr. Pugachev highlight the perils that investors face where the rule of law is arbitrarily applied and failure to comply with demands may result in harassment and expropriation of ones assets.

Thomas Clay, a French national, is a Professor of International Arbitration Law and Director of the LLM program in International Arbitration at Versailles University, France, as well as a member of the French Arbitration Committee, the International Arbitration Institute and other relevant international institutions. Prof. Clay is the author of numerous books and articles on international arbitration and an eminent arbitrator with a diverse practice using many procedural arbitration rules over the world.

“Prof. Clay’s nomination today is the result of a deep reflection,” indicated Mr. Benoit Le Bars, Managing Partner of Lazareff Le Bars, lead counsel to Mr. Pugachev in the international arbitration proceedings. “ In this extremely important procedure and as a result of the magnitude of the financial value and direct political dimension and interference, we decided to nominate Prof. Clay.

We felt it necessary to appoint an expert in international arbitration who is not only renowned for the depth of his technical analysis, but also a person with the gravitas to understand the political burden of the matter and has a deep respect for human rights and international principles of law which form the basis of investor protection and public international law. Recently nominated by France in a relevant investment arbitration, Prof. Clay appeared to be a leader amongst a handful of uniquely qualified persons and one who can listen to our case in the spirit of a strict respect of the rule of law, together with a profound sense of the principles to conduct a fair and autonomous trial”, added Mr. Le Bars.

J Michael McNutt, Senior Litigation Advisor to Mr. Pugachev, further commented: “We are pleased that the arbitration process now can proceed on an accelerated basis and, given Russia’s historical conduct in international arbitration, we believe that a relevant financial award can be determined quickly. We provided ample opportunity in the past 8 months since Mr Pugachev launched his claim in order for Russia to pay the debt it owes. It is disappointing that the regime has instead chosen to once again flout the principles of international law and culture with a retreat into local politics and continued their violations of the Treaty in the Russian domestic proceedings and elsewhere. Prof. Clay is an excellent choice in our view as he will have the necessary gravitas to hold in check any attempt by Russia to influence the proceedings through its arbitrator.”

The appointment of the arbitrator by Mr. Pugachev now requires Russia to act within 30 days with its appointment or risk for the Permanent Court of Arbitration to fill the vacancies in the

arbitration panel. Once the tribunal is constituted the proceedings can move quite swiftly under the applicable United Nations rules.

Background of the International Claim: On September 21, 2015 Mr. Sergei Pugachev, a French national and international businessman, filed an international arbitration claim against the Russian Federation for damages estimated in excess of US\$12 billion citing violations of the country's obligations under the France-Russia Bilateral Investment Treaty and international law. This claim appears to be the largest single claim ever leveled by an individual against the Russian Federation.

The complaint stems from the Russian Federation's unlawful expropriation of several multi-billion dollar investments, including Russia's largest shipbuilding enterprises, one of the world's highest quality coking coal deposits situated in remote Russia and a multi-billion dollar real estate development at the heart of the Red Square without paying the required compensation. The taking of Mr Pugachev's assets by the Russian Federation commenced after Mr Pugachev showcased his business interests at the Davos Forum and the St Petersburg Forum.

The claim also includes the abuse of Mr. Pugachev through the coercion of Mr. Pugachev to enter into transactions on unfavorable terms, threats to the security and wellbeing of Mr. Pugachev and his family, sham criminal proceedings against him and civil award rendered by the Russian courts against Mr. Pugachev that failed to respect his basic rights, including his right to due process.

The Russian Federation has sought to deprive Mr Pugachev the means to pursue his claim and to harass him by using legal machinations in the United Kingdom, Switzerland and other jurisdictions.

This continued aggression by the Russian Federation against Mr Pugachev represents a continuation of the violations contained in the France-Russia Bilateral investment Treaty and additional claims may be pursued against Russia for this conduct. Recently, Mr. Pugachev has filed a claim against Russia for violations of his rights related to the Russian civil proceedings and intertwined Russian criminal proceedings with the European Court of Human Rights in Strasbourg, France.

Permanent Court of Arbitration & UNCITRAL: The arbitration proceeding has been commenced under the 1976 Rules of the United Nations Commission on International Trade Law. It is held under the auspices of the Permanent Court of Arbitration located at the Hague, Netherlands. The court is one of the oldest institutions for international dispute resolutions. The court was established in 1899 by the first Hague Peace Conference under Articles 20 to 29 of the 1899 Hague Convention for the Pacific Settlement of International Disputes. At the second Hague Peace Conference, the earlier Convention was revised by the 1907 Convention for the Pacific Settlement of International Disputes. Awards rendered in an arbitration proceeding must be promptly paid.

Furthermore, during the course of the proceedings and given the history of Russia failing to promptly pay awards, it is likely that Mr. Pugachev will seek to block assets of the Russian State during the proceedings to ensure a prompt payment. Further information concerning the claim against the Russian Federation, including a copy of the claim itself, as well as related materials, can be found on the ['Litigation'](http://www.pugachevsergei.com) page at www.pugachevsergei.com.

Letter to Russian Federation

CV of Thomas Clay