

**PRESS RELEASE  
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## **YUKOS MAJORITY SHAREHOLDERS WIN RECORD COMPENSATION FROM RUSSIA**

**In landmark ruling, International Arbitral Tribunal finds Russia liable for the illegal expropriation of Yukos Oil Company**

28 July 2014: GML Ltd., the former majority shareholder of Yukos Oil Company has won a record award in excess of \$50 billion in their expropriation claim against the Russian Federation. The claim – which is the largest in international arbitration history - was brought under the Energy Charter Treaty (ECT). In the decision, an independent arbitral tribunal sitting in The Hague ruled unanimously that the actions of the Russian Federation were politically motivated and constituted expropriation of the majority shareholders' investment in Yukos.

Tim Osborne, executive director of GML Ltd., said: “The majority shareholders of Yukos Oil were left without compensation for the loss of their investment when Russia illegally expropriated Yukos. It is a major step forward for the majority shareholders, who have been battling for over 10 years for this decision. It also demonstrates the vital role that international arbitration plays in resolving disputes of this nature. Without the binding terms of the Energy Charter Treaty, GML would have had a much tougher task to obtain justice.”

Emmanuel Gaillard, head of Shearman & Sterling LLP's International Arbitration Group which represented the Claimants, said: “This is an historic award. It is now judicially established that the Russian Federation's actions were not a legitimate exercise in tax collection but, rather, were aimed at destroying Yukos and illegally expropriating its assets for the benefit of State instrumentalities Rosneft and Gazprom.”

The proceedings were initiated in early 2005 before an independent arbitral tribunal under the auspices of the Permanent Court of Arbitration in The Hague. The Claimants are two subsidiaries of former majority shareholder GML Limited, namely Hulley Enterprises Ltd. and Yukos Universal Ltd., as well as Veteran Petroleum Ltd., the pension fund set up by GML for the benefit of former Yukos employees.

In 2009, the Tribunal issued an Interim Award unanimously confirming that the Claimants were protected investors holding a protected investment under the ECT, and that the Russian Federation is fully bound by the Treaty until its formal withdrawal from provisional application of the Treaty takes effect in October 2009 for new investments made in Russia.

The Arbitral Tribunal comprised three eminent arbitrators:

- Yves Fortier (chair), Canada's former Permanent Representative to the United Nations (appointed by the Permanent Court of Arbitration);
- Judge Stephen M. Schwebel, former president of the International Court of Justice (1981-2000) (nominated by the Russian Federation); and
- Dr. Charles Poncet, partner in Geneva law firm CMS von Erlach Poncet (nominated by the Claimants).

## **Notes to Editor**

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